

# **Report to the Overview and Scrutiny Committee**



**Date of meeting: 16 April 2009**

**Portfolio: Civil Engineering & Maintenance**

**Subject: Concessionary Travel on London Underground**

**Responsible Officer:** Bob Palmer (01992–564279)

**Democratic Services Officer:** Adrian Hendry (01992–564246)

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## **Recommendations/Decisions Required:**

- 1. To recommend to the Cabinet whether any approach should be made to Transport for London to seek to negotiate some form of travel concession on the Underground for residents; and**
- 2. Subject to 1 above, to recommend to the Cabinet the scope of any concession to be negotiated.**

## **Executive Summary:**

The Epping Forest District is unusual, but not unique, in having Underground stations within its boundaries. This means that holders of a Freedom Pass can travel free to and from Epping but residents of this district cannot travel free into London. Many residents perceive this to be unfair, particularly if they live close to either an Underground station or the border with a London Borough.

The Freedom Pass Scheme cannot be extended to cover this District and any similar concession would be prohibitively expensive. However, if Members wanted to pursue a more limited scheme, an approach could be made to Transport for London (TfL) to negotiate some form of concession. Before any such negotiations can take place a clear instruction is needed from Members on the scope of any proposed concession.

The Cabinet decided on 9 March to enter into an agreement with Essex County Council under which Essex County Council has taken over the strategic administration and co-ordination of the bus pass scheme. This agreement has fixed the amounts payable by Epping Forest District Council for the 2009/10 and 2010/11 financial years.

## **Reasons for Proposed Decision:**

The decisions are in response to a petition presented to Council on 17 February 2009.

## **Other Options for Action:**

There are a number of options for action and firstly Members must decide whether any approach should be made to TfL. If Members decide an approach should be

made, the other options to consider concern the scope of any concession for example

- a) What zones should be included?
- b) What times should be included?
- c) What qualifying criteria should be applied to residents wanting a pass?
- d) How much should residents be asked to pay for a pass?

## **Report**

1. In response to a petition from a number of residents wanting an extension to the Freedom Pass Scheme, on 17 February 2009 Council resolved:

- a) That this Council asks the Overview and Scrutiny Committee to recognise the real benefit to local people including those in the Grange Hill Ward of introducing free London Underground passes for residents in the District aged 65 years and above, to include the Central Line to Epping; and
- b) That the Overview and Scrutiny Committee be requested to establish a Task and Finish Panel to ensure that the review is completed without delay.

2. At the meeting of the Overview and Scrutiny Committee on 5 March 2009 Members decided not to establish a Task and Finish Panel but to ask for a report on the feasibility of free London Underground passes for district residents aged 65 and over. After that meeting a number of Councillors asked to meet with the Portfolio Holder for Civil Engineering and Maintenance to ensure their views could be included in any report. Before detailing these discussions some additional information is provided below to properly set the context for consideration of the issues.

### **Current Travel Concession Available to Residents Aged 60**

3. The 2006 Budget announced that the statutory minimum for concessionary schemes was to be extended to free off-peak local bus travel anywhere in England from 1 April 2008. At the Cabinet meeting of 14 April 2008 it was decided that the benefits to be provided to pass holders in the district should exceed those set out in the National Scheme. The National Scheme has a start time of 9.30am and does not include companion passes; the scheme within this district has a 9am start and offers companion passes.

4. This enhancement to the previous scheme, which just allowed free bus travel within Essex, means residents can travel free into London on TfL busses. The new scheme has proved very popular with residents as the number of passes in issue has increased from 10,500 to 16,000, which represents approximately 60% of residents entitled to a pass.

5. The strategic administration and co-ordination of the bus pass scheme has been transferred to Essex County Council for 2009/10 and 2010/11. Under the agreement, all districts retain the responsibility for issuing passes and dealing with enquiries from the public. Essex County Council will fund the central administration costs of the scheme and will also fund any increases in costs due to:

- a) Growth in volume of travel for the mandatory element of the scheme and for the discretionary extensions of the scheme to 09:00 & the issue of companion passes;
- b) Inflation for the mandatory element of the scheme and for the discretionary extensions of the scheme to 09:00 & the issue of companion passes;
- c) Additional Capacity Costs; and
- d) Extraordinary payments required as a result of Appeals or Judicial Reviews that are incurred in relation only to those years for which the agreement is in force.

