

# HAMPSHIRE COUNTY COUNCIL

## Decision Report

<b>Decision Maker:</b>	Executive Member for Highways Operations
<b>Date:</b>	23 September 2021
<b>Title:</b>	Concessionary Fares and Contract Payments for Local Bus, Taxi-share and Community Transport Operators
<b>Report From:</b>	Director of Economy, Transport and Environment

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### Purpose of this Report

1. This report updates and modifies the arrangements put in place by a decision made by the Executive Member for Economy, Transport, and Environment on 11 March 2021 on the same subject. The current arrangements are due to expire on 30 September 2021.
2. The purpose of this report is to seek agreement to continue making amended concessionary fares reimbursement payments to local bus operators for the period 1 October 2021 to 31 March 2022 in line with the most recent Department for Transport guidance.
3. The report seeks agreement to continue the existing policy of paying 100% contract and concessionary fares payments to Community Transport operators.
4. The report outlines additional financial support to assist Community Transport operators in the recovery and operation of their services until 31 March 2022 in view of any loss of user income which they may continue to experience due to COVID-19 as they continue to recover their services.
5. The report proposes a return to Business as Usual (BAU) for payments to operators of contracted local bus and taxi-share services. This is because virtually all contracted local bus and taxi-share services are now operating at pre-Covid levels with no requirement for social distancing. Under BAU, operators receive payment for the contracts they operate. Whilst passenger numbers and therefore income from fares have not yet recovered to pre-Covid levels, this shortfall in operators' revenue is still being covered by Central Government's 'Bus Recovery Funding'.

### Recommendations

6. That the Executive Member for Highways Operations gives authority to continue to make concessionary fares reimbursement payments to local bus operators

from 1 October 2021 to 31 March 2022 based on the percentage of the pre-COVID bus network that they operate during the period, in line with the latest Department for Transport (DfT) guidance published on 5 August 2021, to be met from existing budgets.

7. That the Executive Member for Highways Operations gives authority to extend the current policy of making 100% contract payments along with concessionary fares payments to Community Transport operators based on the average payments which operators received for 2019/20 for the period 1 October 2021 until 31 March 2022, to be met from existing budgets.
8. That the Executive Member for Highways Operations gives authority to amend the current policy of paying local bus and Taxishare operators 100% of contract payments irrespective of the service they operate, to a business-as-usual approach, i.e. operators are paid for the level of contracted services they operate.
9. That authority be delegated to the Director of Economy, Transport and Environment, in consultation with the Executive Member for Highways Operations, to make amendments to the payment arrangements before 31 March 2022 if the advice from central government on payments to operators changes.
10. That authority be delegated to the Director of Economy, Transport and Environment, in consultation with the Executive Member for Highways Operations, to make amendments to the payment arrangements beyond the 31 March 2022 as necessary in accordance with Government guidance, subject to costs being within allocated budgets.

### **Executive Summary**

11. This report proposes that in line with the latest DfT guidance, concessionary fares reimbursement payments to local bus operators should continue to be made based on the percentage of the pre-COVID bus network that they operate between 1 October 2021 and 31 March 2022.
12. The report also proposes that contract payments at 100% pre Covid-19 levels and concessionary fares payments based on the average payments which operators received for 2019/20 continue to be made to Community Transport operators for the six-month period from 1 October 2021.
13. The proposed funding extensions for Community Transport Operators will be in addition to the Exceptional Cost Payments, available through application with supporting evidence to assist with any service adjustments needed in recovering a service and any lost user income.
14. The report proposes a return to Business as Usual (BAU) for contract payments to operators of local bus and taxi-share contracts. Local bus and taxi-share services have now returned to virtually 100% of pre-Covid levels, social distancing requirements have been removed, and passenger numbers continue to recover. Government has put in place 'Bus Recovery Funding' through to the end of March 22, and this fund is intended to cover revenue shortfalls due to lower than usual passenger numbers. Therefore, as the market recovers, a

return towards BAU and a shift towards pre-Covid levels of financial support is appropriate.

15. These proposals will contribute to Hampshire's economic growth as recovery progresses, enabling passengers to access their place of employment in addition to health, retail, social, educational and leisure facilities.
16. These proposals contribute towards Hampshire's strategic aim of enabling its residents to live safe, healthy, and independent lives.

