

Report of the Director of City Strategy

An Integrated Cross-City Bus Ticket for York

Summary

1. This report provides Members with details of the outcome of a study into integrated cross-city bus ticketing for York. The report seeks Member's recommendation for progressing one of the options identified by the study.

Background

2. The local bus network in York is predominantly operated by the First Group. A small number of local services are operated by Transdev, but these are all Council tendered bus services.
3. There are a number of minority bus services travelling from further afield operated by small, independent companies (eg. Reliance and Stephensons) or by large nationals (eg Transdev and Arriva).
4. No ticketing option currently exists to allow passengers to travel on the services of two different bus companies without buying a separate ticket on each bus.
5. A motion was presented to Full Council on 29 November 2007 requesting that officers explore the means by which an integrated cross-city bus ticket could be introduced for York with a proposed implementation date of January 2009.
6. Officers have worked to develop a range of possible options which Members are now asked to consider. A copy of the comprehensive study prepared by Halcrow forms a background paper to this report. This is available for Members in hard copy in the Member's library or electronically on the Members' drive (M: drive)
7. The Halcrow report is written in light of the 'Yorcard' integrated ticketing product currently being trialled in Sheffield¹. Consideration is given to short-term, ticketing solutions and the longer term integration into a Yorkshire-wide 'Yorcard'.

¹ 'Yorcard' is a new smartcard-based payment system for public transport, currently under development for South and West Yorkshire. This new payment method is designed to offer passengers an easy, secure, convenient and cost-effective way of paying for public transport across the region. The intention is that the product will be expanded to South and West Yorkshire within the next two to three years and assurances have been made at the City Region level that York will be included as a consideration for early rollout of the trial.

8. The report concludes with the presentation of short and long term strategies for the introduction of an integrated ticketing product and includes indications of cost and timescale.

Findings of the Study

9. The main aims of the study were to:
 - review the local bus market and current ticketing provision;
 - consult with key stakeholders and local bus operators;
 - identify operational considerations in light of local area characteristics;
 - provide a review of good practice for consideration from across the UK;
 - identify European and national level competition and regulation parameters;
 - assess relative value of a scheme from the perspective of passengers, operators and the Council;
 - identify a series of costed options for possible introduction into the York area;
 - provide a basic analysis of the benefits and costs of such options;
 - summarise the operational requirements for such options to be developed;
 - identify appropriate methods for apportioning revenue;
 - produce a recommended strategy; and
 - identify any further work that may be necessary for a preferred scheme to be pursued.
10. The following table, extracted from the Halcrow report, demonstrates the total, current, number of weekday bus boardings and the passengers who would benefit from a multi-operator ticketing product. The great majority of all journeys that involve interchange between different operators (93%) were found to involve interchange from or to a First York service, demonstrable of First's comprehensive coverage of the inner York area and principal attractors within the City.
11. The figures recorded in the AM peak hour only include concessionary pass usage by the blind.

12. The difference between 'boardings' and 'journeys' as displayed in the above table

	AM Peak Hour	Daily Flows	Proportions
Total bus boardings	4,095	24,088	-
Total passenger journeys	3,414	20,082	100% of passenger journeys
All Interchange transfers	681	4,006	20% of passenger journeys
Same-operator interchange transfers	498	2,929	15% of passenger journeys
Cross-operator interchange transfers	183	1,076	5% of passenger journeys

is that a journey can have more than one boarding, i.e. two or more bus services are used.

13. The opportunities for latent demand resulting from the introduction of an integrated ticketing scheme are also recognised, although quantifying such levels of demand remains difficult at this stage due to a lack of boarding and alighting data specific to the areas affected. Future work as part of the development of this study should seek to identify likely levels of latent demand in order to assist in developing the specific cost benefits associated with any particular scheme's implementation.

14. The Halcrow report outlines five ticket types that can be covered from a block exemption from The Competition Act 1998 and the Transport Act 2000. These five types form the basis of the options available for development in the York area and are as follows:

- **Multi-operator Travelcards (MTCs)**
Entitle multiple journeys on a number of different operators' services across different routes, provided those routes and services are not substantially the same – e.g. bus zonal tickets and travel passes.
- **Through Tickets (TTs)**
Entitle a particular journey using two or more connecting services run by different operators, as long as these operators do not compete with each other over a substantial part of the route covered by the journey. The study identified that the main routes as having potential for interchange were from inbound inter-urban services onto onward attractors outside the city centre such as York Hospital and York University, or equally to outlying employment areas such as Clifton Moor. Provision of through ticketing to reach specific attractors such as these would therefore be predominantly of benefit to passengers travelling in on inter-urban routes.
- **Multi-operator Individual Tickets**
Entitle the use of any service of participating operators on the same route.

