

**NORTH LINCOLNSHIRE COUNCIL**

**ENVIRONMENT  
CABINET MEMBER**

**CONCESSIONARY FARES 2017/18 - PUBLICATION OF DRAFT SCHEME**

**1. OBJECT AND KEY POINTS IN THIS REPORT**

- 1.1 To review the method used to set the reimbursement rate for the council's concessionary fare scheme for 2017/18.
- 1.2 To approve a "Draft Scheme" for concessionary fares reimbursement.
- 1.3 An urgent decision is required because the draft scheme has to be published by 1 December 2016.

**2. BACKGROUND INFORMATION**

- 2.1 The council, as a travel concession authority, has a duty to provide free travel for older people and people with disabilities between 9.30am and 11.00pm, Monday to Friday and all day at weekends and bank holidays. This is part of the English National Travel Concession Scheme (ENTCS). We reimburse bus operators for concession passengers that travel on local registered bus services. We also fund other modes of transport such as CallConnect (a flexible bus service) and the voluntary car scheme coordinated by Humber and Wolds Rural Community Council.
- 2.2 We are allowed to offer and fund additional travel entitlements using discretionary powers from Section 93 of the Transport Act 1985. We currently provide the following additional discretionary entitlements:
  - Half or discounted local rail travel (cost £62,000).
  - Free bus travel for companions of disabled people who cannot use buses or trains on their own (cost £24,000).
  - Free bus travel for passholders all day (eg. before 9.30am) every day on journeys within or from North Lincolnshire (cost £20,000 to £100,000).
- 2.3 However, the introduction of CallConnect could justify future consideration of the removal of rail support. Network rail also offer rail cards for the elderly and people with disabilities for an annual fee providing off peak discount nationally.

- 2.4 We can also make savings via the administrative process of issuing bus passes and determining eligibility. For example, we now charge £10 to replace bus passes if lost, damaged or mislaid. In June 2016, we changed the software system for issuing passes which has also delivered savings.
- 2.5 The law requires us to issue passes to eligible residents. Bus operators are reimbursed for carrying concessionary passholders, on a “no better off and no worse off” basis.
- 2.6 There are currently 30,740 North Lincolnshire passes in circulation. The breakdown of the passes is:
- Elderly 27,718
  - Disabled 1,848
  - Disabled with companion 1,174
- 2.7 The qualifying age for the elderly pass is issued in line with a women’s retirement pension age. The number has reduced since a peak of 33,898 in March 2012.
- 2.8 We need to consider the reimbursement method for 2017/18. The Transport Act 2000 specifies that we must give four months’ notice of any change. As such, we need to publish a draft scheme by no later than 1 December 2016 if it is to take effect on 1 April 2017. The final scheme is published in March 2017.
- 2.9 Last year, it was agreed that we would defer changing to the Department for Transport’s (DfT) Reimbursement methodology for a further year. In 2016/17, we continued with the previous methodology. Bus operators have also requested that we consider a two yearly arrangement to provide stability.
- 2.10 The DfT reimbursement methodology is set out in DfT guidance and uses a calculator to determine the level of reimbursement for each operator. It follows a number of key principles:
- Each operator is to be ‘no worse off nor better off’
  - Reimbursement payments will include provision for both statutory and discretionary elements of the scheme.
  - It is not intended to differentiate between the two elements so that there won’t be a different reimbursement rate for journeys made before 9.30am.
  - The reimbursement will include the three elements of revenue foregone, marginal operating costs and marginal capacity costs.
  - We will reimburse marginal capacity costs for subsidised bus services.
  - The average fare will be calculated on the basis of three trips for day tickets.

2.11 Smaller operators with infrequent services (eg once per week) and community transport providers will have simpler arrangements which is permitted in the guidance.

2.12 There is a risk in changing to the DfT reimbursement methodology that bus operators may reduce the level of service they provide across North Lincolnshire, including as follows:

- Some commercial routes may no longer become commercial
- Some subsidised bus routes may be handed back to the council
- Routes where the majority of passengers are passholders may also be under threat.

### 3. **OPTIONS FOR CONSIDERATION**

3.1 **Option 1** - That the Cabinet Member approves the proposed “Draft Scheme” as attached and considers whether to consider a two rather than a one year arrangement.