### **Contextual information**

17. Since March 2020, the County Council has put a package of payment measures in place aimed at supporting operators through the challenging operating environment of the pandemic.
18. This package has ensured the viability of these services as the Country has progressed through various stages of the pandemic including the Government's current Roadmap out of Lockdown. This has sought to ensure that as the Country emerges from Lockdown the operators are still in a position to provide these vital and much needed services.
19. This has particularly been the case for Community Transport services where these payments have ensured the long-term sustainability and viability of the Community Transport sector in Hampshire.
20. Throughout the pandemic, payments to transport operators have been made in line with Cabinet Office and DfT guidance and Procurement Policy Notes as set out in previous reports to the Executive Member. This report recommends that the Council should continue with this approach for payments in respect of Concessionary Fares and Community Transport Services.
21. Despite the easing of restrictions, there are still many variables affecting the numbers of people returning to passenger transport services which continue to impact on the ability of transport operators to return to financial viability. Maintaining the current payment arrangements for Concessionary Fares and Community Transport Services further assist the recovery of passenger transport services in Hampshire towards their new normal.

### **Recovery of Passenger Transport Services**

22. This section of the report provides a brief summary of the recovery of the passenger transport services which receive financial support from the County Council. This section also sets out the proposed payment arrangements for each service for the six months following the 1 October 2021.

#### Local Bus Services

23. Up until the end of June 2021, usage of local bus services is estimated to be down by approximately 45% due to many people continuing to work from home and increased use of online deliveries. The majority of supported services are now operating at 100% (or more) of their preCOVID-19 timetable levels. Given this high level of service provision, it is now appropriate to revert to business-as-usual contract payments to operators.

#### Taxishare Services

24. As we have now transitioned into step 4 of the Government's Roadmap out of lockdown, social distancing requirements have now been removed from taxishare services. As a result, passengers can travel together and the services can revert to their pre COVID-19 operating pattern. Given this, it is now appropriate to revert to business-as-usual contract payments to taxishare operators.

#### Community Transport Services

25. As we have now entered step 4 of the Government's Roadmap out of lockdown, social distancing requirements are slowly being removed from Community Transport services. Given the user profile of these services, the County Council recognises that their recovery is likely to take place over a longer timeframe due to a higher proportion of users falling within the "at risk" categories.
26. Many of these services are jointly funded with partners and during the COVID-19 period, full payments to operators have been maintained and a continuation of these arrangements is proposed for the remainder of the 2021/22 financial year. This should ensure the longer-term sustainability of the sector and these services.
27. Even with the Council and its funding partners maintaining these payments, operators are unlikely to be able to cover all their service costs due to lower user income, a situation which is likely to continue until travel patterns reflect an increase in passenger confidence. The resulting financial shortfall faced by Community Transport operators can be supported through the Exceptional Cost Payment process under the terms of the current contract provision.

#### Concessionary Travel Payments

28. In line with the most recent government guidance (5<sup>th</sup> August 2021) the County Council is currently reimbursing local bus operators for passengers travelling with a concessionary bus pass based on the percentage pre-COVID-19 bus network that an operator provides. For example, if an operator is providing 80% of the services which they were providing during 2019/20, then payments would be based on 80% of the concessionary travel reimbursement which they received during 2019/20. This report proposes that the County Council continues to use this methodology to reimburse local bus operators for the use of concessionary bus passes for the remainder of the financial year.
29. Concessionary fares payments for taxishares will revert back to their business-as-usual arrangements.
30. This report proposes that Concessionary Fares payments to Community Transport operators will continue to be based on the average payments which operators received for 2019/20.
31. Should this advice be revised, it is proposed that the Director of Economy, Transport and Environment be given authority to amend these payment arrangements in consultation with the appropriate Executive Member.

## Finance

32. The proposals in this report have no adverse budgetary impacts on the existing budgets for passenger transport services. Payments will continue to be funded through the Community Transport and Concessionary Fares budgets. The Exceptional Cost payments to Community Transport operators can also be paid from these budgets for the six-month period from 1 October 2021 to 31 March 2022.
33. The table below sets out the existing and proposed contract payment and concessionary fare reimbursement arrangements.

<b>Service</b>	<b>Existing Contract payments</b>	<b>Proposed Contract Payments 1/10/21-31/3/22</b>	<b>Existing Concessionary Fare Reimbursement</b>	<b>Proposed Concessionary Fare Reimbursement 1/10/21-31/3/22</b>
Local Bus	100% of pre-COVID levels	BAU	The same % as the level of pre-COVID service that is being provided	The same % as the level of pre-COVID service that is being provided
Taxishare Services	80% of pre-COVID levels	BAU	80% of pre-COVID levels	BAU
Community Transport	100% of pre-COVID levels	100% of pre-COVID levels	100% of pre-COVID levels	100% of pre-COVID levels

## Procurement

34. A variation has been made to the local bus, community transport and taxi-share contracts to enable the Council to give relief to the operator on the basis that the operators have experienced COVID-19 related hardship. It is proposed that these variations are extended in order to enable the County Council to continue with the financial support outlined in this report.