- **Short Distance Add-ons**
Entitle the purchase of an MTC as an extension to a ticket on an individual local short distance route.
 - **Long Distance Add-ons**
Entitle the purchase of a single ticket, MTC, TT as an extension to a ticket on an individual long distance route.
15. The report explores the various benefits and drawbacks of the options and concludes that, in the short term and in the interests of confirming that the suspected latent demand for such a product exists, the Council develops a paper-based Multi-operator Travelcard.
 16. The cost of a paper-based product would be considerably lower than that of a smartcard. The estimated costs of the Smartcard and paper-based options, as well as entrance in to a 'Yorcard' scheme are outlined in Annex A.
 17. The Council has no budget assigned to this project for either its launch or ongoing maintenance within the current financial year.

Policy Framework

18. There is recognition that whilst single operator travel cards (eg the 'First Day' ticket) meet the needs of many bus users, there will be a significant minority who benefit from a multi-operator ticket. This demand is acknowledged and the launch of such a product is supported in the Local Transport Plan².

Consultation

19. There is also recognition that bus operators have the freedom to set their own fare levels on commercial bus services. Operators have been consulted on the proposals and are broadly acceptant of the Council's aims. It is appreciated that the major operators would not be prepared to withdraw their proprietary tickets and would expect the multi-operator travel card to be priced at such a level that it does not undermine these products.
20. No formal public consultation has been carried out following the recent completion of the Halcrow report.

Options

21. A number of factors were taken into consideration when appraising the ease and possibility of implementation of each option, including:

² LTP 2006-11 Part 3, paragraph 6.60

- potential revenue costs;
 - timescale for delivery;
 - how integrated ticketing systems might work in conjunction with existing concessionary schemes and schemes led by individual bus operators;
 - possible fare structures and possibility to defray costs;
 - feasibility of scheme in operational terms;
 - compatibility with neighbouring authorities; and
 - required funding and quantum sources.
22. There are three options to consider, work on which would commence if the necessary budget is allocated through the budget process for 2009/10:
- A Proceed with the introduction of a paper-based, multi-operator Travelcard with a view to introducing a smartcard solution in the longer term
- Deliver a paper-based, multi-operator travel card for introduction in April 2011. Following its launch, the success of the product would be monitored over a period and transfer to a smartcard option (either proprietary or as part of 'Yorcard') would subsequently be considered.
- B Proceed with the immediate introduction of a smartcard product
- Deliver a multi-operator smartcard for introduction in April 2012.
- C Not to introduce a cross city bus ticket unless it forms part of the wider 'Yorcard' scheme
- Strengthen relations with bus operators and monitor the progress of the 'Yorcard' pilot for introduction at some point in the future.

Analysis

Option A – Proceed with the introduction of a paper-based, multi-operator Travelcard with a view to introducing a smartcard solution in the longer term

23. This option would see the launch of a paper-based, multi-operator cross city bus ticket which, with the agreement of the bus operators, would be accepted on all bus services across the City.
24. The product would be no less attractive to residents and tourists than a smartcard and is deliverable within a shorter period and at a far lower cost than a smartcard solution.
25. A significant proportion of the research required to establish a paper product is the same as that required for a smartcard (eg fare structures, re-imburement to operators, zone boundaries, etc). If The Council does subsequently decide to proceed with a form of smartcard, much of the work will already have been completed.
26. This option would allow for the outcome of 'Yorcard' trials to be determined before more financial commitment towards a longer-term strategy is made.

27. The estimated set up cost of a paper-based product is comparatively low at £187,000 but would require a first year overall budget of £343,000 when revenue and pilot scheme costs are taken into account. See Annex A.
28. A Multi-Operator Travelcard is a ticket entitling the holder to make two or more journeys on two or more specified local public transport services operating on two or more routes, provided that:
 - These routes are not substantially the same;
 - The local public transport services are not substantially the same; and
 - For each route, the passenger usage and revenue received from the ticket and other tickets purchased as a result of the agreements demonstrate that the ticket is not, in practice, a multi-operator individual ticket or a through ticket.

Option B - Proceed with the immediate introduction of a smartcard product

29. This option would see the introduction of a multi-operator, cross city smartcard based product which would not form part of the 'Yorcard' system currently being trialled in South Yorkshire.
30. Without financial support from either regional or central government, the cost of launching a 'stand-alone' smartcard scheme is prohibitive at an estimated first year total of £2.7m.

