

Report of the Director of City Strategy

Introduction of a 'Taxicard' for disabled York residents

Summary

1. This report follows the recommendation made by Members at the Executive meeting of 20 January 2009 to explore the possibility of introducing an electronic, stored value, taxi-card to replace the national transport tokens currently being issued to entitled, disabled, residents.
2. The report outlines the costs and implications of introducing a taxi-card and looks for the support of Members for the next steps.

Background

3. The English National Concessionary Travel Scheme (ENCTS) was introduced in April 2008 offering all over 60s and registered disabled free-fare, off-peak, bus travel anywhere in England. The provision of this benefit is a statutory requirement placed upon all local authorities. Prior to 2008 the Council operated a local concessionary travel scheme offering half price (and latterly free) local bus journeys to pass holders.
4. The cost to the Council of funding bus pass concessions has increased in stages, from around £600,000 in 2003/4 (the last year of half-fare local travel) to an estimated £4.5 million in 2009/10.
5. Government funding is intended to meet the costs of providing the statutory minimum concession. Any enhancements, using discretionary powers, must be funded by councils themselves. Our current scheme includes the following enhancements.
 - Free weekday travel between 0900 and 0930 and after 2300 hours available to any National Concessionary pass holder
 - Free all day travel wholly within York for York residents qualifying on grounds of blindness
 - Free travel for necessary companions of persons with disability
6. The Council also offers a further discretionary alternative to the bus pass for disabled residents (of any age) in the form of national transport tokens which are accepted by a number of taxi operators.

7. The popularity of tokens has declined in recent years as a result of the increasingly generous bus travel concessions for older and disabled people. Token take-up decreased significantly in 2008/09 due to the Council halving the amount of tokens offered (to £20), coincident with the introduction of a free national bus pass.
8. For 2009/10 the amount of tokens offered was increased to £50 but was only made available for disabled people. The value of tokens issued over the past seven years is shown in the table below.

	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Tokens	£510k	£1,099k	£831k	£624k	£519k	£158k	£122k (year to date)
Tokens Value	£24.00	£50.00	£40.00	£40.00	£40.00	£20.00	£50.00(*)

(*) Only issued to the eligible disabled

9. The current system allows the eligible disabled, aged under 60, to purchase an additional £50 worth of tokens for the cost of £25 (a total of £100 worth of tokens). This additional sum is offered in the interests of aiding this age demographic in their travel to work.
10. The main weakness of the current system is that once the tokens are distributed, the Council has no way of monitoring how (or indeed, if) they are used and cannot ensure that the tokens are not exchanged fraudulently.
11. Alternatives in the form of a 'taxi card' exist in the market place and are used by other local authorities (e.g. Newcastle, Milton Keynes, Chiltern, etc). These schemes have relatively low capital and running costs and provide reliable data on usage. In addition, at the end of a given period (eg monthly, quarterly or annually), cards can be re-set to ensure the Council spending no more than is used on journeys made during this period, ensuring that there is better financial control.

Options

12. The provision of an alternative concession to the ENCTS (the bus pass) is a discretionary decision for the Council to make. Three options are therefore presented for the consideration of Members.

Option 1 – Replace the provision of national transport tokens for the eligible disabled with a stored value taxi-card and permit officers to conduct a tendering exercise to deliver the product which will deliver the best value and which will be fit-for-purpose.

Option 2 – Withdraw the provision of an alternative concession to the bus pass.

Option 3 – Retain the existing arrangement for the distribution of national transport tokens.

Analysis

Option 1

13. Officers have held informal meetings with the two principal suppliers of a 'taxi card' product in the United Kingdom to understand the functionality that might be delivered and the timescales required
14. The following table provides an initial indication of the work which would be required to launch a 'taxi card' scheme:

Task	Timescale
Procure taxi card provider	6 – 9 months
Licence taxi firm(s) for operation of the taxi card scheme (including installation of readers)	6 – 9 months (concurrent to the procurement of the taxi car provider)
Publicise and promote the new scheme	3 months and ongoing