### Due Diligence for Ongoing Payments to Passenger Transport Operators

35. The government advice within the Procurement Policy Notices (PPNs) sets out the principle that when suppliers accept financial support from a local authority they are agreeing to operate on an “open book basis” and therefore will provide evidence that a profit is not being generated as a result of this financial support.
36. The variation mentioned above sets out this principle within the contracts held by operators of local bus and community transport services.

## **Future Arrangements**

37. The County Council has been working within the Local Resilience Forum Public Transport Sub-Group. This group comprises representatives from bus and rail operators and a number of neighbouring local authorities.
38. The group developed a short-, medium- and long-term Recovery Plan for bus services to aid the sector's recovery and to build back the commercial bus network to pre-COVID levels. Part of the work focuses on reducing the reliance of the bus network on public subsidy. This work is continuing through the development of the County Council's proposed Bus Service Improvement Plan and Enhanced Partnership proposals.
39. The recovery of Community Transport services will be monitored and reviewed over the second half of this financial year with a view to identifying any changes which may be necessary to contracted services prior to the next round of contract extensions which are due from 1 April 2022.

## **Equalities Impact Assessment**

40. The proposals in this report have been developed with due regard to the requirements of the Equality Act 2010, including the Public Sector Equality Duty and the County Council's equality objectives. Under the proposals in this report, concessionary fares payments for local bus and community transport operators remain unchanged for the remainder of this financial year. As the vast majority of local operators are providing their contracted pre-COVID timetables, reverting to business-as-usual payment arrangements should have no impact.

## **Climate Change Impact Assessments**

41. The County Council's payment arrangements for public and community transport operators have helped to maintain public and community transport services and capacity during the lockdown, which supports the County Council's climate change priorities. The County Council's positive approach to maintaining local bus and Community Transport services throughout the pandemic means that public transport alternatives to the private car have continued to be provided by operators with an associated minimisation and reduction of carbon emission. By continuing this support, the County Council is able to promote public transport as a viable alternative to the private car for many people, helping to support a green economic recovery as we emerge from the pandemic.

## **Conclusions**

42. The proposals set out in this report provide continued support to the bus industry in Hampshire and will help ensure the longer-term sustainability of the Community Transport sector. They also enable the County Council to assist the economic recovery from the COVID-19 pandemic in Hampshire.
43. The proposals are consistent with the latest advice from the Department for Transport and have no adverse budgetary impacts on the County Council. By

continuing to provide vital support to the bus industry and Community Transport sector at this time, the County Council is maintaining positive and productive partnership working between transport operators and Hampshire County Council.

**REQUIRED CORPORATE AND LEGAL INFORMATION:**

**Links to the Strategic Plan**

<b>Hampshire maintains strong and sustainable economic growth and prosperity:</b>	Yes
<b>People in Hampshire live safe, healthy and independent lives:</b>	Yes
<b>People in Hampshire enjoy a rich and diverse environment:</b>	No
<b>People in Hampshire enjoy being part of strong, inclusive communities:</b>	Yes

**Other Significant Links**

<b>Links to previous Member decisions:</b>	
<u>Title</u> Passenger Transport Contracts and Concessionary Fares Payments	<u>Date</u> 19 November 2020
<u>Title</u> Passenger Transport Contracts and Concessionary Fares Payments	<u>Date</u> 11 March 2021
<b>Direct links to specific legislation or Government Directives</b>	
<u>Title</u>	<u>Date</u>

**Section 100 D - Local Government Act 1972 - background documents**

**The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)**

<u>Document</u>	<u>Location</u>
None	

## **EQUALITIES IMPACT ASSESSMENT:**

### **1. Equality Duty**

The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited by or under the Act with regard to the protected characteristics as set out in section 4 of the Act (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation);
- Advance equality of opportunity between persons who share a relevant protected characteristic within section 149(7) of the Act (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic within section 149(7) of the Act (see above) and persons who do not share it.

Due regard in this context involves having due regard in particular to:

- The need to remove or minimise disadvantages suffered by persons sharing a relevant characteristic connected to that characteristic;
- Take steps to meet the needs of persons sharing a relevant protected characteristic different from the needs of persons who do not share it;
- Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity which participation by such persons is disproportionately low.

### **2. Equalities Impact Assessment:**

The proposals in this report have been developed with due regard to the requirements of the Equality Act 2010, including the Public Sector Equality Duty and the County Council's equality objectives. Under the proposals in this report, concessionary fares payments for local bus and community transport operators remain unchanged for the remainder of this financial year. As the vast majority of local operators are providing their contracted pre-COVID timetables, reverting to business-as-usual payment arrangements will have no impact.