3.2 **Option 2** - That the Cabinet Member does not approve the proposed “Draft Scheme” and considers staying with the current methodology.

### 4. **ANALYSIS OF OPTIONS**

4.1 The “Draft Scheme” as set out in the appendix follows the recommended DfT guidance. The variables in the scheme are subject to negotiation with each of the four main bus operators. The final scheme is to be published at the beginning of March. It is also worth considering whether to agree a two year concession rather than undertaking this exercise every year. This will provide stability and provide efficiencies in officer time.

4.2 To not publish the “Draft Scheme” would leave the council open to challenge from bus operators.

### 5. **RESOURCE IMPLICATIONS (FINANCIAL, STAFFING, PROPERTY, IT)**

5.1 **Financial:** Adopting the “Draft Scheme” as set out in the attached will allow delivery of the concessionary fare scheme for 2017/18 within the budget approved for these purposes by Full Council in February 2016. Maintaining the existing arrangements would create a significant budget pressure for the council in 2017/18 and as such is considered as unaffordable.

5.2 **Staffing:** The work involved in calculating reimbursement to operators which is the largest budget in public transport is intensive. If we were able to move to a two year deal then there will be efficiencies made for both officer and operator time.

## 6. **OUTCOMES OF INTEGRATED IMPACT ASSESSMENT (IF APPLICABLE)**

6.1 A full impact assessment was carried out for all three initial screening stage which is:

- Individuals/communities/workforce
- Area/place
- Other statutory – reputational risk

In summary the IIA captured that there is the potential for an adverse impact on the subsidised bus routes if there were reductions to the concessionary fare reimbursement payment. Any decision should understand the potential for a reduction in the bus network. If we were to remove any of the discretionary elements of the bus pass scheme then this could lead to reputational risks.

6.2 There are however no impacts in adopting the “Draft Scheme”

## 7. **OUTCOMES OF CONSULTATION AND CONFLICTS OF INTERESTS DECLARED**

7.1 We have consulted with the local bus operators Stagecoach East Midlands, Hornsby’s and East Yorkshire Motor Services on the “Draft Scheme”. They understand the reasons for moving to the DfT methodology but have concerns about some of the variables we intend to adopt and the impact it will have on the reimbursement. Bus operators would prefer that we reviewed the subsidised bus network rather than reducing the concessionary fare reimbursement.

## 8. **RECOMMENDATIONS**

8.1 That the Cabinet Member approves the Draft Scheme as attached.

8.2 That the Cabinet Member considers adopting a two rather than one year scheme to provide stability.

DIRECTOR OF PLACES

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Date: 3 October 2016

### **Background Papers used in the preparation of this report:**

- Transport Act 2000.
- DfT Concessionary travel for older and disabled people: guidance on reimbursing bus operators (England) published in September 2015 for schemes commencing in April 2016.

- DfT Guidance to local authorities on assessing eligibility of disabled people in England for concessionary bus travel version 1.2 (2013)



**Travel Concession Scheme  
for Elderly and Disabled People  
2017/18**

Draft version published 1 December 2016

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# **North Lincolnshire Council Travel Concession Scheme**

## **Scheme Statement 2017/18**

### **1. Introduction and Amendments**

- 1.1 This document sets out the details of North Lincolnshire Council's Travel Concession Scheme as required by the Transport Act 1985, Section 149 of the Transport Act 2000 and the Concessionary Bus Travel Act 2007.
- 1.2 It replaces the scheme statement which came into operation on 1 April 2016.
- 1.3 This scheme statement (draft) will take effect on 1 April 2017.

### **2. Travel Concessions for Elderly and Disabled People**

#### **Where and When the Scheme Applies**

- 2.1 The scheme covers the whole of the Unitary Authority of North Lincolnshire.
- 2.2 For holders of English National Concessionary Travel Scheme (ENCTS) passes issued by other authorities who may board buses in North Lincolnshire, the scheme applies between 9.30am and 11.00pm Monday to Friday and all day on Saturdays, Sundays and bank holidays.
- 2.3 For holders of passes issued by North Lincolnshire Council the scheme may offer additional discretionary entitlement journeys beginning within the boundary of North Lincolnshire.