15. The taxi card scheme requires that all of the eligible individuals who want to use this facility are provided with a stored value smartcard which has a certain financial value loaded onto it (eg £50). The sum of money would be valid for a defined period (eg quarter of a year, half a year or a full financial year) to pay for all or a proportion of a taxi journey.
16. To use their taxi card, the cardholder would only be able to use companies equipped with card readers (which deduct value from the user's card when trips are made). Officers recommend that a tendering exercise be conducted to select a small number of operators with a variety of (and sufficient numbers of) vehicles to be fitted with the taxi card readers. As these operators would have 'exclusive rights' to the equipment, this would potentially make the scheme more attractive to them although the sums of money involved are still very low.
17. The Council would pay the taxi card supplier to operate the re-imbusement to taxi companies and for maintenance of the system hardware. This fee would be a proportion of the revenue invested into the system (estimated to be 5 – 10% per annum) but different companies have different reimbursement methodology to be determined through the procurement process.
18. The taxi companies would then recoup the money from the taxi card supplier on a regular basis (monthly or quarterly).
19. The capital cost of introduction of a taxi card scheme is estimated to be in the region of £25,000 on the assumption that 100 taxis are fitted with smartcard readers. This could be funded through an allocation from Local Transport Plan funding.

20. The ongoing revenue cost is estimated to be £100,000 per annum, based on the current number of tokens claimants (2000) multiplied by the amount currently received by each claimant (£50).
21. The Council Procurement team has advised that it would be unlikely that a new taxi card scheme could be introduced in April 2010/11 due to the timescales outlined in paragraph 14. To this end, it is proposed that a reduced number of tokens is issued for the first quarter of the next financial year, to be made available from the Council's finance centre, pending introduction of the card as soon as possible (and no later than September 2010).

Option 2

22. Many local authorities provide no discretionary alternative to ENCTS (the bus pass). A number of current national transport token claimants may choose to take a bus pass instead. The move to restrict token distribution to those with qualifying disabilities in 2009/10 means that the numbers making this transition are likely to be relatively low.
23. The saving to be made through the withdrawal of a discretionary concession is likely to be £150,000 (estimated full year expenditure for 2009/10 inclusive of token distribution events).
24. For both options one and two, our remaining stock of tokens would be re-sold to National Transport Tokens.

Option 3

25. Tokens could continue to be provided at a continuing annual cost of £150,000. The two-year contract for the purchase of transport tokens has now expired. A procurement exercise would therefore have to be carried out to ensure best value. If there is a short term need to procure a small number of tokens to enable transition to a taxi card product, a financial waiver will be sought.

Consultation

26. Officers have consulted with the Taxi Licensing team to identify any issues which may need to be resolved before launching the scheme outlined in option 1. Whilst generally satisfied that the introduction of such a product would not do anything to de-stabilise the York taxi business, concerns were expressed that officers may find it difficult to identify one specific company who would be able to sufficiently meet the needs of the taxi card. A majority of York's taxi companies do not have fleets of significant size to accommodate a number of simultaneous demands for disabled transport. Licensing Team representatives believed that the services of more than one operator may be required and this will be fully considered in the procurement process.

27. Officers met with representatives from the Hackney cab and private hire industries on 8th September to understand any concerns they might have about either discontinuation of the transport token scheme or introduction of a taxi card. The meeting generated the following outcomes:

- Private hire operators were broadly supportive of the taxicard and understood the argument for replacing tokens.
- Hackney operators collect a relatively small volume of tokens at present, so a full-scale equipping of their vehicles with card readers would be unlikely to prove cost effective.
- However, around 35 Hackney carriages are fully-wheelchair accessible. Equipping some of these vehicles would add to the pool of accessible vehicles within the taxicard scheme. Drivers' telephone numbers would have to be published individually as they do not have a common base in the same way as private hire operators.

Operators made the following suggestions:

- Operators would be more inclined to participate if the Council set up one or more locations where drivers could download their stored value cards for immediate reimbursement. This could potentially be any vehicle-accessible Council site such as Hazel Court or Park & Ride site offices. The additional equipment cost would be £300 per site (not including staff costs).
- Card readers with a rechargeable battery (instead of taking power from the cigarette lighter) would be useful to reduce clutter for some drivers who already have a number of in-car electronic devices.

