

# GREATER LONDON AUTHORITY

## REQUEST FOR MAYORAL DECISION – MD3142

### Withdrawal of Day Travelcards on TfL Network

#### Executive summary:

Since May 2020, there has been a series of extraordinary funding settlements with the government to ensure that Transport for London (TfL) could deliver an effective and efficient transport service despite the devastating impact of the COVID-19 pandemic on TfL's income. This funding has been provided with a requirement by government for TfL to deliver considerable savings and generate significant amounts of new additional income. The government funding settlement dated 1 June 2021 required the Mayor and TfL to undertake an options review and feasibility study of mechanisms within existing powers to generate between £0.5bn and £1bn of additional net revenue per annum from 2023. Meeting this requirement necessitated TfL developing an option to withdraw from the Travelcard Agreement<sup>1</sup>.

Following this work the Mayor has provided ongoing business rates funding (£9m from 2023-24) to retain weekly and longer-term season Travelcards. TfL's assessment of Day Travelcards found that customers in London switching from Day Travelcards to pay as you go would save money or pay the same, whereas customers travelling from outside of London may find travel becomes more expensive if the Day Travelcards are withdrawn. This is because the current Travelcard Agreement pays an amount to TfL for these tickets that is well below the price of the same tickets sold within London; TfL is effectively under-funded by the Travelcard Agreement at a total cost of approximately £40m a year. As a result, this proposal is estimated to generate approximately £40m per year for TfL, which will form part of the additional revenue mandated by Government for TfL to achieve.

TfL has previously discussed with the Train Operating Companies (TOCs) whether a fairer way to share the income from Day Travelcards could be agreed, however this has not yet been achieved. Therefore, in line with the requirement of the government funding settlement for TfL to generate additional revenue in the current financial year, this Mayoral Decision (MD) asks the Mayor to direct TfL to give six-months' notice to terminate the relevant provisions of the Travelcard Agreement. This would mean from a date in January 2024 before 21 January 2024, Day Travelcards<sup>2</sup> will no longer be sold or accepted by TfL for travel on the TfL network. Should the Department for Transport and TOCs propose an alternative arrangement during this notice period which is financially acceptable to TfL and allows it to meet the requirements of its funding agreement with Government, this notice could (by agreement) be retracted and Day Travelcards remain available.

#### Decision:

The Mayor:

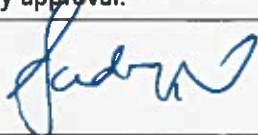
- directs TfL, under section 155 (1)(c) of the Greater London Authority Act 1999, to give notice to terminate the relevant provisions of the Travelcard Agreement, so that from a date in January 2024 before 21 January 2024, Day Travelcards will not be sold or accepted by TfL for travel on the TfL network, by approving and signing the attached Direction at Appendix A
- acknowledges that the Direction to TfL at Appendix A does not prevent TfL, prior to the expiry of the written notice given further to the Direction, from negotiating with the Rail Delivery Group (RDG) and/or Government as appropriate an alternative option that would enable TfL to keep selling and accepting Day Travelcards that is financially acceptable to TfL
- agrees that, should TfL within that timeframe negotiate such an acceptable alternative option, the Direction issued by the Mayor under this Mayoral Decision (MD3142) shall automatically be revoked upon that option being agreed by TfL (after consulting with the Mayor) and the RDG and/or Government as appropriate on legally binding terms under which TfL would keep selling and accepting Day Travelcards, in which circumstances TfL shall be at liberty to withdraw the written notice given pursuant to the Direction to TfL at Appendix A.

#### Mayor of London

I confirm that I do not have any disclosable pecuniary interests in the proposed decision and take the decision in compliance with the Code of Conduct for elected Members of the Authority.

The above request has my approval.

Signature:



Date:

11/7/23

<sup>1</sup> References to the "Travelcard Agreement" in this MD refer to the Amended and Restated Travelcard Agreement dated 2018.

<sup>2</sup> All references to Day Travelcards are to the "All-day Travelcard" and "Off-peak Travelcard" as defined in the Travelcard Agreement

## PART I – NON-CONFIDENTIAL FACTS AND ADVICE TO THE MAYOR

### Decision required – supporting report

#### 1. Introduction and background

##### Introduction

- 1.1 The effect of the COVID-19 pandemic on Transport for London's (TfL's) finances has been devastating, and TfL has required government funding to keep running. This funding has been provided under a series of extraordinary funding settlements that require TfL to make changes to generate very significant amounts of new additional income.
- 1.2 The current funding settlement is predicated on TfL implementing changes that will generate between £0.5bn and £1bn per annum of additional revenue from 2023, to achieve financial sustainability as soon as possible. One of the proposed changes forming part of this requirement is to withdraw from the Travelcard Agreement.
- 1.3 The Travelcard Agreement is an agreement between TfL and the train operating companies (TOCs) who are parties to the agreement and operate train services whereby they each provide and market a range of tickets, known as Travelcards, that give unlimited travel on TfL's bus, Tube, tram, DLR, London Overground and Elizabeth line services, as well as most National Rail services in London. Day Travelcards are sold by TfL and the TOCs; they are accepted by TfL for travel on its network, and by the TOCs for travel on their networks. The Travelcard Agreement contains terms and conditions that govern the arrangements for providing and honouring acceptance of Travelcards. It also sets out the mechanisms for revenue apportionment of Travelcard sales between TfL and the TOCs.
- 1.4 The option of withdrawing from the Travelcard Agreement has been explored. It is proposed that TfL should partially withdraw from the agreement, so that Day Travelcards would not be sold or accepted for travel on the TfL network. Although it is TfL that is a party to the Travelcard Agreement, the decision on whether to withdraw Day Travelcards is for the Mayor to take. This Mayoral Decision asks the Mayor to direct TfL to give notice to terminate the relevant provisions of the Travelcard Agreement so that, from a date in January 2024 before 21 January 2024, Day Travelcards will not be sold or accepted by TfL for travel on the TfL network.
- 1.5 Decisions (b) and (c) enable Day Travelcards to be retained on the TfL network, providing an alternative to withdrawal that is financially acceptable to TfL can be agreed with Government and/or the Rail Delivery Group (which represents the TOCs that are party to the Travelcard Agreement). This is because the Mayor recognises that Day Travelcards are a valuable product, and the Mayor is only considering withdrawing them due to the requirements of Government funding agreements to raise very significant amounts of new revenue per annum.
- 1.6 The purpose of the Travelcard is to offer seamless travel on TfL and National Rail services. Given this, while the TOCs that are parties to the Travelcard Agreement are responsible for determining their own products, it is anticipated that if TfL ceases to accept Day Travelcards, the TOCs and third-party retailers will also stop selling them. If this MD is approved, it would have no effect on pay-as-you-go (PAYG) caps on Oyster or contactless, which will continue to apply to all TfL services and relevant TOC services. Also, 7-Day and longer-term Travelcards would be unaffected by this proposal.
- 1.7 There are five different types of Day Travelcard that would no longer be accepted by TfL for use on its network, if this MD is approved. These provide unlimited travel (some only at off-peak time) on the TfL network as well as most National Rail services in London. They are the standard Day Travelcard; the Group Day Travelcard; the Family Day Travelcard; the Discounted Day Travelcard (one-third discount with various National Rail railcards); and the Weekend Travelcard.

