

Transport for London

Surface Advisory Panel

Subject: London Taxicard Scheme

Date: 23 April 2013

1 Purpose

- 1.1 The purpose of the paper is to inform the Panel of how the Taxicard scheme is operated, managed, funded and how its performance is monitored.
- 1.2 The Panel is asked to note the paper.

2 Background

- 2.1 Taxicard is a door-to-door transport service for disabled and older people who experience barriers accessing public transport services. The scheme increases independence and mobility by providing subsidised fares for trips in licensed London taxis.
- 2.2 The scheme currently has around 105,000 members and receives approximately 1,000 new membership applications per month. Members are allocated an annual budget of trips and pay a contribution to the fare (typically £2.50) with the scheme subsidising the remainder up to a limit (typically £9.30). Should the fare exceed this limit the balance is payable by the Member.
- 2.3 The scheme is administered by the London Councils Transport and Environment Committee (LCTEC) and financed jointly by the participants (currently all 31 London boroughs, the cities of London and Westminster) and TfL.
- 2.4 TfL has been providing funding to the scheme since 2001 with the objective of raising standards of service and ensuring pan London coverage; as such minimum eligibility and entitlement standards were a core aspect of the original 2001 arrangement.

3 Funding

- 3.1 LCTEC determine how TfL's funding contribution is allocated between participants. As a result of funding disparities between participants that had built up over time, the formula was revised in 2010 and is now based on a combination of:
 - (a) the number of people on Higher Rate Mobility Component of the Disability Living Allowance;
 - (b) the number of people aged over 65; and
 - (c) the number of active users in each borough.

- 3.2 The relative levels of funding contributed to the scheme by the participant boroughs and TfL has changed significantly over time. In the first full year of TfL's involvement (2002/03), TfL contributed £3.3 million and the participants (boroughs) £5.5 million. In 2010/11, TfL's contribution peaked at £13 million with participants contributing £6.1 million.
- 3.3 In 2011/12 there was a significant drop in the level of demand for the Taxicard service which led to an underspend of circa £5m. Modelling carried out by London Councils early in 2012/13 forecast that demand for the scheme would continue to be subdued and actual performance to date has borne this out.
- 3.4 No research has been carried out into the causes of the reduction in demand. However, in January 2011 LCTEC did implement a number of changes to the operation of the scheme including increased member fare contributions, reduced trip subsidy and an end to double swiping (using two lots of subsidy on a longer single trip). These changes were the first of any significance for 12 years. It is also possible that wider economic issues have affected scheme members' travel needs.
- 3.5 Falling levels of demand prompted TfL to re-evaluate the level of funding in its business plan in relation to its contribution to the scheme, and to engage in discussions with London Councils over what the right overall level of funding should be for the scheme going forward.
- 3.6 TfL met with London Councils in September 2012 and agreement was reached whereby TfL will pay LCTEC a fixed level of grant to operate the scheme for three financial years 2013/14 – 2015/16. The baseline grant figure agreed is £9.4m per annum subject to an annual uplift to cover rises in taxi fares and tariffs.
- 3.7 Under this arrangement TfL has certainty on costs and has been able to reduce its funding contribution and better align it to demand. The participants are responsible for providing top-up funding and bear the risk of fluctuating demand going forwards.

4 Management Arrangements

- 4.1 In 2011 TfL Internal Audit examined the effectiveness of the management and control of the scheme. It highlighted some issues for action relating to access to journey records, monitoring of driver behaviour and possible cases of overcharging for journeys. In response a number of existing measures were enhanced and new ones introduced. Current arrangements include:
 - (a) reviewing breakdowns of expenditure and trip numbers by participant;
 - (b) monthly performance/data reporting by London Councils to TfL for monitoring and analysis purposes;
 - (c) spot checking for any unusual charging or journey patterns;
 - (d) checks to ensure funding is being utilised by eligible users;
 - (e) granting TfL full access to journey records;
 - (f) performance reporting to the Dial-a-Ride/Assisted Transport Services Business Management Meeting attended by the Operations Director; and

(g) separate quarterly reviews with London Councils and the contractor (City Fleet) to review management and operational performance of the scheme.

4.2 In November 2012 a follow up report concluded that all the issues highlighted had been addressed through revised corporate governance arrangements. Taxicard is a scheme run by the participants and it is for individual boroughs to determine individual member benefits and TfL is aware that there are some minor variations between boroughs in terms of how the scheme is delivered.

4.3 It is, however, TfL's view that further variations would be undesirable. As revised funding levels take effect there is a risk of further variations. For example, the London Borough of Harrow is consulting scheme members on increases in fare contributions and reductions in trips allowed per year. TfL will be monitoring the London wide situation closely going forward.

5 Recommendation

5.1 The Panel is asked to NOTE the current developments and management arrangements in relation to the London Taxicard Scheme.

6 Contact

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