28. Representatives from Northgate Kendric Ash, currently working on the Efficiency Review for the Council have also been approached to understand if the taxi card may be expanded to serve a wider purpose (eg library cards, etc). Officers have been advised that whilst there are no plans for this to happen at present, the card could be used for other purposes in the future if it proves successful.

29. Two suppliers of taxi cards to the UK market have attended informal meetings with officers to provide a better understanding of the functionality of the product.

30. Current taxi card customers have also been contacted for their opinions on the products. This consultation included an in depth discussion with a representative from NEXUS (Tyne & Wear PTE). Almost all of the customers spoke positively about the concept and product.

31. The Procurement team has been consulted for advice on options one and three (see paragraphs 21 and 25).

Corporate Objectives

32. Council involvement in the provision of an alternative to the bus pass contributes towards the “Sustainable City” and “Inclusive City” strategic objectives in the Community Strategy.
33. Council involvement also contributes towards achievement of the objectives embodied in the Council’s Second Local Transport Plan; to reduce congestion, improve safety, improve air quality, improve accessibility, and improve other aspects of quality of life. The extent of the involvement possible is however governed by legislative restrictions and the willingness of bus service operating companies to co-operate with the Council in partnership working.

Implications

34. **Financial –**

The total budget for provision of concessionary travel is £4,700k. This budget funds the cost of concessionary fare reimbursements as well as provision of tokens to disabled groups.

Option 1

The introduction of a taxi card scheme would be lower than the current cost of providing travel tokens as it would eliminate the requirement for a token distribution event which, in 2009/10 cost £21,500. Unfortunately it is not possible to accurately determine the reduction in cost resulting from the introduction of the scheme. Taxi card providers estimate, however, that approximately 15% of the sum issued to card holders will not be used. This would be offset by a potential 5-10% management fee resulting in 5 – 10% of the initial budgeted allowance being returned to Council funds (equating to £2.50 to £5.00 for every participant in the scheme).

Both of the taxi card suppliers consulted have stated that they would want to agree a minimum three year contract. This would include agreement being given by Council on the level of concession to be offered for a three year period in advance of the cards being issued.

The Capital cost in year 1 would be broadly similar to the cost of the current tokens distribution and could be accommodated within the Capital programme with Member approval.

Option 2

The withdrawal of a discretionary concession would reduce Council expenditure in this area by £150,000. It is assumed that this saving would not be realisable as the users would transfer to other concessionary benefits.

Option 3

This option would result in a continuing annual cost of £150,000.

35. **Human Resources (HR)** – The cessation of the annual national transport tokens distribution will end the need to employ a number of casual staff to manage the Guildhall and door to door events. There would also be a reduced burden on the Council Finance Centre who would no longer be required to distribute tokens throughout the year.
36. **Equalities** – Whilst only some of the taxi operators in York accept national transport tokens, the operator is free to decide whether they do or do not wish to participate in the scheme. The introduction of a taxi card scheme would limit the taxi choice open to cardholders to specific companies who are issued with the taxi card readers.
37. **Legal** – None
38. **Property** – If either option 1 or option 2 is selected, the remaining transport tokens will be sold back to National Transport Tokens. If option 1 is selected, the taxi card readers will be issued to taxi companies but will remain the property of the Council.
39. **Crime and Disorder** – The introduction of a taxi card scheme greatly reduces the opportunity for fraud currently possible through misuse of national transport tokens.
40. **Information Technology** – The management of the taxi card scheme will be managed by the third party provider.

Risk Management

41. Measured in terms of impact and likelihood, the risk score for the recommendation is less than 16 and thus at this point the risks need only to be monitored, as they do not provide a real threat to the achievement of the objectives of this report.

Recommendations

42. The Executive is asked to
 - a. Note the contents of this report.
 - b. Support option 1 – To replace the provision of national transport tokens for the eligible disabled with a stored value taxi-card.

Reason: To deliver an alternative concession to ENCTS for those who cannot, for reasons of disability, use the bus which will deliver the best value and which will be fit-for-purpose.

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Wards Affected: all

All

For further information please contact the author of the report

Background Papers:

None