They are only available as paper tickets. These tickets are explained in section 2, and the consequences of TfL no longer accepting them are considered below.

- 1.8 The proposal to withdraw Day Travelcards is having to be considered because of requirements in government funding settlements, necessitated by the impact of the coronavirus pandemic on TfL's finances. It is estimated that the proposal would generate approximately £40m per year for TfL. At present, the revenue from Day Travelcards sales is shared between TfL and the TOCs who are operating services in London, and are parties to the Travelcard Agreement. It is apportioned according to the distance travelled on each party's services within zones 1-6. This means that resulting revenue apportioned to TfL can be lower than the revenue received by TfL from the same journeys made with PAYG tickets. If this proposal is implemented, TfL would receive the full value of PAYG travel on its services, which is estimated to generate circa £40m per year for TfL.
- 1.9 Within the context of continuing funding challenges due to reduced fare revenues, the withdrawal of the Day Travelcard is an important contribution to ensuring that TfL meets the requirement of the current government funding settlement to generate £500m per annum, as a minimum, of additional revenue. It also enables progress towards achieving financial sustainability by 2023-24; and facilitates discussions towards further longer-term capital funding required for major projects that are not affordable from TfL's operating income.

#### The impact of the pandemic on TfL's finances and the proposal

- 1.10 In 2015 the government started to phase out TfL's "operating grant": grant funding to operate and deliver its transport services. The central government operating grant came to an end entirely at the end of the 2016-17 financial year.
- 1.11 The withdrawal of the operating grant meant TfL relied substantially on passenger-fares income as a source of revenue to meet its operational costs. In 2018-19, passenger income accounted for half of TfL's total income, and over 70 per cent of its operating income. The severity of the negative impact from the COVID-19 pandemic was directly related to the way in which TfL's finances are currently structured. The dependence on fare revenues means TfL is significantly exposed to changes and shocks in passenger demand.
- 1.12 The pandemic has had a significant impact on TfL's finances. When the pandemic struck, social-distancing measures and national lockdowns were introduced by the government. Between the end of March 2020 and May 2020, ridership was down by over 95 per cent on the Tube, and over 85 per cent on buses; and TfL's passenger income was reduced by more than 90 per cent. The 2019 Business Plan forecast passenger income of £5.1bn in 2020-21 and £5.4bn in 2021-22 – compared to actual income of £1.6bn and £3.2bn. This collective loss of £5.7bn in passenger income, compared to forecast, is coupled with other financial pressures.
- 1.13 This resulted in TfL publishing an emergency budget in May 2020, which identified the need for up to £1.9bn of government funding for the first half of 2020-21, and £3.2bn for the full financial year, based upon early estimates (from April 2020) of the pandemic's impact on its revenues. This funding was identified as necessary to ensure services ran at pre-COVID levels and maintained social distancing wherever possible. TfL's analysis indicated starkly that, without support from the government, it would not be able to present a balanced budget while continuing to run services; and therefore, its Chief Finance Officer would have no choice but to issue a notice under section 114 of the Local Government Finance Act 1988 (effectively a declaration of bankruptcy of a local government body).
- 1.14 To avoid this outcome, the first extraordinary funding settlement from the government, dated 14 May 2020, provided TfL with a £1.6bn initial grant and loan package; and a further £300m contingency for the period of 1 April 2020 to 17 October 2020. Since the May 2020 government funding settlement, there have been a further four substantive funding settlements, dated 31 October 2021; 1 June 2021; 25 February 2022; and 30 August 2022, respectively. The settlements have been necessary due to the financial stresses created for TfL by the COVID-19

pandemic and the consequent loss of fares income. They represent the outcome of complex funding discussions and significant requirements have been attached to the funding.

- 1.15 The extraordinary funding settlement from the government, dated 30 October 2020, required TfL to produce a Financial Sustainability Plan (FSP) by January 2021, detailing how a trajectory to financial sustainability could be achieved as soon as possible, with a target date of April 2023. The October settlement was the start of a process whereby TfL has been required to conduct a widescale review of its financial and funding arrangements.
- 1.16 The June 2021 settlement contained further requirements as to the provision of this funding, including workstreams to be delivered or implemented in 2021, as well as longer-term programmes. The workstreams to be delivered or implemented in 2021 included delivery of further operating efficiencies; accelerating TfL's existing modernisation programme; and a review of its pension scheme and reform options. It also included a requirement to identify revenue generation options on new/increased income sources of between £0.5 and £1bn per annum from 2023 within the Mayor and TfL's existing powers.
- 1.17 This range of required additional revenue was identified in the FSP published by TfL in January 2021. The FSP noted that a build-up of a considerable debt burden, and the reduction and then withdrawal of its government grant, meant that TfL was showing a projected funding gap estimated at between £0.5bn and £1bn per annum from the mid-2020s onwards. The FSP noted that the pandemic led to a crisis for TfL's immediate financial position; but if it led to more permanent changes to travel demand in London, it could also impact the organisation's long-term finances and funding gap. A constrained assessment estimated the long-running demand reduction at 20 per cent below previous forecasts, which would increase the long-term funding gap by an additional £1bn per annum. This would increase the gross average funding gap to circa £2bn per annum between 2023-24 and 2029-30.
- 1.18 The review of revenue-generation options recommended three overarching areas for further development: optimising the fares system with a focus on consistency; incremental options on taxation; and changing the way TfL charges for road use. Each of these areas contained several options.
- 1.19 Within the area of work focusing on optimising the fares system, one of the options identified as a means of generating part of this additional revenue was to withdraw from the Travelcard Agreement. This option was identified by the Mayor to the Secretary of State in a letter dated 15 December 2021. The subsequent funding settlement with the government, dated 25 February 2022, required TfL to progress the recommended options, subject to decision-making processes.
- 1.20 The current funding settlement with government, dated 30 August 2022 – in place until March 2024 – assumes TfL will progress the recommended options with a view to ensuring implementation by 2023-24. The funding agreement provides certainty for TfL as it progresses towards financial sustainability in 2023-24, while acknowledging that further capital funding beyond this funding settlement may be required by TfL, should it not be able to generate such resources from its operating income. Further capital funding support will be subject to TfL demonstrating reductions in its operating costs, as well as TfL meeting the requirement to implement the recommended options to generate between £0.5bn and £1bn of new revenue, with a view to ensuring implementation by 2023-24.
- 1.21 The option of completely withdrawing from the Travelcard Agreement was explored, but not pursued. Full withdrawal would have meant that TfL would not have sold or accepted Day, 7-Day or any longer-period Travelcards, such as Annuals. It is estimated that this would have impacted almost double the number of customers, compared to withdrawing Day Travelcards only. Withdrawing longer-term Travelcards would also have meant that the following concessions that are only available with these longer term Travelcards would have become redundant: 18+ Student Oyster photocard; Apprentice Oyster photocard. It would also have significantly reduced the benefits associated with the 16+ Zip Oyster photocard and the Jobcentre Plus Travel Discount.



