

## Concessionary travel

### Introduction

1. All York residents aged 60 or over currently have the choice of claiming an ENCTS (English National Concessionary Travel Scheme) bus pass, offering free bus travel across England subject to peak-hour restrictions, or £20 (per annum) of National Transport Tokens.
2. Residents aged under 60 with a qualifying disability may opt to either claim an ENCTS bus pass or purchase £100 of tokens per annum at a 75% discount.

### English National Concessionary Travel Scheme (ENCTS)

#### **Overview**

3. The ENCTS pass has replaced the York & North Yorkshire concessionary bus passes which are now no longer accepted for travel.
4. The ENCTS bus pass was introduced on 1<sup>st</sup> April 2008. Full details of the introduction of the ENCTS pass in York can be found in the Concessionary Fares Manager's Annual Report 2008 which forms a background paper to this report
5. Take up of passes and 'ridership' are both higher than was anticipated. Concessionary trips in (or starting in) York were as follows:
  - 2006/7 2.9m
  - 2007/8 3.1m
  - 2008/9 est. 4m (based on figures received to date)

#### **Background**

6. Prior to 2001, the Council delivered its Concessionary Travel Scheme independently, using discretionary powers to make available National Transport Tokens to help eligible persons meet their travel costs. This was funded from the Council's own resources. With the legislative change in 2001, creating a statutory duty to make available a minimum half bus fare concession for local travel during "off-peak" times, the Council collaborated with the other districts in North Yorkshire to form the North Yorkshire Concessionary Fares Partnership.
7. This produced a standardised pass valid for travel throughout the County of North Yorkshire and City of York, and for unbroken cross boundary journeys to and from neighbouring areas. In 2004, the Council enhanced this for York residents by funding low cost flat fare off-peak travel for journeys wholly within the City boundary. In 2006, the statutory minimum concession became free-fare for off-peak local travel and, in April 2008, it became free-fare off-peak travel anywhere in England.
8. Most significantly, the change from local to National pass validity was accompanied by a shift in responsibility for making compensation payments to bus service operators for lost revenue from the pass issuing authority to the authority in whose area the pass is used. Places, like

York, which are local centres for the surrounding area, or attract leisure visitors, have therefore incurred increased liability, whilst some other Councils have benefited from reduced liability.

9. The combined effect of these changes has been to raise the cost to the Council of funding bus pass concessions, in stages, from around £600,000 in 2003/4 (the last year of half-fare local travel) to an estimated £4.3 million in 2008/9.
10. Assistance from central government in meeting this increased cost is outlined in Table 3.1 below.

**Table 3.1 – Concessionary bus pass costs**

Year	Cost to The Council	Central government assistance
2006/7	£2,250,000	
2007/8	£3,000,000	
2008/9	£4,200,000	£1,122,000
2009/10	£4,650,000	£1,138,000

11. Similar, inflation adjusted, amounts are promised for 2009/10 and 2010/11 under the government's three year spending programme. In 2006/7, most London and Metropolitan boroughs, 34 (out of 46) Unitary Councils, and 21 out of 238 Shire Districts received more additional funding than York. In 2008/9, outside London and other Metropolitan areas, only 7 other Unitary Councils received more additional funding than York. This reflects the shift of responsibility for reimbursement.

### **ENCTS entitlements**

12. 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
13. Although rising, the number of Companion passes is a relatively small proportion of the total and the passes appear to be used fairly infrequently. The number of Blind Passes is also relatively small, with low levels of use before 0900 hours. It is also believed, from the limited evidence available, that the incidence of Concessionary Travel after 2300 hours is comparatively low. The costs of these enhancements are therefore likely to be modest. Insufficient data is available to reliably quantify this, however.

