

**TRANSPORT FOR LONDON**

**FINANCE AND POLICY COMMITTEE**

**SUBJECT: FREEDOM PASS SETTLEMENT – 2010/11**

**DATE: 21 JANUARY 2010**

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**1 PURPOSE AND DECISION REQUIRED**

- 1.1 The purpose of this paper is to advise the Committee of the settlement agreed with London Councils for Freedom Pass and National Concessionary Permit use on TfL services of £251m for 2010/11.
- 1.2 The Committee is asked to note the paper and the impacts on income for each of the operating businesses.

**2 BACKGROUND**

- 2.1 The Freedom Pass is funded by the London Boroughs. It provides free travel for those over 60 and disabled people resident in London, on all TfL public transport services 24 hours a day and on National Rail services in London after 0930 hours Mondays to Fridays and all day on Saturdays, Sundays and Public Holidays. The extension to 24 hour acceptance on TfL's public transport services was introduced in January 2009, initiated by the Mayor.
- 2.2 The English National Concessionary Travel Scheme, introduced from April 2008, provides for free bus travel for all those over 60 and disabled people on all local bus services in England. Each district or unitary authority in England is responsible for reimbursing transport operators for acceptance of the scheme (the National Concessionary permit), so in London the London Boroughs.
- 2.3 TfL and the London Boroughs (through London Councils) made a multi-year agreement in 2004 on the amount TfL receives for the Freedom Pass, and from April 2008, agreed an additional payment for National Concessionary Permit use. This agreement covered the period to 2009/10. Discussions took place in early 2009 with the London Boroughs on the principle of adopting a new five year deal. Payment of £251m for 2010/11 for the Freedom Pass and National Concessionary Permit was agreed at officer level and endorsed by the mayor in February 2009 as the first year of a new five year deal running to 2015.
- 2.4 London Councils have now decided to adopt a one year deal for 2010/11. It is understood that London Councils may wish to agree a multi-year deal for subsequent years during the course of 2010.

**3 FREEDOM PASS SETTLEMENT FOR 2010/11**

- 3.1 London Councils and TfL have now agreed a settlement for Freedom Pass and National Concessionary Permit use on TfL services of £251m for 2010/11. This settlement covers London Buses, London Underground, Trams, the DLR, and London Overground. It also includes a £5m contribution towards the free

morning peak travel scheme introduced by the Mayor in January 2009 (as noted in section 2.1 above).

- 3.2 This settlement figure of £251m for 2010/11 (identical to that in the proposal endorsed by the Mayor in February 2009) was based on the assumption of annual fares increases of RPI plus one per cent from January 2010. The actual fare increase in January 2010 was above this level (on average bus fares rose by 12.7 per cent and Tube fares by 3.9 per cent) and the settlement is some £12m less than TfL might have claimed had the actual fare package for January 2010 been known in February 2009.
- 3.3 A breakdown of the settlement by Business is shown in table 1 below. This also compares the settlement for 2010/11 with that for 2009/10. This was the final year of a multi-year package deal originally agreed in 2004.
- 3.4 The movement in the settlement shares from buses to Underground in 2010/11 reflects some overstatement in 2009/10 of the amount calculated as due to buses by a simplified formula agreed in 2004 as part of the previous multi-year deal. The increase in the 2010/11 settlement for the Overground reflects the new operations to Crystal Palace and West Croydon.

**Table 1: Freedom Pass and National Concessionary Permit settlement- 2009/10 and 2010/11**

<b>Mode</b>	<b>2009/10 (£m)</b>	<b>2010/11 (£m)</b>
Buses	188.6	188.6
Underground	46.4	54.7
Tramlink	3.0	3.3
DLR	1.5	2.0
Overground	1.3	2.4
<b>Total</b>	<b>240.8</b>	<b>251.0</b>

#### **4 EQUALITY AND INCLUSION IMPLICATIONS**

- 4.1 The Freedom Pass provides free travel for those over 60 and disabled people, a greater proportion than of the population as a whole are on a low income.

#### **5 RECOMMENDATION**

- 5.1 The Finance and Policy Committee is asked to NOTE the settlement between London Councils and TfL for the Freedom Pass and National Concessionary Permit use on TfL services for 2010/11.

#### **6 CONTACT**

- 6.1 Contact: Shashi Verma, Director of Fares and Ticketing  
Number: 020 7126 4982  
Email: [ShashiVerma@tfl.gov.uk](mailto:ShashiVerma@tfl.gov.uk)