The option to partially withdraw from the agreement, so that only Day Travelcards would be withdrawn, was therefore considered to be the preferred alternative.

- 1.22 To ensure the retention of 7-Day Travelcards, and those covering a longer period, the Mayor provided additional business-rates funding of £9m on an ongoing basis from 2023-24. However, this means that TfL still needs to generate approximately £40m of new additional income per year in order to meet the contribution expected from fares towards the additional revenue requirement in the current government funding settlement. It is estimated that the proposal to withdraw Day Travelcards will achieve this.
- 1.23 Alternatively, decisions (b) and (c) enable Day Travelcards to be retained on the TfL network, providing an alternative to withdrawal that is financially acceptable to TfL can be agreed with Government and/or the Rail Delivery Group (which represents the TOCs that are party to the Travelcard Agreement). This would mean any alternative would need to raise the £40m that withdrawing Day Travelcards is expected to raise, in order to be acceptable to TfL.

#### Overview of the effect of the proposed decision and direction

- 1.24 As stated in paragraph 1.7 above, approval of this MD means the standard Day Travelcard, the Group Day Travelcard, the Family Day Travelcard, the Discounted Day Travelcard (one-third discount with a National Rail railcard), and the Weekend Travelcard would no longer be sold or accepted by TfL for travel on the TfL network from January 2024, when the notice period expires. The main general consequences of this for customers are set out below.
- 1.25 Customers who use these tickets would need to switch to PAYG with contactless or Oyster to pay for travel and benefit from PAYG daily caps, or buy paper tickets.
- 1.26 Many customers currently use the different types of Day Travelcards, particularly out-of-boundary customers. The extent to which customers using Day Travelcards also possess contactless means of payment, Oyster or Zip Oyster is unknown. However, in general, use of contactless/Oyster on the TfL network is high. On an average day (in period 1, 2023-24), 612,000 Oyster cards and 1.799m contactless payment cards were used for travel (totalling 2.41m); of these, 226,000 hit the daily cap. This compares to only 65,000 Day Travelcards used on an average day. In addition, in 2021, 83 per cent of people in the UK use contactless, with no age group of 16 or over, or any region, falling below 75 per cent usage.
- 1.27 For customers travelling within London using PAYG caps, travel would be cheaper than using a Standard Day Travelcard and significantly cheaper for children (11-15) using Zip Oyster and cheaper for those with a National Railcard one-third discount applied to an Oyster card. For customers travelling into London from a National Rail station, with a Standard Day Travelcard added on to the ticket, travel is likely to become slightly more or materially more expensive when using/switching to PAYG, depending on which zonal caps are reached. For customers using all the other types of Day Travelcard, PAYG caps may be cheaper in some instances and more expensive in others. There is a detailed comparison of the cost of switching from the different types of Day Travelcard to PAYG and reaching the daily cap limit for zones 1-2 and also zones 1-6. This is contained in Appendices 2 and 3 of the EqIA, which is Appendix B to this MD.
- 1.28 It is not possible to specifically identify all the different potential cost implications for customers, should TfL stop accepting Day Travelcards. This is because the tickets that customers use for travel within London instead of Day Travelcards, and how much they will pay for these relative to Day Travelcards, depends on a multitude of factors – including who is travelling, and from where and when; the number of journeys they make in London; the mode of transport and ticket used; and whether any concessions or TOC discounts are available. Some illustrative examples of different scenarios are given further below.
- 1.29 Adult customers who have neither access to contactless nor an Oyster card would need to pay £7 to purchase one and thereby benefit from PAYG daily caps. Oyster cards can be purchased in

advance online or at any Tube or London Overground station; most Elizabeth line stations; some DLR stations; any TfL Visitor Centre; and Oyster Ticket Stops in many London newsagents. Oyster cards can be topped up at all these places; online; and at ticket machines in all National Rail stations in London. There is a minimum top-up on Oyster of £5 at machines or 10 pence at Oyster Ticket Stops.

- 1.30 Children aged 5-10 travel for free on TfL's bus network without the need for any form of ticket; but they need to be accompanied by a fare-paying adult (up to four children per adult) or have a 5-10 Zip Oyster to travel for free on TfL's rail network and most National Rail services that accept Oyster. Children under 16 need a 11-15 Zip Oyster to travel for free on TfL buses and trams; and to pay child rates on the TfL rail network, and half price on most National Rail services. The daily off-peak cap for zones 1-9 on the 11-15 Zip Oyster is only £1.70, providing a very significant discount. Children who do not already have a Zip Oyster would need to pay £15 and apply for one with a photocard in advance of travel. Alternatively, children can obtain a standard Oyster card or a Visitor Oyster card and have a Young Visitor discount applied to it, to benefit from half adult-rate fares and daily caps. Standard Oyster cards can be readily obtained as is identified above. A Visitor Oyster card cannot be purchased in London, but can be purchased online or at certain places outside London or overseas. It costs £5 (plus postage), and must be purchased in advance and pre-loaded with a minimum of £10 PAYG credit. The Young Visitor discount can be applied to both the Standard Oyster and Visitor Oyster cards at most tube stations, TfL Visitor Centres and the Victoria National Rail station ticket office.
- 1.31 Customers who use Day Travelcards and do not have access to a contactless payment card, Oyster card or Zip Oyster, and who are unable to purchase an Oyster card on the date of travel, would need to use paper single/return tickets. These are generally more expensive than PAYG caps and cannot be used on the cashless bus network.

#### The different types of Day Travelcard

##### *Standard Day Travelcard adult/child*

- 1.32 Standard Day Travelcards give unlimited travel on TfL services – including bus, Tube, tram, Docklands Light Railway, London Underground, London Overground and Elizabeth line services, and most National Rail services in London. They also provide a one-third discount on TfL River Services fares. Standard Day Travelcards can be purchased for unlimited peak travel (before 09:30) or unlimited off-peak travel (after 09:30 between Monday and Friday, and any time at weekends and bank holidays; although the TOCs generally do not accept off-peak Day Travelcards in the afternoon peak). These Day Travelcards cover various zone combinations, ranging from zones 1-2 to zones 1-9. They are only available as paper tickets.
- 1.33 Standard Day Travelcards can be purchased “in boundary” or “out boundary”. In-boundary customers are those whose journeys starts within the zones on TfL services, or a TOC service within London. Out-boundary customers are those who travel into London having started their journeys outside of London. For “out boundary” travel, Day Travelcards can be added on to National Rail tickets into London, where a London zones Travelcard “add-on” is included within the ticket into London<sup>3</sup>. These tickets are sold by the TOCs who are party to the Travelcard Agreement. They are not sold by TfL, but are accepted by TfL for travel on its services. If this MD is approved, TfL would no longer accept these tickets.
- 1.34 Out-boundary customers who do not have contactless, and need to purchase an Oyster card to benefit from PAYG caps, cannot buy Oyster cards at their station of origin. They would need to purchase these in advance online, or on arrival in London. See paragraphs 1.30 and 1.31 for how and where Oyster and Zip Oyster cards can be purchased, and the Young Visitor discount applied; and the cost of paper tickets.