#### **Statutory Minimum Requirement and Discretionary Enhancements**

- 2.4 The council provides the statutory minimum requirement to provide free travel on any local bus services between 9.30am and 11.00pm Monday to Friday and at all times on Saturdays, Sundays and Bank Holidays.
- 2.5 In addition to the statutory scheme, the council may also provide discretionary concessionary enhancements as follows:
  - Free travel on local bus services before 9.30am and after 11.00pm Monday to Fridays;
  - Free or discounted local train travel; and
  - Free bus travel or discounted local rail travel for companions of disabled people who cannot use buses or trains on their own.

#### **Bus Services on which the Scheme Applies**

- 2.6 The concession provides free travel for passholders on all local bus services running wholly or partly within North Lincolnshire.
- 2.7 "Local Bus Service" has the meaning defined by Section 2 of the Transport Act 1985.
- 2.8 CallConnect services: The concession is available on CallConnect running wholly or

partly within North Lincolnshire to meet the needs of members of the public who are elderly or have disabilities. The operator of the CallConnect buses will not be reimbursed as the contract is let on a fixed daily rate basis.

- 2.9 Dial a Ride Services: The concession is available on dial a ride and other services provided under Section 22 of the Transport Act 1985 running wholly or partly within North Lincolnshire to meet the needs of members of the public who are elderly or have disabilities.
- 2.10 The concession is not available on long distance coach or bus routes which are not registered as local services or on excursions, tours, private hire vehicles, special services and any others which are not open to the general public.
- 2.11 Operators will be allowed to join the scheme or add services to the scheme at any time provided that they give the council's public transport team at least 28 days notice in writing of their intention to do so.

### **Rail Services on which the Scheme Applies**

- 2.12 A holder of a valid North Lincolnshire pass (see paragraph 2.23) and companions of people with disabilities may be allowed a reduction of:
- 50% of the cost of a standard class return rail ticket: and
  - 34% of the cost of a standard class single ticket.

on local rail journeys within the area defined in paragraphs 2.14 and 2.15.

- 2.13 A holder of a valid North Lincolnshire pass with a two trains symbol may be allowed to travel free in standard class accommodation on local rail services within the area defined below. Passes for elderly people and some of the seven categories of disability may receive a pass with one train. The eligibility for one train and two trains is set out in paragraph 2.23.
- 2.14 The concession may be available for any passenger journey made between any two stations in North Lincolnshire and between any North Lincolnshire station and: Habrough, Healing, Stallingborough, Great Coates, Grimsby Town, Grimsby Docks, New Clee, Cleethorpes, Thorne South, Stainforth and Hatfield, Kirk Sandall and Doncaster.
- 2.15 Any rail concession will only be available via Barnetby for any passenger journey made between North Lincolnshire stations and Gainsborough Central, Lincoln, and Market Rasen.
- 2.16 The concession is not valid on excursion or special rail services and any others which are not open to the general public.

### **General Requirements**

- 2.17 The pass is not transferable and may only be used by the person to whom it was issued.
- 2.18 The concession is only available to people who normally live within North Lincolnshire. They will be:
- eligible for inclusion on the North Lincolnshire electoral roll; or