14. There is substantial use of passes between 0900 and 0930, but any cost saving from withdrawing this facility is difficult to predict. Many journeys may simply be delayed until 0930 or later. This could cause service capacity problems and, if so, could lead to “Additional cost” claims from bus service operators which might actually increase our funding liability.
15. The government is currently consulting on revising Regulations governing eligible services on which concessions must be provided. This is intended to clarify some existing areas of interpretation. The proposal, however, is to remove certain services (outlined below) from statutory provision, whilst retaining the scope for individual Travel Concession Authorities to continue offering concessions on the affected services. There has not yet been any indication that funding allocations might be adjusted as a result but this could be a possibility in the future.
- Services on which the majority of seats can be reserved in advance of travel (e.g. National Express, some of whose services are registered in whole or part as local bus services for legal reasons)
  - Services that do not run at least once a week for a period of at least 6 consecutive weeks (e.g. York Station to Racecourse)
  - Services operated primarily for their historical interest of for tourism (e.g. City Sightseeing Tours and sea-front services)
  - Rail Replacement services
  - Services where the fare charged by the operator has a special amenity element (e.g. car parking associated with Park & Ride services)
16. **Key message** -The Council may have the opportunity to re-assess the inclusion of certain bus services in the free concessionary travel scheme in the future.

### **Operator re-imburement**

17. The North Yorkshire Concessionary Fares Scheme reimburses bus operators for each trip made by pass holders on the basis of a proportion of an average fare paid by adult fare paying passengers on each operator's services. It is a proportion to reflect the fact that reducing a price stimulates journeys which would not otherwise be made. To ensure operators are “no better nor worse off” from the operation of Concessionary Fares Schemes, as required by Concessionary Fares legislation, this effect is calculated.
18. 61.95% of the average fare is currently paid on the basis of the calculations. It is assumed, due to lack of detailed data to consider alternative approaches, that the pattern (and therefore the average fare) of concessionary journeys is the same as that for fare paying adults. The average fare is calculated from data for adult single, adult return, and (where appropriate) adult day tickets and their respective recorded trip rates. The Council is unable to control the number of passes issued, the volume of pass use, or the fares charged by operators which feed into the average fare calculation.

19. The Partnership is intending to review this reimbursement rate in early 2009, with a view to possibly reducing it later in 2009. The current rate was based on forecasts of pass-holders' response to improved concessions. There is now sufficient data to examine the accuracy of the forecasts and to apply updated government advice on the calculation of reimbursement rates.
20. Under the Partnership Agreement, York reimburses operators based within the City whilst Harrogate Borough Council (the Lead Authority) reimburses other operators running services in the County. Recharges between the two authorities account for the elements of these reimbursements which are made on each other's behalf. York's reimbursement bill is currently about one third of the total Partnership expenditure. Two thirds of the remainder is accounted for by Harrogate and Scarborough.

### **Production of ENCTS passes**

21. The changes made in April 2008 included introduction of a standardised smart-card National Pass throughout England. These require specialised and expensive secure issuing equipment. The Council, in conjunction with its North Yorkshire partners, decided therefore to outsource Card Production to a specialist supplier. Fujitsu was the only company to be awarded a framework contract for Card production by the government and the Partnership's initial order for new cards was placed with them.
22. For subsequent production, after consideration of other available alternatives, each District engaged separately with Charles Novacraft Direct Ltd to issue cards until March 2009. This approach was adopted to keep contract values within regulated procurement procedures which could be completed in the short time frame available. Passes are ordered via a secure internet link and generally mailed to the applicant by first class post the same day.
23. The arrangement has worked very well and is cheaper than the service offered by Fujitsu. New arrangements need to be procured for card issues from April 2009. These are likely to be co-ordinated as a joint procurement by the North Yorkshire Partnership members. Initially, exploratory talks are taking place with West Yorkshire Passenger Transport Executive, with a view to procurement through a contract recently tendered by them. Their preferred supplier is Charles Novacraft Direct Ltd. The contract will include provision for participation by other authorities primarily as part of the separate YorCard project. If this option is not possible, then a separate tendering exercise will need to be conducted, with existing arrangements extended in the short term.
24. **Key message-** The procurement of new passes will be on North Yorkshire-wide basis, potentially with integration with West Yorkshire PTE.