---

<sup>3</sup> Generally, for zones 1-6.

### *Group Day Travelcard adult/child*

- 1.35 Group Day Travelcards are available for 10 or more people who are, at all times, travelling together in a single day after 09:30 on weekdays, and anytime on Saturdays, Sundays and public holidays (i.e., off-peak). They are primarily bought by visitors to London – mainly domestic visitors, but also those from overseas – as well as tourist and student groups. It is designed to support large groups of tourists travelling in London for leisure purposes. They are available to buy at station ticket machines, Visitor Centres, at London Overground and National Rail ticket offices, and in advance online from travel trade partners. They cannot be bought as part of an add-on to a National Rail Day-return train ticket.

### *Family Travelcard*

- 1.36 A Family Travelcard is a TOC offer and is only available from them. It is for family groups of up to two adults and four children, travelling to and around London during off-peak times. The ticket provides unlimited travel for the day, throughout London on National Rail and within the zones on TfL services. If this MD is approved, TfL would no longer accept these tickets on its services, so it is envisaged that they would no longer be sold by the relevant TOCs.

### *Weekend Travelcard*

- 1.37 The Weekend Travelcard is a special ticket that is only sold by Chiltern Railways at Aylesbury, Stoke Mandeville, Wendover and Great Missenden; and is valid for two consecutive weekend days (Saturday, Sunday or Bank Holiday Monday). It allows people to make a return journey from the specific stations to London Marylebone on each of the two days, as well as unlimited travel in London on both days. This includes all TfL services.

### *Discounted (by one-third) off-peak Day Travelcards using Railcards*

- 1.38 Holders of the following Railcards are currently entitled to one-third off the price of a standard off-peak Day Travelcard: 16-25 Railcard; 26-30 Railcard; Senior Railcard; Disabled Persons Railcard; HM Forces Railcard; Veterans Railcard; Network Railcard; Two Together Railcard; and Annual Gold Card. If this MD is approved, customers would no longer be able to buy discounted travelcards; however, they would still be able to add their Railcard to their registered Oyster card (but not contactless bank cards) to get a one-third discount on off-peak daily PAYG fares and price caps.
- 1.39 However, the following Railcards allow for more than one discounted Day Travelcard to be purchased: Family Railcard – additionally up to three adults and four children; HM Forces Railcard – additionally up to four children; Network Railcard – up to three adults and four children; Two Together Railcard – for two adults; Veterans Railcard – additionally up to four children; Annual Gold card – additionally up to three adults and four children; Disabled Persons Railcard – additionally for one accompanying companion. The discounts for additional travellers would not be available to apply as a discount to Oyster.

### Sales of the different types of Day Travelcard

- 1.40 There is a detailed breakdown of the number of sales of the different types of Day Travelcard in the Equality Impact Assessment (EqIA), which is attached as Appendix B. A significant amount of Day Travelcards purchased from April 2022 to February 2023 were “out-boundary” customers travelling into London from a National Rail station with an off-peak Day Travelcard added on to the National Rail ticket. In this period, there were a total of approximately 7.2m of these tickets sold, representing approximately 40 per cent of all Day Travelcard sales (approximately 19m) within that period. Significant numbers of the different types of other Day Travelcards were also sold during this period, and continue to be sold.

### Cost-of-travel and related implications of the withdrawal or the different types of Day Travelcard

- 1.41 Examples of the potential cost-of-travel and related implications of TfL no longer accepting the different types of Day Travelcard are contained in Appendices 2-4 to the EqIA, and summarised below. It is to be noted that the Family Travelcard, Weekend Travelcard, and the Discounted Day Travelcards with Railcards are TOC offers and it is open to the relevant TOCs to identify further offers on their services, in lieu of a cessation of these Day Travelcard products, that could help reduce the cost of travel. It may also be possible to determine alternative products or arrangements as part of the negotiations made possible in this decision, as explained in paragraph 1.5 above. The cost comparisons below assume that customers have access to contactless or Oyster/Zip Oyster, unless stated otherwise. Where there are comparisons to group travel under different types of Discounted Day Travelcard, the comparisons assume that the total amount of adults and children that are eligible to travel as a group under the relevant Day Travelcard do so.
- 1.42 In the case of in-boundary travel, travel will be cheaper for adults if they switch to PAYG contactless or Oyster, rather than using standard Day Travelcards. For those that need to purchase Oyster, this is a single additional expense, and it is anticipated that over time many in-boundary standard Day Travelcard customers would recoup the cost of this through the savings to be made by using PAYG.
- 1.43 Child in-boundary travel will be significantly cheaper using Zip Oyster than Child Day Travelcards. The daily off-peak cap for zones 1-9 on the 11-15 Zip Oyster is only £1.70, providing a very significant discount, compared to a zones 1-6 Child Day Travelcards which is £7.60 off peak. Child in-boundary travel will also be cheaper using Oyster with a Young Visitor Discount applied. For those that need to purchase Zip Oyster or Oyster, this is an additional expense; but Zip Oyster confers significant benefits of free and heavily discounted travel on all TfL services. It is anticipated that over time many child customers would recoup the cost of this through the savings to be made by using the Zip card.
- 1.44 For both adult and child (11-15) customers travelling into London from a National Rail station with a Standard Day Travelcard added on to the ticket, travel is likely to become slightly more expensive when using/switching to PAYG, if the zones 1-2 daily PAYG cap is reached; or materially more if the zones 1-6 daily cap is reached and or the Travelcard "add-on" is a Discounted Day Travelcard with National Railcard. However, the number of customers reaching the zones 1-6 daily cap (and therefore paying more) is much less than the volume of customers reaching the zones 1-2 daily PAYG cap<sup>4</sup>.
- 1.45 For customers using Discounted Day Travelcards with a National Railcard, the one third discount is and will continue to be available by having the discount applied to an Oyster card; although the discounts cannot be applied to contactless payment mechanisms and so possession of Oyster is required to get the discount. Where this discount is applied to a customer's Oyster card, it applies the one third discount to the daily PAYG caps and is cheaper than the cost of Day Travelcards that are discounted by one third with a National Railcard – see Appendix 2, section 1 of the EqIA attached to this MD as Appendix B.
- 1.46 Where customers use Discounted Day Travelcards with a National Railcard that permits group discounted adult and child travel, the group discounts would no longer be available. However, in many cases travel in zones 1-2 using the PAYG cap would be cheaper, and significantly cheaper if the children (11-15) travelling in the group use Zip Oyster. Where the daily zones 1-6 PAYG cap is reached, then PAYG would sometimes be cheaper but generally more expensive and in some instances significantly more than using the Discounted Day Travelcard. It will often depend on the amount of children travelling in the group. If there are many children (11-15) travelling with

---

<sup>4</sup> In 2022/23 approximately 28m zones 1-2 adult daily caps were reached vs 4m zones 1-6 adult daily caps.



the group who have Zip Oyster, the group travel is generally cheaper using PAYG even if the zones 1-6 daily cap is reached.