- in the case of a disabled person aged under 18, have parents eligible for inclusion on the North Lincolnshire electoral roll; or
  - be known to the council's people and transformation directorate as resident within North Lincolnshire.
- 2.19 Possession of a travel concession pass does not guarantee any person the right to a place on any particular train or passenger service vehicle, or the right to a seat on such a vehicle.
- 2.20 All people travelling at concessionary rates are subject to the conditions of carriage of the public transport operators. They will be asked to show proof of eligibility on boarding any bus and may also be asked to show proof of eligibility at any time on any journey. Where a bus is fitted with electronic pass recognition equipment, the passholder must ensure that the electronic transaction is completed. The council accepts no liability for any loss, injury or inconvenience incurred as a result of using a travel concession pass.
- 2.21 Passes are normally valid for up to five years depending on the category of disability. There will be a charge of £10 for replacement passes unless the pass has been stolen and a crime number is provided. We will provide one replacement during the tenure of the card if it is faulty and is presented for inspection.
- 2.22 The council reserves the right to withdraw, amend or replace any pass.
- 2.23 The categories of people eligible to receive a pass are:
- Older people, defined as: in the case of a woman, from her pensionable age: in the case of a man, from the pensionable age of a woman born on the same day.
  - People who receive one of the following automatically qualify for a disability pass:
    - Higher rate mobility component of disability living allowance\*; or
    - Personal Independence Payment where the applicant has been awarded at least eight points against either the "moving around" and/or "communicating verbally" activities. Please note that 8 points provides a one train pass and 12 points or more provides a two train pass.\*
    - War pensioner's mobility supplement.\*
  - People who are profoundly or severely deaf.
  - People without speech.
  - People who are medically unfit to drive (excluding those who are unfit to drive on the grounds of persistent misuse of alcohol or drugs).
  - People who are blind or partially sighted. Please note that partially sighted provides a one train pass and blind is a two train pass.\*
  - People who are profoundly or severely deaf.
  - People who are limbless.
  - People who have a learning disability, that is, a state of arrested or incomplete development of mind which includes significant impairment of intelligence and social functioning.\*

- People who have a disability, or have suffered an injury, which has a substantial and long-term adverse effect on their ability to walk.\*
- People if applied for the grant of a licence to drive a motor vehicle under Part III of the Road Traffic Act 1988, have their application refused pursuant to section 92 of the Act (physical fitness) otherwise than on the ground of persistent misuse of drugs or alcohol.

\*indicates that the category or an element of the category would be entitled to two trains to allow free local rail travel.

- 2.24 Applicants with disabilities must have an impairment which is permanent or likely to last at least 12 months.
- 2.25 The council will also provide concessionary travel for companions of people who are unable to travel on public transport by themselves. This will be indicated by a “+C” symbol on the disabled person’s pass, not by the issue of a separate pass to the companion. Separate guidance is issued on eligibility for companion passes. Companion passes will not be given to children until they reach secondary school.
- 2.26 Concessionary passes are not available to eligible children under five as they would normally travel free of charge on local bus services.

### **Pass Issue**

- 2.27 In order to obtain the travel concession eligible people must first obtain an identification pass. The council will take applications at advertised times and places.
- 2.28 Applicants will be asked for proof that they are eligible, as specified by the council. The council or its contractor will take a photograph and issue the pass. It will be sent to the applicant by post.
- 2.29 Applicants who require a companion to accompany them must provide written confirmation as specified by the council that he or she can only travel on public transport with a companion.

## **3 Participation of Public Transport Operators in the Scheme and Reimbursement of Revenue Forgone**

### **General Conditions**

- 3.1 Section 145 (1) of the Transport Act 2000 and Section 1 of the Concessionary Bus Travel Act 2007 require operators to provide free concessionary travel on local bus services for people in possession of an English National Travel Concession Scheme (ENCTS) pass.
- 3.2 All operators participating in the scheme shall recognise and accept a valid ENCTS pass as reasonable proof of the holder's entitlement to concessionary travel within the defined boundaries of the scheme.
- 3.3 Before allowing travel at concessionary rates, the driver, conductor, inspector or ticket office clerk shall exercise reasonable care that the pass shown is being used by the

person whose photograph it bears and the pass is not beyond its expiry date. We will hotlist on a regular basis all expired and invalid passes.

### **Principles of Reimbursement**

- 3.4 Operators will be financially no better and no worse off as a result of participating in the scheme.
- 3.5 Operators are required to provide accurate and timely records of the number of passholders boarding their services in North Lincolnshire.
- 3.6 All operators will inform the council of any changes in services or fares on any services on which concessions are available. This information shall be given not later than seven days before any change is made.
- 3.7 Normal reimbursement arrangements may be amended by specific terms or requirements set out in local bus service contracts issued by the council.

