

Concessionary fares Reimbursement – Operators Perspective

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Specialists in Transport Law since 1930



Legislative Framework

- Transport Act 1985 s93 - 99
 - Travel Concession Schemes Regulations 1986 – reg. 4 – 7
- Transport Act 2000 s145(1) & 149 - shall be reimbursed
- Travel Concessions Eligibility Act 2002 and
 - Orders 2002 &
 - Travel Concessions (Extension of entitlement) Order 2005 Expand the Concession half fare to full fare

Commercial realities

- The concession is given to the Passenger not the bus companies.
- The bus companies should not be required to subsidise the concession this is the exclusive responsibility of the TCAs
- Profit is an absolute requirement of a successful commercial operator
- The use of company buses to supply concessions has to be paid for at an appropriate commercial rate

Reimbursement

- Bus companies do not expect to make a super profit
- The rules should protect operators & TCAs they do require both:
 - Object of “no better off no worse off” / Revenue forgone
 - Additional costs

and

 - “Appropriate Reimbursement” in light of no. of passengers and fares lost on eligible schemes

Current Position

- After the appeals so far three clear principles required in a mandatory scheme are becoming established as entirely consistent with the regulatory framework:
 - No fixed cap
 - Must have a review to establish if objective is met at end of year for the operator & TCAs benefit
 - Operator is entitled to all additional costs (no cap) and to a reasonable return on any additional capital invested

Future calculations

Use the three principles to simplify the process

- Additional capital plus return effectively allows full average fare reimbursement on generated passengers (remember “adequate reimbursement”)
- Simplify the process by taking out generation and the (enhanced) additional capital calculation, instead just negotiate over the level of fare per concessionary passenger journey to reach agreed fares.
- The Additional costs figures will be much more modest as the negotiated fare paid for every concessionary passenger will often adequately compensate.
- TCAs must negotiate and not impose.
- Operators are not the enemy; the TCAs must obtain funding shortfalls from central government for it's policies!

Remember the operator should not subsidise the concession

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