- 1.47 For adults using the Group Day Travelcard and also the Weekend Travelcard, travel in zones 1-2 using the PAYG cap would be cheaper, but may be more expensive if the daily zones 1-6 PAYG cap is reached. However, as above, the number of customers reaching the zones 1-6 daily cap (and therefore paying more) is much less than the volume of customers reaching the zones 1-2 daily PAYG cap<sup>5</sup>. Child group travel will be significantly less expensive using Zip Oyster than the Child Group Day Travelcard.
- 1.48 Because Oyster/contactless can only be used by a single customer, if many or all members of a travelling group, including children, do not have contactless or Oyster/Zip Oyster cards, these would need to be purchased to benefit from PAYG caps, which could significantly increase the price of travel relative to the existing group options. In addition, applying for a Zip Oyster or obtaining Oyster and applying a Young Visitor discount to it may present an inconvenience or difficulty, particularly for groups or families with several children travelling from “out-boundary” where Oyster is not available at stations of origin.
- 1.49 The Family Day Travelcard is significantly cheaper than the alternative of customers purchasing National Rail return tickets to London, and using PAYG in London. However, the Family ticket is a TOC product and the main reason why the alternative is much more expensive is because of the price of the TOC return ticket into London (see Appendix 2 to the EqIA, section 2). It is open to the relevant TOCs to identify further offers on their services, in lieu of a cessation of the Family Day Travelcard.
- 1.50 The equality impacts of the proposed decision, as well as a more detailed analysis of the potential cost implications for customers, are set out in the EqIA of the proposal (attached at Appendix B), which is summarised in section 3, below.

## **2. Objectives and expected outcomes**

- 2.1 Given TfL’s current financial situation (see paragraphs 1.10 to 1.20, above), it is important that action is taken to generate the additional income of £0.5bn per annum, as a minimum, which Government has required the Mayor and TfL commit to achieving in the funding settlements of 2022. The proposal in this MD is an important contribution to this, and is expected to generate an increase in revenue of £40m per annum.
- 2.2 The proposal in this MD is therefore an important contribution towards helping ensure that TfL achieves and maintains financial sustainability, from a sustainable, recurring, new revenue source that is in line with the criteria outlined in government funding settlements; is consistent with the Mayor’s Transport Strategy; and will have marginal negative impacts on TfL’s ambition to achieve net-zero-carbon by 2030.
- 2.3 Financial sustainability is key to the continued long-term delivery of an effective and efficient transport network, which will positively impact all customers and London. Not achieving financial sustainability would result in TfL being unable to maintain current levels of service. This would create adverse conditions that would limit TfL’s ability to generate revenue to deliver longer-term capital funding, negatively impacting all customers and London.
- 2.4 It is also crucial that TfL is able to balance its budget, as the alternative is to issue a notice under section 114 of the Local Government Finance Act 1988 (which is effectively a declaration of bankruptcy of a local government body).

---

<sup>5</sup> In 2022/23 approximately 28m zones 1-2 adult daily caps were reached vs 4m zones 1-6 adult daily caps.

- 2.5 TfL is committed to meeting the conditions of its funding agreement in order to help ensure continued funding support from government. This proposed change is one element of this.
- 2.6 Approximately £35m in revenue will be generated by withdrawing from the complex revenue allocation formulae set out in the Travelcard Agreement as customers adopt PAYG. Additionally, income would also increase by circa £5m per annum, due to a reduction in fraud associated with magnetic tickets and a reduction in commission payments. Moving customers to PAYG and withdrawing the above Day Travelcards, which are only available as magnetic-stripe paper tickets, will simplify retailing.
- 2.7 As identified above, and in the EqlA (attached at Appendix B and summarised in section 3, below), there are likely to be some negative impacts, if this MD is approved.
- 2.8 The (negative) impacts need to be considered in the context that this proposed decision would make an important financial contribution to TfL meeting the government funding conditions that will support its progress towards achieving financial sustainability in 2023-24. They also need to be considered in the context of the retention of longer-term travelcards and the concessions associated with these (see above); the fact that customers in London would pay less if they switched to PAYG/Zip Oyster; the significant benefits that are available for those children who obtain Zip Oyster cards; the fact that there is a general trend of decline in Day Travelcard use; and the conclusion of the EqlA that overall, including in view of TfL's proposed mitigations identified within the EqlA, it is considered reasonable for the proposal to proceed, despite the fact that it may have some negative impacts (see section 3 below).
- 2.9 Given the above, the withdrawal of Day Travelcards proposed in this MD is considered an appropriate means of delivering on TfL's funding commitments, and working towards its goal of retaining financial sustainability, notwithstanding its potential negative impacts.

### **3 Equality comments**

- 3.1 Under section 149 of the Equality Act 2010, as public authorities, the Mayor and TfL are subject to a public sector equality duty and must have 'due regard' to the need to:
- eliminate unlawful discrimination, harassment and victimisation and any other conduct that is prohibited by or under the Act
  - advance equality of opportunity between people who share a relevant protected characteristic and those who do not
  - foster good relations between people who share a relevant protected characteristic and those who do not.
- 3.2 Relevant protected characteristics under section 149 of the Equality Act are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, and sexual orientation. The duty applies to the Mayor's duty to direct TfL as to the general level and structure of fares under the Greater London Authority Act 1999 (GLA Act).
- 3.3 An EqlA of this proposal has been undertaken by TfL, and is attached at Appendix B.
- 3.4 The key positive impact of the proposed decision is that it is an important financial contribution to TfL achieving the necessary additional revenue required by government, in order to achieve financial sustainability. Achieving financial sustainability ensures TfL can deliver an efficient and effective public transport network in the long term, which will have positive impacts for all customers and for London. Not achieving financial sustainability would result in TfL being unable to maintain current levels of service. This would create adverse conditions that would limit TfL's ability to generate revenue to deliver longer-term capital funding, negatively impacting all

customers and London as a whole. In addition, some customers may pay less with PAYG as they will only have to pay for the journeys they make, rather than having to pay a flat upfront price for a Day Travelcard where they may or may not make sufficient journeys to break even. Also, children who do not currently have Zip Oyster may be encouraged to obtain this, and benefit from the extensive free and discounted travel this provides.

## *Age*

### *Adults*

- 3.5 A significant number of adult customers currently use the different types of Day Travelcards, particularly out-boundary customers. The extent to which these customers also have contactless means of payment or Oyster is unknown; although, in general, use of contactless/Oyster PAYG on the TfL network is high. In addition, in 2021, 83 per cent of people now use contactless, with no age group of 16 or over, or any region, falling below 75 per cent usage.
- 3.6 However, the proportion of people that do not use contactless in the UK (17 per cent; see paragraph 3.5, above) is a significant amount. In addition, material numbers of adults in London (260,000) and in the UK (approximately 1.2m) do not have a bank account, and are therefore unlikely to have access to contactless payment means. On the basis that these figures are generally reflective of those customers who use Day Travelcards, some of these customers would not have access to a contactless payment option.
- 3.7 Contactless payment options are not, however, necessary for customers to benefit from daily PAYG caps. These are also available on Oyster, which can be readily obtained through various means (see above).