### **Method of Reimbursement**

- 3.8 The council will reimburse local bus operators for:
  - journeys made by holders of ENCTS passes issued in other areas starting within North Lincolnshire after 9.30am, Monday to Friday and all day on Saturday, Sunday and bank holidays; and
  - discretionary journeys made in accordance with the scheme by North Lincolnshire passholders starting within North Lincolnshire at any time on any day.
- 3.9 The council will also reimburse operators of local bus services for free travel by companions of disabled people who hold ENCTS travel passes issued by
  - Hull City Council,
  - The East Riding of Yorkshire Council,
  - South Yorkshire Passenger Transport Executive, and
  - North East Lincolnshire Councilfor journeys returning from North Lincolnshire to their home authority area after 9.30am, Monday to Friday and without time limit on Saturday, Sunday and bank holiday.

These passholders will have a pass bearing the same "+C" symbol which is used by North Lincolnshire Council.
- 3.10 The council is required by law to reimburse bus operators for carrying concessionary passengers, on the principle that the operators are "no better off and no worse off" by taking part in a concessionary travel scheme. The aim is not to subsidise bus operators, but to pay for any increased costs that they have incurred.
- 3.11 The Council will use the Department for Transport's reimbursement methodology. We will use the reimbursement calculator spreadsheet as the basis for the reimbursement using the DfT guidance. It is not intended to differentiate between the statutory and discretionary elements of the scheme so there won't be a different reimbursement rate for journeys made before 9.30am. We will also reimburse operators marginal capacity costs for subsidised bus services.

- 3.12 Reimbursement paid to bus operators takes two forms: revenue foregone and additional costs. Revenue foregone is reimbursement of the fares operators would have received for those passengers who would have travelled in the absence of a scheme but are now travelling free. This is not usually as simple as looking at the quoted full fare and should instead be calculated on an average fare basis.
- 3.13 Operators will be reimbursed for the average fare foregone. We will follow the basket of fares method. Day tickets will have three assumed journeys per ticket as part of the calculation.
- 3.14 If there has been a very significant increase in bus patronage as a result of the concession then this might represent what is known as 'generated travel' ie. passengers only travelling because of the concession. The only extra funding requirement associated with generated travel should therefore be additional costs that bus operators experience as a result of this generated travel, namely wear and tear on buses and, exceptionally, the cost of providing additional journeys if required.
- 3.15 Calculating concessionary travel reimbursement is predicated on determining what would have happened in the absence of the scheme and requires us to estimate the following components of reimbursement:
- The fares that operators would have offered and that concessionary travellers would have paid in the absence of a scheme.
  - The number of journeys that would have been made by concessionary travellers in the absence of a scheme.
  - Any net additional costs that operators have incurred as a result of the scheme.
- 3.16 We will make special arrangements for the reimbursement of small operators and North Lincolnshire Council's phone and ride scheme. The phone and ride scheme will be entitled to 100% of the concession for any journeys starting in North Lincolnshire. This is the same concession reimbursement rate provided by North East Lincolnshire Council.

## **Payments**

- 3.17 The council recognises the importance of prompt concessionary fare payments in maintaining operators' cash flow.
- 3.18 Where the estimated total sum due to the operator during the period of the scheme exceeds £10,000, the council will make payments in the middle of each four week period throughout the year.
- 3.19 For existing operators, these payments will be approximately one thirteenth of the total sum payable.
- 3.20 For existing operators whose reimbursement claims are under £10,000, payments will be made quarterly. These payments will be approximately one quarter of the total sum payable.
- 3.21 For new operators, each payment will comprise:

- An on-account payment of 85% of the estimated total for the period
- A balancing payment which will be calculated by using this methodology.

3.22 The council may withhold up to 15% of the monthly payment if any operator fails to provide within four weeks of the previous month end accurate records of the number of passholders boarding their services at stops within North Lincolnshire.

### **Confidentiality**

3.23 The council will treat any information provided by any operator in the utmost confidence.

### **Access for Survey**

3.24 All operators will be required to allow the council's officers to have access, free of charge, with reasonable frequency to their vehicles on which concessions are available to:

- survey, count or estimate the number of passholders carried and the fares paid; and
- obtain any other information which the Council considers necessary to enable it to calculate or verify payments due under the concessionary fare scheme.

### **Access for Audit**

3.25 In order that the council may verify claims for reimbursement operators may be required to make available to officers of the council books, vouchers, records (including computer records) and documents relating to their claims.

3.26 Operators may also be required to provide such further information and explanations relating to the above books, vouchers, records and documents as the council thinks necessary.

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