6. By fixing the districts contributions to a central pool, this agreement has considerably reduced the financial risk until the end of March 2011. At that point it is anticipated that the government will pass the administration of the National Scheme to either a national body or a small number of regional bodies. This change will involve another re-working of the grant allocation formulae and this Council has not always benefited from such changes.

### **Previous Concessions Operated with Transport for London**

7. The Council has previously operated a concessionary travel scheme with TfL. Going back to 2004/05 and earlier, passes were available for £20 that gave half fare travel on tubes and buses. Tube travel was limited to Stratford and bus travel to Stratford in one direction and Enfield in the other. TfL charged the Council £90 per pass and only 190 were in issue.

8. This scheme had to change in 2005/06 as TfL withdrew half fares on busses, so the concession was amended to offer free bus travel and half fare tube travel. In line with the increased benefit TfL raised the charge to £144 per pass and the charge made by the Council to users was raised to £30. Residents clearly viewed the amended concession as better value for money as the number of passes in issue increased to 700.

9. A further change was necessary in 2006/07 as TfL radically changed the fare structure and introduced the Oyster card. It was now possible to do a single journey in zones 2-6 for £1 with Oyster but the same journey cost £3 using cash. This led to the tube concession being withdrawn as it was not cost effective compared to paying with an Oyster card. Even though the tube element had been withdrawn, TfL increased the charge to the Council to £180 per pass, although the charge to users was held at £30. This increased the subsidy per pass but the lower travel benefit to users reduced take up to 375.

10. The trend of increased subsidy and reduced take up continued for 2007/08. This year saw TfL increase their charge to £190 per pass and numbers issued fell below 300. The new National Scheme brought an end to the TfL scheme as residents were now able to travel free on TfL busses without an additional pass.

### **Freedom Pass Scheme**

11. Members had previously been advised that under existing legislation it was not possible for this Council to join the Freedom Pass Scheme. To re-confirm this, the Director of Finance & ICT approached London Councils, who co-ordinate the scheme. The Programme Director for Transport and Mobility confirmed that the scheme is operated under the Greater London Authority Act 1999 and as such it is not possible for this Council to join.

12. The Programme Director highlighted some other issues that he felt this Council should also consider:

- a. Whilst the Council could negotiate a separate scheme with TfL, any scheme would be discretionary and outside the statutory reserve scheme. This means that the Council would have to fund any expenditure and would not benefit from the financial support central government provides for Freedom Passes; and
- b. The five-year passes issued from 1 April 2008 could not be read by Oyster card readers. This means the 16,000 passes in issue would have to either be replaced or if feasible have the Oyster application loaded onto them. The cost of this exercise alone would probably exceed £100,000.

### **Costs of Freedom Passes**

13. Even though the Council could not issue Freedom Passes it is worth briefly considering their costs as doing so provides an indication of the possible costs of any similar scheme. The total cost of the Freedom Pass Scheme in 2008/09 will be £270million for the 1,053,000 passes issued. The charge for each Borough depends on the average use made of the passes issued by them and this produces a range of costs from £242 to £278 per pass.

14. If the Council was to negotiate a pass similar to a Freedom Pass for a cost of £280 per pass and the 26,500 residents over 60 all wanted one the cost would be £7.42million. Given that the Council's precept for 2009/10 is £7.94million, a scheme that closely mirrored the Freedom Pass would clearly not be feasible.