### *Older people*

- 3.8 The specific extent to which older people use Day Travelcards is not known. Approximately 850,000 discounted Day Travelcards were bought out of boundary using a Senior Railcard from April 2022 to February 2023, compared with 17,000 in boundary. This likely reflects the fact that Londoners over 60 are eligible for free off-peak travel on the TfL network and most National Rail services in London (using the 60+ Photocard and Older Person's Freedom Pass). Older people in the UK tend to use contactless less than other age groups, and are less likely to have a bank account. On this basis, older people using Day Travelcards may be more likely to require an Oyster card to benefit from PAYG caps. This is supported by information, provided by stakeholders, contending that some older people find PAYG more difficult to use and do not wish to use their debit cards, for security and other reasons.
- 3.9 For older out-boundary customers who use Day Travelcards, but have an Oyster card or contactless PAYG, travel is likely to become more expensive. This is the case unless they have a Senior Railcard and have the discount applied to their Oyster card. Those that do not already have an Oyster card, would need to buy one to have a Senior Railcard discount applied to their Oyster card. The £7 fee to buy one, plus the top-up fee, would be an additional single expense.
- 3.10 Oyster can (but does not have to) be bought or topped up online in advance; or from a vast number of outlets in London. However, it is not available at stations of origin outside of London. Consequently, older people who use Day Travelcards as an add-on to an out-boundary National Rail ticket, and are digitally excluded or find technology difficult, may need to buy and/or top up Oyster cards upon arrival in London. This may be confusing or daunting for some older people, compared with buying Day Travelcards at their station of origin, especially if their first stop in London is not a TfL station that sells Oyster cards. This could also be problematic for older customers if they have to find and walk to an Oyster Ticket Stop to buy an Oyster card. Older people are more likely to have mobility issues – and parts of south London, for example, can be some distance from a Tube station. However, it is anticipated that in many cases out-boundary

customers' initial destination within London is likely to be at or close to a TfL station and/or Oyster Ticket Stop. TfL frontline staff are trained to offer assistance and support as appropriate.

- 3.11 Older people are more likely than other age groups to have dementia or cognitive impairments, and may find using contactless/Oyster, and touching in and out, more confusing or difficult than the decades-long practice of using paper tickets. For the reasons given above, they may also find the process of applying a Senior Railcard discount to an Oyster confusing or difficult.
- 3.12 Large groups of older overseas group visitors may also be negatively impacted by the withdrawal of Group Day Travelcards, particularly if many of the travelling group have to purchase Oyster.

#### *Children and younger people*

- 3.13 Significant numbers of Child Day Travelcards are used, mainly out-boundary standard (circa 1m off-peak<sup>6</sup>) and Group (c. 1.2m) Child Day Travelcards. The extent of out-boundary use may in part be related to the fact that significant numbers of children have 5-10 Zip Oyster and 11-15 Zip Oyster cards, which provide free and discounted travel that is cheaper in-boundary than standard Child Day Travelcards. It is not known how many of those using Child Day Travelcards also have a Zip Oyster, but it is assumed most do not. It is unlikely that significant numbers of these children will have access to their own contactless bank card or payment device. In addition, where a child aged between 11 and 15 has a contactless bank card, the ticketing system is not able to distinguish that it is a child and will charge an adult fare. Consequently, children that use child Day Travelcards and do not already have a Zip Oyster will need to obtain one, get a Visitor Oyster card in advance or a standard Oyster and have a Young Visitor's Discount (YVD) applied on arrival in London. An adult (accompanied by the child the YVD is for) can go to any Tube or Overground station, or Visitor Centre, to have it applied. The only condition is that the child must be present when the adult is requesting YVD is set on the card.
- 3.14 While the Zip Oyster and the Visitor Oyster can only be obtained in advance, the YVD can be applied to a standard Oyster card at most Tube stations; at TfL Visitor Centres (Heathrow, Kings Cross, Liverpool Street, Piccadilly and Victoria stations); and at Victoria National Rail station ticket. Obtaining an Oyster with a YVD applied is fairly straightforward and readily available.
- 3.15 That said, the cost and process involved in obtaining a standard Oyster with the YVD applied could increase the cost and inconvenience of child travel – particularly for families with several children, including overseas visitors – when compared to the Child Day Travelcard and Family Day Travelcard, and may be a barrier to travel. Travelling groups of children – including schoolchildren and student groups, including from overseas – could face a similarly negative impact, in this regard. At present, the Group Day Travelcard allows groups of 10 or more children to buy a Group Day Travelcard (zones 1-6 for £5, and zones 1-9 for £5.30). These are easier to obtain than Oyster cards because they are available to buy from TfL and TOC stations inside and outside zones 1-6; from TfL Visitor Centres; and in advance online from travel trade partners. They also provide the discounted travel without having to go through the process of having the Young Visitor discount applied. They are, however, materially more expensive than the 11-15 Zip Oyster daily cap.
- 3.16 If a Zip Oyster is not held or if a Young Visitor discount is not obtained, the alternative options for those using Day Travelcards are to buy child paper tickets, which are significantly more expensive relative to Zip fares/capped fares and YVD fares, and cannot be used on the bus network); or to buy a standard Oyster and pay adult fares. As described above, for families with several children, or travelling groups of children, this could significantly increase the cost and inconvenience of travel compared with using Child standard/Family/Group Day and various Discounted Travelcards, and may be a barrier to travel. The discounted Day Travelcard, used in conjunction with a National Railcard, provides a third off the price of an Adult/Child Day

---

<sup>6</sup> Based on figures from April 2022 to February 2023



Travelcard. The following Railcards allow for more than one discounted Day Travelcard to be bought: Family Railcard (up to three additional adults and four children; HM Forces Railcard (up to four additional children); Network Railcard (up to three additional adults and four children); Two Together Railcard (for two adults); Veterans Railcard (up to four additional children); Annual Gold card (up to three additional adults and four children); Disabled Persons Railcard (one companion). It is anticipated that these products will not be available if TfL stops accepting Day Travelcards.

