

TRANSPORT FOR LONDON

BRIEFING NOTE

Subject: Introduction of Annual eligibility checks for the TfL 60+ Concessionary scheme

Date: 13 May 2019

Manifesto commitment(s)

Guarantee the Freedom Pass and the over-60s Oyster card, along with all other existing concessionary fares schemes

Mayor's Transport Strategy (MTS)

Policy 12: The Mayor will ensure public transport fare levels are set to enable access to affordable travel for all Londoners.

1 Purpose

- 1.1 To notify the Deputy Mayor for Transport of proposed annual eligibility checks and an associated £10 annual validation fee for customers joining the TfL 60+ concessionary scheme after June 2019, who would become liable to pay their first new fee in June 2020.
- 1.2 The rationale for the change is:
 - (a) to mitigate the risk of misuse of the concession now that a new card issued to someone turning 60 will last for up to 6 years and 2 months;
 - (b) to make a contribution to the cost of running the scheme, in the same way that the existing £20 initial application fee does.
- 1.3 The TfL Business Plan assumes that the validation fees will realise net income of £800k in 2020/21, rising to £4m pa from 2024/25 as new applicants join each year. The concession will remain excellent value, with an average cardholder making free journeys worth over £250 / year.

2 Background

- 2.1 The 60+ scheme was introduced in 2012. Currently, applicants pay a single administration fee of £20 to get a 60+ Oyster photocard which gives them free travel in London for up to six years and two months.
- 2.2 To be eligible for a 60+ Oyster photocard, the applicant must be 60 or over (but not yet eligible for an Older Persons or a Disabled Freedom Pass) and live in a London borough. Age and residency is currently validated once, at the point of application.
- 2.3 There are currently 325,000 60+ cardholders, and this is expected to grow to 415,000 by August 2020, when the entitlement age for an Older Person's Freedom Pass will be fixed at 66 (it is currently increasing as dictated by UK Government policy).



- 2.4 The cost of the concession for 2019/20 is £85m as a result of the scheme, and in addition we will make a subsidy payment of £14m to the Train Operating Companies in respect of them allowing free travel on their services within London. By 22/23, the revenue foregone is estimated to grow to £110m with £18m paid to the Train Operating Companies. Journeys made using 60+ passes cost us an average of £250 per cardholder per year. The actual value of journeys made is higher as cardholders will generate extra journeys which they would not have made, in the absence of a scheme.
- 2.5 When the scheme was launched 7 years ago, the average length of validity for a 60+ card was around one year. Today, a new card will last six years and two months. This growth in the length of validity has increased the likelihood of a 60+ card being incorrectly used by someone who is no longer resident in the London area, and has caused us to consider whether the controls offered by the processes put in place in 2012 remain adequate.

3 Current Status

- 3.1 During the life of a new 60+ card, we estimate that there is around a 5% chance of the holder becoming ineligible, most commonly by moving to an address outside London. Although our terms and conditions make it clear that the card is no longer valid in these circumstances, in practice we have no way of detecting any customers who may continue to use their card. The greatest revenue loss is likely to arise from users who move a short distance from London and continue to use their 60+ card to travel in London, or move further away and pass their card on.
- 3.2 London Councils, who administer the Freedom Pass, periodically operate a process of checking names and addresses of cardholders with data matching agencies to try and establish when cardholders have moved and become ineligible. However, their experience tells us that this is far from perfect. In the context of our 60+ scheme, which is wholly discretionary, we believe the increasing length of average card validity makes it reasonable to ask cardholders to take the step of revalidating their eligibility once each year.
- 3.3 The revalidation process would require customers to sign into their 60+ online account set up during their application, and provide up to date proof of address. Customers would be reminded to do this with plenty of time to act and ensure their concession continues. Customers not responding would have their card stopped. We propose to levy a £10 administration charge, lower than the £20 initial application fee to reflect the fact that a new card is not being produced. The small number of customers who first apply for their 60+ card by phone will be offered an alternative renewal process that does not require them to go online.
- 3.4 At this stage, we are proposing to make this change only for new applicants from June 2019. The first annual revalidation will then occur in June 2020. The terms and conditions of the scheme will be updated to reflect this change. Based on the experience from that launch, we would then consider options and timing for addressing existing cardholders' eligibility, which might be made as part of broader changes to the 60+ scheme which may arise as part of broader Mayoral policy



4 Stakeholder Engagement

- 4.1 We propose to brief London Travelwatch regarding these changes before they are made.

5 Action Required

- 5.1 The Deputy Mayor for Transport is asked to note this change to the 60+ scheme.

