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## **Economic & City Development Overview & Scrutiny Committee**

9 March 2010

Report of the Director of City Strategy

### **Distribution of Travel Tokens**

#### **Summary**

1. This report responds to questions raised by this Scrutiny Committee at the meeting of 29 September 2009. The report also serves to make Members aware of the proposals, now approved in principal by the Executive of the Council, to replace the tokens distribution for 2011/12 with a stored value 'smart' taxi-card system.

#### **Background**

2. At a meeting of this Committee on 29 September 2009, Members considered the 'Finance and Performance Monitor 1 report'.
3. The report referred to 'additional costs of £112k compared to budget in issuing bus tokens however this is off set by a forecasted in-year reduction (-£125k) in concessionary fare subsidies as the North Yorkshire Concessionary Fare partnership seeks to reduce the council's rate used to reimburse bus operators later in the year.'
4. Members discussed this and raised three specific concerns, as follows:
  - a. What had been the cause of the overspend on bus tokens?
  - b. A claim was made that National Transport Tokens are sold to the Local Authority at Face Value and concern was raised that because only a proportion of tokens are redeemed, the third party supplier makes a profit.
  - c. An assertion that Ryedale District Council had decided to issue its own bus tokens to avoid the situation outlined at b) above from occurring. Some Members thought that the benefit to the Local Authority of adopting this approach would far outweigh the distribution costs.
5. Answers to these questions are outlined in the 'analysis' section of this report, which can be found at paragraph 14.

6. In addition to the questions posed at paragraph 5 above, it is important for Members of this Committee to be aware of the outcome of a report presented to the Council's Executive at their meeting of 16 February 2010.
7. The Executive was asked to consider the introduction of a 'taxi-card' scheme to replace the national transport tokens with a view to having the scheme implemented in time for the cards to be issued for 2011/12. At the 16 February meeting, the Executive resolved to replace the provision of national transport tokens with a stored value taxi-card and allow officers to conduct a tendering exercise, working with the taxi industry and disability group representatives to deliver best value and a product fit for purpose.
8. A full copy of the report presented to the Executive is appended to this report at Annex 1.
9. York residents with a qualifying disability are currently entitled to £50 worth of tokens. The Executive has agreed that this criteria and allowance is maintained for 2010/11. The current system allows the eligible disabled, aged under 60, to purchase an additional £50 worth of tokens at a 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. Tokens are offered as an alternative to the English National Concessionary Travel Scheme (bus pass).
10. The Executive also resolved that the new level of the concession be set at £55 per annum when the taxi-card is introduced.

## **Consultation**

11. Consultation on the proposals presented to the Executive on 16 February was undertaken with 'York Access Group' who represents disability issues on the Social Inclusion Working Group along with the Valuing People Partnership, York People First and York Mental Health Forum. The Access Group focuses on issues about access for people with physical and sensory disabilities in particular.
12. The key concern raised was to establish how taxi card users would know whether they had any money on their card before making their journey. This is an issue that will be addressed in the procurement process, as it is vital that taxi card users can commence their journey with the confidence that they will have sufficient money to pay for it at the other end.
13. Consultation was also undertaken with both representatives from the Private Hire and Hackney Carriage Associations, suppliers of taxi-cards and Council Procurement officers. The opinions of several local authorities currently running taxi-card schemes were also sought.
14. The consultation generated the following outcomes:
  - Private hire operators were broadly supportive of the taxi-card 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 taxi-card 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.
15. Full details of the consultation can be found at annex A of the Executive report (annex 1 to this report).

## Options

- a. This report is provided for information only.

## Analysis

16. This section of the report aims to address the concerns raised by this Committee at their meeting of 29 September 2009 as outlined at paragraph 5.
17. *a) What had been the cause of the overspend on bus tokens?*

Officers at the meeting addressed this question and advised that whilst it had generally been expected that most people would opt for the free bus pass, many more people had come forward seeking tokens than had been anticipated.

Transport Planning Unit (TPU) officers expressed concern about the level of funding budgeted for tokens in the spring but accept that it was difficult to predict the numbers precisely. An Executive request that tokens be delivered door-to-door also added considerably to the cost of the distribution. As tokens eligibility was changed from over 60s and disabled to disabled only, it was anticipated that the number of token recipients would be greatly reduced (as they would move over to bus passes). This did not happen (possibly in part because the tokens sum was raised from £20 in 2008/9 to £50 in 2009/10).

*b) A claim was made that National Transport Tokens are sold to the Local Authority at Face Value and concern was raised that because only a proportion of tokens are redeemed, the third party supplier makes a profit.*

The Council cannot fully calculate the redemption of tokens as they are anonymous, with no distinguishing features identifying them as having been issued in York (as opposed to any other area) or indeed identifying in which financial year they were issued. Officers have raised concerns about the 'anonymity' of the token system, hence the efforts to introduce a smart 'taxi card'. It is anticipated that this scheme will make Council expenditure in this area far more auditable.

*c) An assertion that Ryedale District Council had decided to issue its own bus tokens to avoid the situation outlined at b) above from occurring. Some Members thought that the benefit to the Local Authority of adopting this approach would far outweigh the distribution costs.*

Given the resolution by the Executive of 16 February 2010, this issue will be overcome by March 2011 with the introduction of the taxi-card. For clarification, Ryedale District Council has not issued any transport tokens since 2002 and only offers the national bus pass.

## **Corporate Objectives**

18. Provision of concessionary travel opportunities contributes to the following Corporate priority:
- **Inclusive city** – The provision of an alternative concession to the bus pass enables those people, who as a result of disability, are unable to use traditional bus services.

## **Implications**

- **Financial**

There are no financial implications with regard to the outcomes of this report as it is provided for information only.

- **Legal**

There are no known Legal implications resulting from this report.

- **Human Resources (HR)**

There are no known HR implications resulting from this report.

- **Equalities**

There are no known equalities implications resulting directly from this report.

- **Crime and Disorder, Information Technology (IT), Property & Other**

There are no known implications resulting directly from this report in any of the areas outlined above.

## **Risk Management**

19. In compliance with the Council's risk management policy there are no risks associated with the recommendations in this report.

## Recommendations

20. The Scrutiny Committee is recommended to
- i) Note the content of this report.
  - ii) Note the decision taken by the Executive for the introduction of a taxi-card to replace the distribution of tokens.

Reason: The Council cannot fully calculate the redemption of tokens as they are anonymous, with no distinguishing features identifying them as having been issued in York (as opposed to any other area) or indeed identifying in which financial year they were issued. The taxi-card would ensure that the Council has a clear record of all expenditure and would receive reimbursement at the end of each financial year for any credit remaining on the cards.

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Report Approved



Date 22.02.2010

Wards Affected:

All

For further information please contact the author of the report

## Annexes

**Annex 1 – Review of discretionary concessions provision and the introduction of a ‘Taxicard’ for disabled York residents**