- 3.17 The cost and process for obtaining Oyster with a YVD applied – and the alternatives for those unable to do so (see above) – may also negatively impact on children/families who are digitally excluded and/or in poverty, and may be a barrier to travel. Evidence says that in 2021-22, there were 4.2m children living in poverty in the UK, with further evidence that 800,000 of these children live in London.
- 3.18 However, the cost of purchasing an Oyster card is a single expense. In addition, for those that obtain a Zip Oyster (by applying in advance online paying the £15 fee), this provides significant travel benefits for children. To mitigate the potential negative impacts identified above, TfL will create a communications plan to inform customers of the changes and promote awareness of the benefits of Zip Oyster.
- 3.19 Young people (aged 16-25) and those aged 26-30 may also be affected. Significant numbers of discounted Day Travelcards were bought using the 16-25 Young Persons Railcard, and the 26-30 Railcard, mostly out of boundary: from April 2022 to February 2023, approximately 1.3m 16-25 discounted Day Travelcards and 650,000 26-30 discounted Day Travelcards were bought out of boundary. People of these ages are, however, are most likely to have and use contactless payment options, and the PAYG caps will mean that in-boundary travel will be cheaper – although out-of-boundary travel may be more expensive. These discounted Day Travelcards can be added to Oyster cards (although not contactless bank cards), enabling these customers to retain the discount at no cost if they already have an Oyster card, or pay a one-off fee of £7 to buy a new one.

#### Disabled people

- 3.20 The specific extent to which disabled people use Day Travelcards is not known. In 2016-17, 16 per cent of disabled Londoners held a Disabled Persons' Freedom Pass, which provides free travel at all times within London. However, not all Londoners who are disabled within the meaning of the Equality Act 2010 will qualify for a Disabled Persons' Freedom Pass, because the eligibility criteria for that pass is stricter. In 2016-17, 45 per cent of Londoners who are disabled within the meaning of the Equality Act 2010 held an Older Persons' Freedom Pass, which provides free off-peak travel on the TfL network and most National Rail services.
- 3.21 There will, however, be a significant number of Londoners aged below 60 (and thus not qualifying for free travel through age) who are disabled within the meaning of the Equality Act 2010, but do not qualify for a Disabled Persons' Freedom Pass, and will have to pay for their travel. In addition, disabled people living outside London have to pay for their travel within London (unless they are travelling on the bus with a Disabled Person's Bus Pass under the English National Concessionary Travel Scheme). However, both groups may be eligible for a Disabled Persons' Railcard, which currently provides a one-third discount on Day Travelcards for the disabled person holding the card, and a companion. From April 2022 to February 2023, approximately 6,500 discounted Day Travelcards were bought in boundary using a Disabled Persons' Railcard; and approximately 116,500 Discounted Day Travelcards were bought out-of-boundary using a Disabled Persons' Railcard.
- 3.22 From the research undertaken above, and information provided by stakeholders, it is understood that some disabled people use Day Travelcards because they find them easier to use than PAYG on contactless or Oyster.

- 3.23 One reason given was that PAYG provides a maximum time limit for completing journeys (this is for fare-evasion purposes), and it is said that some disabled customers sometimes exceed this time limit – for reasons related to their disability, taking breaks, time taken to use ramps etc. Some respondents reported being charged a maximum daily fare, exceeding their actual cost of travel. It is also said that the refund process is complex/inconvenient and only allows up to three refunds a month. In response to this, TfL will monitor the situation for a minimum of the six month period required to give notice before any changes can take place, should this MD be approved.
- 3.24 Other reasons given for disabled people finding PAYG more difficult include that, for some wheelchair users, it can be difficult and stressful trying to get close to ticket barriers to tap in and out. With Day Travelcards, they say they show these and are let through. Respondents also said that: blind and visually impaired people sometimes find it difficult to see and use machines properly, and to locate tap-out readers; that disabled people are generally more likely to have difficulties with PAYG and tapping in and out, with the potential to get charged the maximum fare; that some people with learning disabilities use Day Travelcards to help them budget; and that they also find the PAYG system complicated to understand and use, compared to Day Travelcards – as do those with mobility or language barriers.
- 3.25 For disabled people who use out-of-boundary standard Day Travelcards, but have an Oyster card or contactless PAYG, travel may become more expensive, unless they have a Disabled Persons' Railcard and have the discount applied to their Oyster card, or – if they do not already have an Oyster card – buy one in order to do this (see 3.27, below). For those that do not have an Oyster card or contactless, the £7 fee to buy an Oyster card, plus the top-up fee, would be an additional single expense. Disabled people may be more likely to be affected by this than non-disabled people, as they are more likely to live in low-income households or poverty.
- 3.26 Oyster can (but does not have to) be bought or topped up online in advance; or from a vast number of outlets in London. However, it is not available at stations of origin outside of London. Disabled people who use Day Travelcards as an add-on to an out-of-boundary National Rail ticket, and are digitally excluded or find technology difficult, may need to buy and/or top up Oyster cards upon arrival in London. This may be confusing or daunting for some, especially those with learning difficulties or cognitive impairment, compared with purchasing Day Travelcards at their station of origin – especially if their first stop in London is not a TfL station that sells Oyster cards. This could also be problematic for such disabled customers (as well as disabled people with mobility issues) if they have to find and walk to an Oyster Ticket Stop to buy an Oyster card. Parts of south London, for example, can be some distance from a Tube station. However, it is anticipated that, in many cases, out-of-boundary customers' initial destination within London is likely to be at or close to a TfL station and/or Oyster Ticket Stop. TfL frontline staff are trained to offer assistance and support in regard to accessibility and TfL also has various arrangements and services in place to support accessibility, which are identified in the EqlA.
- 3.27 Disabled people who use the Discounted Day Travelcard (discounted by one-third with a Disabled Persons Railcard) will need to have the discount applied to their Oyster card, or buy an Oyster card if they do not have one. The £7 fee to buy one, plus the top-up fee, would be an increased additional single expense – see above. For the reasons given above, some disabled people may also find the process of applying a Disabled Persons' Railcard to an Oyster confusing or difficult. Although a Disabled Persons' Railcard can be added to Oyster to provide a one-third discount off-peak daily fares and caps, the Disabled Persons' Railcard currently also allows a disabled person to buy a Child-rate Day Travelcard for a companion. This would no longer be available to buy through TfL.

## Sex

- 3.28 There is no material difference in the possession or use of contactless between men and women in the UK.
- 3.29 In terms of the potential additional expense for customers who use Day Travelcards switching to PAYG on contactless or Oyster arising from potentially higher fares and/or the need to buy Oyster, or paper tickets (identified above), women may be more affected by this than men, because women are more likely to be on lower incomes.

## Race

- 3.30 There is no material difference in the possession or use of contactless between Black, Asian and Minority Ethnic people, and White people, in the UK.
- 3.31 In terms of the potential additional expense for customers who use Day Travelcards switching to PAYG on contactless or Oyster arising from potentially higher fares and/or the need to buy Oyster cards or paper tickets (as identified above), Black, Asian and Minority Ethnic people may be more affected by this than White people, because they are more likely to be on lower incomes.

## Conclusion

- 3.32 The EqIA concludes that, overall, in the context of the various discounts, concessions and tickets available for use on the TfL network; PAYG daily caps; the accessibility of Oyster; the various other services and arrangements TfL has in place in respect of accessibility; the option for TOCs to identify new products in lieu of a cessation of Day Travelcard products currently offered by them; and also in view of TfL's proposed mitigations identified in the EqIA and the need to achieve financial sustainability, that it is justified and proportionate for the proposal to withdraw proceed, despite the fact that it may have some negative impacts.

