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| London Councils’ Transport and Environment Committee | | | | | | | |
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| Freedom Pass Progress Report | | | | | | Item No: | 10 |
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| Report by: | Stephen Boon | | Job titles: | | Chief Contracts Officer | | |
| Date: | 23 March 2016 | | | | | | |
| Contact Officer: | Stephen Boon | | | | | | |
| Telephone: | 020 7934 9951 | Email: | | [stephen.boon@londoncouncils.gov.uk](mailto:hannah.davies@londoncouncils.gov.uk) | | | |
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| Summary: | This report provides Members with a general progress update on the Freedom Pass scheme and seeks approval to retender the provision of externally managed support services.. |
| Recommendations: | Members are asked to:   1. Approve the proposed approach, costs and timescales for the Freedom Pass managed service tender. 2. Note the progress of the 2016 Freedom Pass re-issue. |

**Introduction**

1. This report provides members with an update on re-tendering arrangements for the Freedom Pass managed service (electronic data capture, application data validation, card management, card production and customer support) and the 2016 Freedom Pass re-issue.

**Freedom Pass Managed Service**

1. On 1 July 2017, the current contract for the above services with London Councils’ contractors, ESP Systex, will expire. Therefore, London Councils must seek to retender these services. Given the complexity and scale of the operations in question, officers would like to allow sufficient time for potential providers to develop tender proposals, and should a new provider be selected, set up their operations (see timetable below).
2. The activities to be purchased include:
   * Electronic data capture of member details
   * Application data validation
   * Card management
   * Card production;
   * Customer support
3. The opportunity will be advertised on the Official Journal of the European Union and officers intend to use the ‘restricted’ procedure i.e. pre-qualification followed by invitation to tender for up to five pre-qualifying bidders.

1. London Councils’ preference is to award a contract for five years with the possibility of annual extensions of no more than three years in aggregate i.e. maximum contract duration of eight years.
2. In addition to the core Freedom Pass services, London Councils would like to include an option within the tender documents to test the market for case management and card production services for the Taxicard scheme. The rationale for taking this approach is to bring together data management of these two services as a means to derive economies of scale.
3. Using current levels of expenditure in these areas as the starting point, and factoring in the following:
   * an assumption that the way in which the service is delivered (and cost) does not increase in real terms
   * the requirement to do up to two bulk re-issues (2020 and 2025)
   * the requirement to do up to six smaller re-issues (2018, 2019, 2021, 2022, 2023, and 2024)
   * an assumption of inflation at 2.5% per annum

officers recommend that an appropriate eight year value for the tender is £16.71 million allowing for inflation (£14.85 million using current prices). Bidders will be encouraged to price competitively and London Councils would expect the successful tenderer to offer a significant reduction on these figures.

1. This approach would seek largely to replicate the current services provided to users, which include:
   * On line enquiries, applications and accounts for Freedom Pass holders
   * Telephone call-centre
   * Paper based applications
   * Card preparation and despatch
2. One option that could reduce costs is to move away from providing a call centre and move to on-line only provision. Officers estimate that this could reduce the value of the tender to £13.57 million (£11.98 million using current prices). While officers do not recommend this approach, members are asked to consider it and to note the following:
   * The call centre currently receives more than 250,000 business as usual calls per year, covering in order of volume:
     + assistance with replacing passes and receiving payments;
     + change of personal details;
     + how to apply;
     + information about transferring from the TfL 60+ scheme.
   * Approximately 25% of those renewing their passes make a telephone call to the contact centre seeking advice on how to renew their pass.
   * Removing the call centre would have an adverse impact on those pass holders that do not have internet access and could raise issues under the equalities legislation;
   * Removing the call centre could also negatively impact the level of customer service experienced by pass holders and require London Councils to take on additional staff to deal with increased levels of enquiries.
3. An indicative timetable for the procurement is set out below:

Table . Freedom Pass Tender Timetable

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| **Activity** | **Indicative date** |
| Launch pre-qualification questionnaire (PQQ) | April 2016 |
| PQQ deadline | May 2016 |
| Assessment of PQQs | May 2016 |
| Invitations to tender (ITT) sent | June 2016 |
| ITTs assessed | July – August 2016 |
| Preferred bidder identified | Sep 2016 |
| TEC decision | October 2016 |
| Bidders notified | October 2016 |
| Standstill period | October 2016 |
| Contract award | November 2016 |
| Contract set-up | November 2016 – June 2017 |
| Contract delivery begins | July 2017 |

1. Members are asked to approve the proposed approach, value and timescales for the Freedom Pass managed service tender.

**2016 Re-issue Progress Update**

**Introduction**

1. The following section provides a progress update on the 2016 Freedom Pass to 29 February 2016. On 31 March 2016 139,517 Older Person, 29,049 Disabled Person and 1,102 Discretionary Disabled Person Freedom Passes will expire. These groups’ passes are renewed in different ways. Older people received a letter asking them to renew either on line or by post. Disabled persons and discretionary disabled persons pass holders were reassessed by boroughs and if eligible will receive passes without having to renew.
2. The project is overseen by a board that has met monthly since September 2015. The board is made up of representatives from:
   * the London boroughs;
   * London Councils’ transport and mobility and communications teams;
   * Transport for London (TfL);
   * Association of Train Operating Companies (ATOC);
   * Association of Chief Librarians;
   * Transport for All;
   * Age UK London; and
   * ESP Systex and Journeycall.
3. The approach taken to the 2016 re-issue has been largely similar to 2015. However, due to the relatively low proportion of total members renewing, less emphasis has been given to publicity. The board considered that large scale publicity might drive up costs, not only on publicity itself, but also by encouraging people who weren’t due to renew to call the contact centre.