## National Transport Tokens

25. Travel tokens have been distributed by City of York Council for well in excess of 30 years to eligible individuals and are used to assist with the cost of transport.
26. In recent times, the popularity of tokens has declined due to increasingly generous bus travel concessions for older & disabled people. Token take-up also 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.
27. A report was presented to City Strategy EMAP on 14 July 2008 in response to a petition request for tokens (2008/9) to be returned to the £40 level of the previous financial year. This was rejected, but Members requested that officers present a report to the Executive considering the role that tokens (or an alternative form of concession) might play for the next financial year. The proposed report has now been subsumed into this public transport review.
28. The number of claimants of national transport tokens and bus passes in the last five years is outlined in table 2 below.

**Table 3.2**

	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09 (Year to date)
<b>Tokens</b>	21,589	22,386	21,098	15,774	13,124	7,806
<b>Passes</b>	10,686	15,687	18,625	23,936	27,826	34,718
<b>Total</b>	32,275	38,073	39,723	39,710	40,950	42,524
Tokens Value	£24.00	£50.00	£40.00	£40.00	£40.00	£20.00
Pass Value	Half fare	50p Single	50p Single	Local Free	Local Free	National Free

29. The cost of providing tokens has reduced from £525,000 in 2007/8 to £156,120 (this year to date). This appears to represent a significant reduction in Council expenditure. The cost of delivering concessionary travel has, however, risen by around one million pounds in the past year when considered in its entirety.

### **Who are transport tokens for?**

30. Currently, anyone over the age of 60 (or with a qualifying disability) is entitled to transport tokens as an alternative to the bus pass. Those over 60 receive a fixed allocation, whereas younger disabled qualifiers may purchase a limited quantity (currently £100 worth each year) at one quarter of their face value. A higher proportion of those over 75 (increasing to over one third of claimants by age 85) choose tokens rather than passes.<sup>1</sup>

<sup>1</sup> According to the 2006 mid-year estimate there are 15,700 people aged 75 or over in York.

31. The main advantage of tokens is that they assist with the cost of travel for those people who live where there are inadequate bus services, or who as a result of disability or infirmity are unable to use a bus. Transport tokens provide an alternative to the bus pass and can be redeemed against taxi, rail and bus fares.
32. In York, a majority of the journeys that will be made using transport tokens will be by taxi or as part of the voluntary car scheme (York Wheels).

### **Proposed improvements**

33. Many other local authorities in England, provide an alternative to the bus pass. Officers are of the view that this alternative should be better targeted than it is at present, to increase the value of the concession for those who need it most.
34. The main weaknesses of the current system are that once the tokens are distributed, the Council has no way of monitoring how (or indeed, if) they are used, their availability to all eligible persons as an alternative limits the value of assistance with travel costs which the Council can provide for those in most need, and their use for the intended purpose is not adequately controlled.
35. Alternatives in the form of a 'taxi card' exist in the market place and are used by other local authorities. 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 and the Council will only pay for journeys made during this period, ensuring that there is better financial control.
36. The estimated capital cost of introduction of a taxi card scheme is thought to be in the region of £100,000. On the basis that each claimant received £50 per annum, with a total take up of 5,000 passes, the estimated annual cost could potentially be £300,000. This sum would be offset by any stored value not used within the given period and the administration cost is unlikely to be significantly higher than that of the existing tokens scheme.
37. An Open EU tendering process, which would take about six months to carry out, would have to be undertaken for the procurement of a taxi stored value card system. This has therefore been proposed as an option for delivery from 2010/11.
38. As a result of the late decision to halve the provision of tokens in February 2008, the Council currently has approximately £240,000 worth of transport tokens which could be used for 2009/10 provision, should the need arise. Alternatively, the tokens could be sold back to National Transport Tokens.<sup>2</sup>

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<sup>2</sup> Concessionary Solutions (formerly National Transport Tokens Ltd) would potentially charge an administration of on any tokens they buy back.

