

Dear colleagues,

Thank you for your continued and combined efforts in ensuring the provision of local bus services during the pandemic.

In response to stakeholder feedback, Concessionary Travel Recovery Guidance (the 'Recovery Guidance') was issued in October 2021, containing a suggested Recovery Strategy, intended to be implemented from the 6th April 2022 until 5th April 2023. The Recovery Strategy aims to provide LTAs with suggested guidance towards taking an incremental approach to reducing their pre-Covid concessionary payments by 5% every other month, from 90% of 2018/19 figures, until they are back in line with actual patronage levels, whilst avoiding a sudden widespread reduction in these payments. **It is our default expectation that LTAs will follow this approach.**

However, DfT appreciates the suggested Recovery Strategy was published prior to the emergence of the Covid-19 Omicron variant and subsequent Plan B restrictions, meaning patronage levels have not recovered at the rate as initially forecast. Following recent discussions with the bus sector including both LTAs and bus operators, it is clear there are concerns surrounding the impact the implementation of the Recovery Strategy in April may have on service or demand levels.

Alternative Recovery Strategy approach

Officials are therefore exploring introducing an additional alternative Recovery Strategy. Should Ministers agree to this, the alternative recovery approach will be communicated to stakeholders over the next month, in time for the 2022/23 Financial Year. This would be set out along the same basis as the original Recovery Strategy, but with a delayed start date of several months. **It is expected that this will be an alternative suggested approach, and we expect LTAs and operators to work together to understand and ultimately decide which recovery approach is most practical for their local area.** DfT is aware that there will be localised differences in patronage return, and therefore compliance with a recovery strategy is not mandatory. **LTAs can still choose to maintain pre-Covid level payments, should they believe local circumstances require it.**

LTAs are also able to adapt the Recovery Guidance to suit their local situation and requirements. As the Recovery Guidance (p.11) states *'...in accordance with regional variations and to take account of local flexibility and circumstances, during the Concessionary Travel Recovery Period an LTA may choose to continue to pay out a higher rate of pre-Covid concessionary payments, than the percentage suggested by DfT.'*

For instance, it should be noted a number of LTAs have confirmed they will continue to pay out at higher, pre-Covid levels for the duration of next the financial year, as opposed to following the original suggested Recovery Strategy, in order to ensure service levels are protected from any potential reduction. To therefore provide LTAs with the legal ability to continue to reimburse operators up to 100% of pre-Covid levels, Ministerial agreement has been obtained to extend the current Statutory Instrument ('SI') to the end of the 2022/23 Financial Year. Officials are obtaining final cross-Government clearances to lay this SI in March 2022 in time for the SI to come into force prior to the 2022/23 Financial Year. We will provide confirmation once this has successfully been achieved.

For the remainder of the 2021/22 Financial Year, DfT's ask remains that LTAs should continue to pay out at pre-Covid levels if they are able and, in the 2022/23 Financial Year, choose which is the most appropriate method of continuing these payments, from the options DfT has or will provide in the near future. **To be clear, an LTA may choose to:-**

1. Reduce their pre-Covid level payments in line with the Recovery Strategy (published October 2021). **This is our default assumption.**
2. Maintain pre-Covid level payments for the duration of the 2022/23 financial year, should they deem local circumstances require this.
3. Adopt their own approach to pre-Covid concessionary reimbursement for the 2022/23 financial year, however, we urge LTAs to be sensitive to the financial needs of operators, and balance this against any alternative reduction in concessionary fare payments, as any sudden reduction can lead to immediate negative impacts to operators and service levels.
4. Follow any alternative or supplementary recovery guidance that DfT may issue.

Finally, should LTAs reduce their pre-Covid concessionary reimbursement, we expect that LTAs will carefully consider supporting the bus sector by reinvesting this funding in alternative ways, to continue to support the network and the objectives of the National Bus Strategy.

Should you have any queries, please contact the team at CONCESSIONARYFARES@dft.gov.uk.

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