## **4 Other considerations**

### *Key risks and issues*

- 4.1 GLA officers consider that all implementation risks have been addressed above.

### *Links to Mayoral strategies and priorities*

- 4.2 The Mayor has a statutory duty to develop and implement policies for the promotion and encouragement of safe, integrated, efficient and economic transport facilities and services to, from and within Greater London. The proposal to partially withdraw from the Travelcard agreement, as described above, is consistent with the need for TfL to reduce financial costs and generate revenue, to enable it to continue running a substantial service for the public across TfL's services.
- 4.3 The Mayor's Transport Strategy highlights the importance of improving transport for all Londoners; and, in doing so, ensuring that transport costs are affordable. The proposal to partially withdraw from the Travelcard agreement would have no effect on pay as you go (PAYG) caps on Oyster or contactless, which will continue to apply to all TfL services and relevant TOC services within zones 1-6, providing seamless travel. For customers in London using standard Day Travelcards, their travel would be less if they switched to use PAYG on contactless or Oyster. For groups and customers travelling from outside of London, travel may be more expensive. However, this proposal would help to support TfL in meeting its obligation to become financially sustainable by 2023, which is key to the continued long-term delivery of an effective and efficient transport network, which will positively impact all customers and London. It would also play an important part in ensuring that TfL can continue to deliver transport objectives in the London Plan and the Mayor's Transport Strategy. For these reasons, the proposal is considered to

be consistent with the Mayor's Transport Strategy, including taking into account comments on this made during the engagement process and which are identified in Appendix 5 to the EqlA.

#### *Consultation and assessment of the impacts of the proposals*

- 4.4 A requirement of the February 2022 government funding settlement letter was that TfL would progress its recommended options for generating between £0.5bn and £1bn in accordance with decision-making processes, taking into account any need for consultation. The Mayor is not required to conduct, or to require TfL to conduct, a consultation in relation to fares prior to making a decision. TfL has, however, received information from stakeholders and members of the public about who uses Day Travelcards; how they might be affected by their withdrawal; and what might be done to mitigate any impacts. Copies of all stakeholder responses are attached to the EqlA. The information received has helped inform the EqlA, and a summary of this input and responses to it are contained in the EqlA.

#### *Communicating and implementing the proposed changes*

- 4.5 The communication of the change will take place in advance of the withdrawal.

#### *Conflicts of interest*

- 4.6 There are no conflicts of interest to note for those involved in drafting or clearing this decision.

### **5 Financial comments**

- 5.1 There are no direct financial implications of this decision to the GLA.
- 5.2 The impact of this change on TfL's revenue has been forecast at £40m per year. This income is assumed in TfL's Business Plan. Within 2023-24, TfL's revenue is set according to a scenario developed by DfT, so the financial benefit within that year would accrue to government, but it is an important condition within TfL's funding agreement to implement the proposal. From 2024-25 onwards, the financial benefit of the scheme would directly contribute to TfL's financial sustainability and ability to invest in the renewal and enhancement of London's transport network.

### **6 Legal comments**

- 6.1 TfL's subsidiary Transport Trading Limited (TTL) is a party to the Amended and Restated Travelcard Agreement (the Agreement), along with each of the train operators (Operators) who are part of the Travelcard scheme. The Agreement sets out the arrangements for providing and honouring various Travelcard products.
- 6.2 TTL is entitled to terminate the provisions of the Agreement which relate specifically to All-day Travelcards and/or Off-peak Travelcards (and accordingly cease to offer such Travelcards) by giving at least six months' notice in writing to the RDG Representative (who represents the Operators).
- 6.3 The Mayor may issue general directions, under section 155(1)(b) of the GLA Act, as to the manner in which TfL is to exercise its functions, as well as, under section 155(1)(c), specific directions as to the exercise of TfL's functions. Under section 174(1) of the GLA Act, the Mayor is under a duty to exercise his powers under section 155(1) so as to ensure that the general level and structure of fares for public passenger transport services (provided by TfL or other persons who provide services under agreement with TfL) are determined. This decision is consistent with those statutory obligations. Although it is TfL who is a party to the Travelcard Agreement, the



decision on whether to withdraw Day Travelcards is a Mayoral Decision – because of the Mayor’s duties in section 174(1) of the GLA Act.

- 6.4 Under section 149 of the Equality Act 2010, as public authorities, the Mayor and TfL are subject to the public sector equality duty and must have ‘due regard’ to the need to: eliminate unlawful discrimination, harassment and victimisation and any other conduct that is prohibited by or under the Act; advance equality of opportunity between people who share a relevant protected characteristic and those who do not; and foster good relations between people who share a relevant protected characteristic and those who do not. Relevant protected characteristics under section 149 of the Equality Act are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, and sexual orientation. The duty above applies to the Mayor’s duty to direct TfL as to the general level and structure of fares under the GLA Act.
- 6.5 In deciding whether to approve this decision, the Mayor is required to have due regard to these matters and the equality impacts of the proposed decision assessed in the EqIA, which is attached at Appendix B and summarised in section 3, above.

## **7 Planned delivery approach and next steps**

<b>Activity</b>	<b>Timeline</b>
MD and direction to TfL	July 2023
Expected withdrawal date	January 2024 (tbc)

### **Appendices and supporting papers:**

Appendix A: Direction to TfL

Appendix B: Equality Impact Assessment

**Public access to information**

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOI Act) and will be made available on the GLA website within one working day of approval. If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary. **Note:** This form (Part 1) will be published either within one working day after approval or on the defer date.

**Part 1 Deferral:****Is the publication of Part 1 of this approval to be deferred? YES**

If YES, for what reason: For six months from notification being provided to the Rail Delivery Group, to enable discussion with Train Operating Companies and Department for Transport regarding possible alternative arrangements which may include commercially sensitive discussions regarding alternatives to ceasing sales of-Day Travelcard sales

**Part 2 Confidentiality:** Only the facts or advice considered to be exempt from disclosure under the FOI Act should be in the separate Part 2 form, together with the legal rationale for non-publication.

**Is there a part 2 form – YES**

**ORIGINATING OFFICER DECLARATION:**

Drafting officer  
to confirm (✓)

**Drafting officer:**

Kat Stretton has drafted this report in accordance with GLA procedures and confirms the following have been consulted on the final decision.

✓

**Sponsoring Director:**

Philip Graham has reviewed the request and is satisfied it is correct and consistent with the Mayor's plans and priorities.

✓

**Mayoral Adviser:**

Seb Dance has been consulted about the proposal and agrees the recommendations.

✓

**Advice:**

The Finance and Legal teams have commented on this proposal.

✓

**Corporate Investment Board**

This decision was agreed by the Corporate Investment Board on 26 June 2023.

**INTERIM CHIEF FINANCE OFFICER:**

I confirm that financial and legal implications have been appropriately considered in preparing this report.

**Signature:**

**Date:**

6 July 2023

**CHIEF OF STAFF:**

I am satisfied that this is an appropriate request to be submitted to the Mayor.

**Signature:**

**Date:**

6 July 2023