### **Discussions with Councillors**

15. As mentioned above, following the meeting of the Overview and Scrutiny Committee on 5 March 2009 a number of Councillors asked to see the Portfolio Holder for Civil Engineering and Maintenance to discuss possible initiatives. This meeting took place on 27 March and involved District Councillors Bassett (Portfolio Holder), Bateman, Chana and Markham and County Councillor Pond, with the Director of Finance & ICT in attendance. The proposals made are detailed in the table below:

<u>Proposal</u>	<u>Comments</u>
a) Costs could be contained by only issuing passes to residents in the south of the District.	This would be extremely divisive. Residents in the north are likely to want passes and will object to paying the same Council Tax but being denied a service.
b) Costs could be contained by issuing passes to those over 65 instead of those over 60. This was claimed to remove some 6,000 potential pass holders.	If the figure of 6,000 is correct this would reduce potential costs by approximately 22%. However, a further campaign may then follow from those over 60 but under 65.
c) A joint approach could be made to TfL with other districts in a similar position.	The four relevant districts have been approached and none of them want to participate in a joint approach to TfL.
d) Put an article in the Forester to	It was felt that many residents are not

promote awareness of the fee structure and possible savings available using Oyster cards.

e) Allow residents to have a free national rail card as an alternative to a bus pass. In Kent this is seen as a cost neutral alternative and would be likely to benefit at least 500 residents living close to mainline stations.

f) Costs could be reduced by limiting travel so the pass only covered journeys between zones 6 and 2.

g) Costs could be reduced by requiring users to pay for the passes.

h) Have a limited scheme where a loaded Oyster card could be made available to a resident in particular hardship.

i) Ask TfL to introduce a scheme offering reduced tube fares for EFDC residents who have bus passes. This would have no cost for EFDC and would be recognition from TfL of the anomaly.

aware of the system and may be paying more than they need to.

Bus passes have already been issued to 16,000 users and the costs of the National Scheme are fixed by agreement until 31 March 2011. Therefore, any issue of rail cards would be an additional cost to the Council and even if some residents chose to give up their bus pass no saving would arise.

Whilst any restrictions on travel would make a scheme cheaper, such restrictions are likely to generate further complaints.

As above, any charge would make a scheme cheaper but would be likely to generate complaints.

This would be difficult to administer in terms of defining and evidencing qualifying criteria. There may also be problems ensuring that any cards issued are only used by the designated recipient.

The proposal clearly has merit from an EFDC perspective but it is difficult to see why TfL would want to agree to it.

## **Feasibility**

16. It is not feasible for the Council to issue Freedom Passes or anything that would closely mirror the benefits provided by them. The costs of any such scheme would be prohibitively expensive and currently the emphasis is on identifying savings not growth items.

17. A more limited scheme could be pursued but any such scheme would fail to satisfy resident's demands and would still represent an additional burden on the budget. If Members wish to pursue negotiations with TfL it is crucial that the proposed format of any scheme is determined before an approach is made to TfL. Entering into vague negotiations about an undefined pass would waste a large amount of time and effort and be unlikely to have any positive outcomes.

## **Resource Implications:**

No resources are included in the Medium Term Financial Strategy for an additional discretionary travel scheme. Any scheme will create growth in the Continuing Services Budget (CSB) at a time when savings are required. If a scheme similar to Freedom Passes were required costs could exceed £7million.

Any additional scheme is likely to require additional staff.

**Legal and Governance Implications:**

The Freedom Pass Scheme is operated under the Greater London Authority Act 1999 and this prevents non-London Boroughs joining the scheme. Under the Transport Act 1985 the Council could negotiate a discretionary travel concession with TfL.

**Safer, Cleaner and Greener Implications:**

There are no environmental implications.

**Consultation Undertaken:**

London Councils have been consulted about the Freedom Pass Scheme.

The Portfolio Holder consulted both District and County Members on their views.

Other districts that either have tube stations inside or close to their boundaries have been consulted on the possibility of joint working on this issue.

**Background Papers:**

None

**Impact Assessments:****Equalities**

In determining the qualifying criteria for any additional scheme members will need to ensure that none of the criteria could be seen as discriminatory.

**Risk Management**

If Members choose to pursue an additional discretionary scheme they could commit the Council to substantial expenditure which may still fail to satisfy resident's demands.