

**NORTH LINCOLNSHIRE COUNCIL**

**NEIGHBOURHOODS  
CABINET MEMBER**

**PUBLIC TRANSPORT: CONCESSIONARY FARES 2016/17**

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

- 1.1 To provide an update on reviewing the reimbursement rate for the council's concessionary fare scheme since the draft scheme was published.
- 1.2 To approve a "Final Scheme" for concessionary fares reimbursement for 2016/17.

**2. BACKGROUND INFORMATION**

- 2.1 The Cabinet Member took a decision in January 2016 to use the method recommended by the Department for Transport (DfT) to calculate the reimbursement rates for the council's concessionary fare scheme for 2016/17. The Cabinet Member also agreed for further consultation to take place with bus operators on this matter.
- 2.3 Discussions have subsequently been held with operators as the review of the DfT model has progressed. The review has still to resolve the following concerns that operators have raised, should the council adopt the DfT method:
  - The assumptions around trip generation given that the council operates a pre 9.30 am concessionary fares scheme.
  - The payment or not of marginal capacity costs on subsidised services.
  - The calculation of average fare in relation to specifically number of trips made on day tickets.
- 2.4 It is important that these issues are resolved correctly. Operators can appeal the concessionary fares reimbursement rate if they believe the proposal leaves them worse off. The key principle of the scheme is that no operator should be worse or better off by participating in the scheme.

- 2.5 The council is currently piloting a community transport initiative linked to a flexible bus service within North Lincolnshire. Local bus operators are supporting the delivery of this initiative that follows on from a successful bid to the DfT for Total Transport Pilot funding.

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

- 3.1 **Option 1** - That the Cabinet Member defers the decision previously taken to introduce the DfT model in 2016/17 to 2017/18.

- 3.2 **Option 2** - That the Cabinet Member progresses as originally planned.

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

#### 4.1 **Option 1:**

- 4.1.1 Savings of £115,000 are possible by retaining the existing model in 2016/17, resulting from a review of the use of concessionary services by eligible customers.

- 4.1.2 Delaying the change in method for a year would allow further detailed consideration of the outstanding matters identified in 2.3. This in turn would lead to a lower likelihood of any challenge from operators.

- 4.1.3 The council is currently working with the operators to roll out a flexible bus service through a call connect pilot as part of a successful bid to the DfT. Delaying any change in reimbursement calculation method during this time would help the call connect pilot establish itself alongside existing services.

- 4.1.4 If option 1 is approved then the Cabinet Member still needs to publish a final scheme before 3 March 2016. As such the existing method has been updated into a final scheme and is attached as appendix B to the report.

- 4.1.5 Operators have indicated that they will continue with the existing transport routes if the existing calculation method is retained. However, these assurances were made prior to the current scheme releasing savings of £115,000. They are unwilling to offer similar reassurances should we seek to adopt the DfT method.

#### 4.2 **Option 2:**

- 4.2.1 Progressing as planned will achieve around £200,000 of the financial savings target set out in the council's forward financial plan in 2016/17, assuming there are no challenges made against the calculations.

- 4.2.2 As outlined above the potential impacts on bus networks as a result of changing to the DfT method is not known.

4.2.3 If option 2 is approved then the Cabinet Member still needs to publish a final scheme before 3 March 2016. As such a final scheme based on the DfT method is attached as appendix A to the report.

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

### **5.1 Financial:**

5.1.1 A delay in introducing a new method for calculating the concessionary fares reimbursement rate will mean that the saving target of £250,000 contained in the 2016/17 revenue budget recently approved by full council will not be realised.

5.1.2 The Director of Policy and Resources has confirmed that the £250,000 target in the budget plan recently approved by full council is expected to be achieved in 2016/17. He is therefore concerned at any delay in implementing changes to the calculation method that might affect our ability to achieve the approved saving. Both options identified leave a shortfall in savings of either £135,000 or £50,000 that the Cabinet Member needs to consider when coming to a decision on the options set out in this paper.

5.1.3 The shortfall if the decision was deferred would be a one year budget pressure and the service would have to review existing budgets to determine if this was possible to contain through other contracts. The Cabinet Member would therefore receive future reports on savings proposals.

5.1.4 There are other transport payments made to bus operators. These include school transport and subsidised bus services contracts. Changes in the concessionary fares calculation can lead to operators considering whether these contracts then reflect value for money. Contractors can hand back services with 56 days' notice.

5.2 There are no other resource implications to highlight.

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

6.1 Any decision to change the methodology needs to recognise that there will be 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 also lead to reputational risks.

6.2 If the existing calculation method is retained then there is no IIA to consider.

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

- 7.1 We have consulted with three major local bus operators. They have indicated that they believe more work is required to understand some of the data assumptions if we moved to the DfT model. As such they are less likely to challenge or change any services if we decide to retain the existing methodology for a further twelve month period.
- 7.2 The operators have also commented that the impacts of the call connect project on the network have yet to be fully understood. As such making changes prior to the conclusion of this initiative may cause additional problems in the retaining of passengers.
- 7.3 The concerns raised by the Director of Policy and Resources on the budgetary implications of the options presented in this paper are highlighted above.