39. The options presented in the main body of this report are as follows:
- a. Retain the status quo (eg £20 distribution of transport tokens alternative for over 60 concessionaires and younger disabled discount purchase scheme). Cost estimated to be approximately £170,000 and is included in the current budget.
  - b. Withdraw any alternative to the bus pass. This option would save approximately £170,000 on token provision but would be subject to a forecast £120,000 increase in concessionary bus pass use.
  - c. Better target priorities by restricting token distribution to the over 75s and eligible qualified disabled. The aim of this option would be to provide an increased level of tokens to a reduced audience which would be cost neutral (ie £170,000).
  - d. Distribute £50 worth of tokens to the eligible disabled and abolish distribution events. It is anticipated that the net increase cost of providing this will be £15,000.
  - e. Simplify the system for the under 60s disabled, abolishing the purchase of tokens set up and issuing a fixed sum for the year. This option is unlikely to have any financial impact and only affects 90 people.
  - f. Increase the value of tokens to £40 (or estimated cost neutral amount) for this year and replace the anonymous token system with an auditable stored value taxi card system from 2010/11. The total cost of introducing a taxi card in year 1 could be in the region of £400,000 but will depend on the level of take up.

### **Distribution of tokens/bus passes**

40. In 2008, a month long event was held at the Guildhall to distribute both tokens and the newly created national bus pass. This year there is no need to have such an event for the distribution of bus passes as none of them will have expired.
41. In previous years, tokens have been distributed centrally at the Guildhall, at parish venues and by direct delivery to nursing homes. In 2008, the total cost of this operation was £28,147.<sup>3</sup>
42. If Members decide to issue tokens as an alternative to the bus pass again in April 2009, it will need to be established how this will be done.
43. The options presented in the main body of this report are as follows:

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<sup>3</sup> The combined cost of the 2008 tokens & ENCTS passes distribution was £61,430.

- a. To distribute tokens from The Guildhall, parish venues and by delivery to nursing homes
- b. To distribute tokens only from The Guildhall and parish venues requesting that nursing homes collect their allocation from either of the above.
- c. To distribute tokens only from The Guildhall and key parish venues (reducing the number of parishes from approx. 40 to 10)

### **YOzone**

44. The YOzone card was launched in the late 1990s with the aim of providing a common age-identification card for under-16s. Cards were issued from the Bus Information Office until 2006 and are now issued from 9 St Leonard's Place.
45. The card was re-launched in 2007 as a result of falling take-up. Improved fare discounts were sought from bus operators, who were initially concerned that they may fall foul of competition legislation. After the Council sought legal advice on the matter, it was agreed that operators must set their own fare discounts without discussion with the Council or one another. First York subsequently introduced a 50p single fare for card-holders, with most other operators offering a half-fare discount.
46. In March 2007, a team from the council visited most secondary schools in York for the first time to photograph and process applicants. This had the effect of doubling take-up to over 50% of eligible students.
47. The YOzone card is issued to secondary school pupils aged 11-16 who live or study in the City of York area. The card permits reduced-fare travel for all local journeys on participating companies' bus services. As the Council provides no fare subsidies, the amount of discount is set by each bus company, but is typically at or below half the adult fare for the trip. The principal objective of the YOzone card is to encourage young people to use public transport and continue to use sustainable modes of transport as they enter adulthood.
48. A team from the council visited all York secondary schools during October and November 2008. 1,750 new cards have been issued as a result.

### **16-19 proposals**

49. It has long been an aspiration to extend discounted bus travel to include the 5500 (approx.) students in full-time further education (i.e. aged 16-19).
50. Following members' endorsement of the initiative, letters were sent out to all local bus operators asking for their views on the initiative. Two operators in the city already offer reduced fares for this age group, so are



## **ANNEX A**

thought likely to offer some degree of discount. The willingness of other operators to participate will depend on their current corporate priorities.

51. At least two significant operators have declined to participate in the YOzone 16-19 scheme, legitimately citing loss of revenue as their main concern.

52. The options presented in the main body of this report are as follows:

- a. To proceed with the YOzone 16-19 product, irrespective of certain operators' refusal to participate.
- b. To request that officers further investigate the options available to the Council in launching an 'all operator' YOzone 16-19 product and report to a subsequent meeting of the Executive.
- c. Take no further action.