**Older Persons Freedom Pass Renewal**

1. The older person’s renewal is generally proceeding very well, with the exception of some small technical issues on launching the new renewal portal that affected a limited number of pass holders at the start of the renewal process and resulted in two written complaints.

1. All 135,257 renewal letters were dispatched over a three day period from 13-15 January. By 29 February 95,507 (71%) of those written to had renewed their passes. Of these, 78% have renewed on line and 22% using paper application forms. Therefore, on-line take up is currently higher than in 2015 (74%). Anecdotally, officers believe this is a result of the 2016 cohort being, on average, younger than the 2015 cohort as it is made up entirely of those who applied for the first time in 2011.
2. Appendix 1 sets out progress to date in graphical format and Appendix 2 sets out progress in each of the boroughs. Members are asked to note two matters highlighted by these documents.
3. First, the current renewal rate suggests that by the end of March, 78% of pass holders will have renewed. This is four per cent lower than at the same time in 2015. Officers believe that this may be a result of the lower levels of publicity undertaken this year and the fact that more time has elapsed since the last mid-term review and a higher proportion will have moved away. If correct, and assuming that 85% of pass holders eventually renew, this would mean that c 10,000 pass holders will not have renewed by the deadline.
4. Second, and connected to the issue above, renewal rates vary significantly between boroughs. Of the non-own application boroughs, Havering has the highest renewal rate (80%) and the City of Westminster, the lowest (61%). This mirrors patterns seen in 2015, where inner London boroughs, that tend to have higher levels of population churn, had lower renewal rates.
5. Officers are taking a number of measures to increase the renewal rate and ensure that those who do not renew, but are still eligible, are not unduly affected. First, London Councils’ communications team has been co-ordinating activity with heads of communication in boroughs where renewal rates are more than five per cent lower than the average. Resulting actions include articles in borough newspapers and other publicity.
6. Second London Councils has instructed Journeycall, the call centre provider, to update the recorded message played at the start of calls to remind those that should, but haven’t, to renew.
7. Third, London Councils has agreed with TfL and ATOC to provide a grace period until mid-May during which time, 2016 pass holders can continue to travel if they present their card for visual inspection on buses and at station gates.

**Own application boroughs update**

1. As with the previous renewal, the London Borough of Sutton has offered an on-line only option to pass holders. This does not seem to have adversely affected renewal rates: Sutton’s figure is currently 72%.
2. The London Borough of Camden undertook internal verification of residency details and automatically reissued passes to people that passed verification (76% of the total). Those whose residence could not be verified have been required to submit evidence of that they still live in the borough. The renewal rate in Camden currently stands at 86%.

**Disabled Persons Freedom Pass renewal**

1. The renewal of Disabled Person Freedom Pass holders is the responsibility of the local authority. By 26 February all except one borough had confirmed continued eligibility of their pass holders against the Transport Act 2000 criteria and checked residency, updating the database of any changes. Passes were issued to all disabled pass-holders between 1-4 March.

**Costs of the 2016 re-issue**

1. The costs of the 2016 re-issue will be met from within the approved £1.518 million Freedom Pass budget for 2015/16. At the beginning of the financial year, costs for the re-issue were estimated at £500,000. The current forecast is £498,000. Officers do not anticipate significant variation against this forecast, which would only be affected by a significant increase in the number of telephone calls to the contact centre.

**Financial Implications for London Councils**

**Equalities Implications for London Councils**

None

**Recommendations**

Members are asked to:

* + Approve the proposed approach, costs and timescales for the Freedom Pass managed service tender.
  + Members are asked to note progress regarding the 2016 Freedom Pass re-issue.

**Background Papers**

TEC – Freedom Pass Progress Report - 15 October 2015 ([Item 7)](http://www.londoncouncils.gov.uk/committees/agenda.htm?pk_agenda_items=4642)

Appendix 1.



Appendix 2. Renewal Borough Renewal Rates

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| **Borough** | **Total % Passes Renewed** | **Number of Passes Expiring 2015** |
| Barking & Dagenham | 72.08% | 2371 |
| Barnet | 73.24% | 7301 |
| Bexley | 78.56% | 4463 |
| Brent | 64.73% | 5455 |
| Bromley | 77.44% | 6484 |
| Camden | 85.94% | 4260 |
| City of London | 70.37% | 216 |
| City of Westminster | 61.43% | 4511 |
| Croydon | 72.04% | 6648 |
| Ealing | 68.47% | 6090 |
| Enfield | 72.28% | 5306 |
| Greenwich | 70.53% | 4048 |
| Hackney | 65.21% | 3061 |
| Hammersmith and Fulham | 68.00% | 2825 |
| Haringey | 65.98% | 3980 |
| Harrow | 72.87% | 5739 |
| Havering | 80.31% | 4703 |
| Hillingdon | 75.56% | 4763 |
| Hounslow | 69.60% | 4481 |
| Islington | 70.21% | 3115 |
| Kensington and Chelsea | 64.51% | 3708 |
| Kingston upon Thames | 74.20% | 3054 |
| Lambeth | 66.36% | 4046 |
| Lewisham | 69.01% | 3901 |
| Merton | 71.59% | 3516 |
| Newham | 63.00% | 3800 |
| Redbridge | 72.70% | 4982 |
| Richmond upon Thames | 75.66% | 4212 |
| Southwark | 66.89% | 3806 |
| Sutton | 71.85% | 3577 |
| Tower Hamlets | 62.95% | 2710 |
| Waltham Forest | 68.79% | 4053 |
| Wandsworth | 68.86% | 4332 |
| **Total** | **71.03%** | **139,517** |