## 8. **RECOMMENDATIONS**

- 8.1 That the Cabinet Member considers whether to adopt the DfT model (appendix A) or continues with the existing calculation method (appendix B) for a further year, noting that either option will require future reports on savings proposals to fund the one year saving if the costs cannot be contained within the service areas budget.

### **DIRECTOR OF PLACES**

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Date: 15 February 2016

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

- Minute 28 (28) of the Neighbourhoods Cabinet Member of 6 January 2016 – **Public Transport: Concessionary Fares 2016/17**
- 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  
2016/17**

Final version published March 2016

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### North Lincolnshire Council Travel Concession Scheme

#### Scheme Statement 2016/17

#### 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 2015.
- 1.3 This scheme statement will take effect on 1 April 2016.

#### 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 has no time restriction and applies at any time and on any day for 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 also provides 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.

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- 2.8 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.
- 2.9 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.
- 2.10 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**

- 2.11 A holder of a valid North Lincolnshire pass (see paragraph 2.19) 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 2.13 and 2.14.

- 2.12 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 in paragraph 2.13. Those entitled to free local rail travel is indicated in paragraph 2.22. Passes for elderly people and the other categories of disability may receive a pass with one train as set out in paragraph 2.22.
- 2.13 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.
- 2.14 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.
- 2.15 The concession is not valid on excursion or special rail services and any others which are not open to the general public.

### **General Requirements**

- 2.16 The pass is not transferable and may only be used by the person to whom it was issued.
- 2.17 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 directorate as resident within North Lincolnshire.

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- 2.18 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.
- 2.19 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.
- 2.20 Passes are normally valid for three to five years depending on the category of disability. There there will be a charge of £10 for replacement passes unless the pass has been stolen and a crime number is provided.
- 2.21 The council reserves the right to withdraw, amend or replace any pass.
- 2.22 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\*.
    - 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\*.
  - 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 has a disability, or has 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 would be entitled to two trains pass to allow free local rail travel.

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- 2.23 Applicants with disabilities must have an impairment which is permanent or likely to last at least 12 months.
- 2.24 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.
- 2.25 Concessionary passes are not available to eligible children under five as they would normally travel free of charge on local bus services.

### Pass Issue

- 2.26 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.
- 2.27 Applicants will be asked for proof that they are eligible, as specified by the council. A photograph taken and a pass will be issued by the council or its contractor. It will be sent to the applicant by post.
- 2.28 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 Council

for 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 of Transport's guidance to local authorities and bus operators on how to calculate appropriate reimbursement. We will use the reimbursement calculator spreadsheet as the basis for the reimbursement. The latest version of the guidance and calculator was published in October 2015 for schemes commencing 2016/17.

- 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 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.

- 3.14 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.
- 3.15 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

- 3.15 The council recognises the importance of prompt concessionary fare payments in maintaining operators' cash flow.
- 3.16 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.
- 3.17 For existing operators, these payments will be approximately one thirteenth of the total sum payable.
- 3.18 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.
- 3.19 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.
- 3.20 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

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

### Access for Survey

- 3.22 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**

- 3.23 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.
- 3.24 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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North Lincolnshire Council



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  - 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\*.
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  - 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 has a disability, or has suffered an injury, which has a substantial and long-term adverse effect on their ability to walk\*.
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## **APPENDIX B**

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### **Pass Issue**

- 2.26 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.
- 2.27 Applicants will be asked for proof that they are eligible, as specified by the council. A photograph taken and a pass will be issued by the council or its contractor. It will be sent to the applicant by post.
- 2.28 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**

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- 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:

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for 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 Bus operators with existing services in North Lincolnshire on 31 March 2016 will be reimbursed using the following formula:

Projected passholder journeys in 2015/16 x 2015 average fare x 60.1%

- 3.11 This will indicate a fixed sum payable from 1 April 2016 to 31 March 2017 which will not be varied, up or down, in response to changes in fares or changes in passholder journeys on the existing network. In the case of new operators, the council will use the same formula.

- 3.12 The council may vary or cease payments to individual operators during the scheme in response to:

- the ending of any service or reduction of the number of journeys by 50% or more; and
- changes in operator on contracted or commercial services.

- 3.13 The average adult fare will be calculated as:

$$\frac{\text{Value of adult single, return and day and day out tickets}}{\text{Number of journeys}}$$

using the following assumptions about the number of journeys per ticket:

Adult single tickets:	1
Adult return tickets:	2
Adult day tickets (Scunthorpe) :	3
Adult "Day Out" tickets:	4

One average fare value will be calculated for each local bus service operator in North Lincolnshire.

- 3.14 The average fare will be calculated using journey and revenue figures for a minimum of one month. (Four weeks or one calendar month).
- 3.15 Reimbursement payments will be deemed to cover any additional operational or administrative costs arising from the operation of the scheme.

### **Payments**

- 3.16 The council recognises the importance of prompt concessionary fare payments in maintaining operators' cash flow.
- 3.17 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.
- 3.18 For existing operators, these payments will be approximately one thirteenth of the total sum payable.
- 3.19 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.
- 3.20 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.
- 3.21 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**

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

### **Access for Survey**

- 3.23 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**

- 3.24 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.
- 3.25 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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