Option C – Not to introduce a cross city bus ticket unless it forms part of the wider 'Yorcard' scheme

31. This option would result in there being no cross-city bus ticket until and if 'Yorcard' is expanded to the York area. Current estimations for the introduction of this product in York are 3-5 years.
32. The 'Yorcard' scheme is currently being trialled in Sheffield. There are currently no plans for the extension of the product to York although Leeds City Region has been successful in a bid to the Region for funding to extend the scheme.
33. The Council should aspire to adopt 'Yorcard' should there be an opportunity to launch the product in York. Most of the work required to launch a paper-based scheme would not be wasted should 'Yorcard' arrive in York more quickly than it is currently anticipated.
34. When the opportunity to become part of the 'Yorcard' scheme becomes a reality, the estimated cost of approximately £2m in the first year will be acknowledged and funded through the Regional Financial Allocation.

Corporate Objectives

35. Council involvement in the provision of bus services contributes towards the following Council's Corporate Aims as set out in the Council Plan. In particular, it contributes towards the "Sustainable City" and "Inclusive City" strategic objectives

in the Community Strategy and Corporate Aim 1.3 to “make getting around York, easier, more reliable, and less damaging to the environment”.

36. 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.
37. The introduction of an integrated cross-city bus ticket will serve to further raise the image of York’s local bus network and thus support the above aims by encouraging a greater number of people to use public transport.

Implications

38. Implications for the proposals are:

Financial

39. Members will note from the options that the cost of implementing through ticketing solutions are significant. The cheapest option a) would involve one off set up costs of £187k as well as ongoing running costs of £130k. Options b) and c) have such high set up costs they cannot be realistically affordable for the council.
40. This initiative was not included in the 2008/09 budget proposals and no funds set aside in the contingency. It is reasonable therefore for Members to consider this priority along with other Council budget pressures / priorities as part of the 2009/10 budget process to determine whether funds should be made available for this initiative.

Human Resources (HR) – None

Equalities – None

Legal

41. In the launch of any cross-city integrated bus ticket consideration must be given to the legal framework within which such products are permissible. Special attention must be given to the conditions of both The Competition Act 1998 and the Transport Act 2000.

Crime and Disorder - None

Information Technology (IT)

42. The introduction of a smartcard would require significant expenditure on back-office facilities.

Property - None

Risk Management

43. The risks associated with the recommendations of this report are assessed at a net level below 16.

Recommendations

44. That Members note the estimated cost implications and realistic timescales for the introduction of an integrated cross-city bus ticket.

Reason: The original ambition to launch an integrated ticket by January 2009 is not achievable.

45. Members are asked to select one of the options for further detailed consideration and subsequent implementation subject to the necessary budget being made available.

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Report Approved

 Tick

Date

28.8.08

Report Approved

Date

Insert Date

Wards Affected: List wards or tick box to indicate all

All

For further information please contact the author of the report

Background Papers:

Integrated Cross-City Bus Ticketing for York Final Report, Halcrow, August 2008 (in hard copy in the Members' library or available electronically from the Members' M: drive)

Annexes

Annex A: Costs of Multi-Operator Travelcard options

9 September 2008

Costs of Multi-Operator Travelcard Options

	Option A	Option B	Option C
On-bus equipment	-	£875k	£875k
Off-bus readers	-	£525k	£140k
Operator back-office requirements	£37k	£37k	£37k
Selling point set-up costs	-	£110k	£110k
Financing arrangements	-	£260k	£260k
Smartcards	-	£25k	£25k
Consultancy	£100k	£500k	£250k
Inception publicity	£50k	£50k	£50k
Total set-up costs	£187k	£2.38m	£1.75m
Operating cost	£10k per year	£188k per year	£175k per year
Apportionment surveys	£40k per year	-	-
Staffing and administration	£60k per year	£60k per year	-
Ongoing publicity	£20k per year	£20k per year	£20k per year
Annual operating cost	£130k	£268k	£195k
Pilot scheme costs (20% annual costs)	£26k	£54k	£39k
Total inception cost (including set-up, pilot and first year of operation)	£343k	£2.70m	£1.98m
Inception cost per transaction*	£2.45	£19.29	£14.14
Timescale for delivery	24 months	36 months	36 months

* Assumes approximately 140,000 transactions per year, based on 538 return journeys per weekday (comprising an estimated daily 1,076 cross-operator interchange transfers)