

GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION – MD3079

Title: Proposed Low-Paid Transport Workers' Concession Scheme

Executive summary:

London's transport workers play an essential role in keeping the capital's transport system safe and operating. This includes employees directly employed by Transport for London (TfL) as well as workers employed by TfL's directly contracted suppliers and workers employed in cleaning roles by TfL's contracted public transport operators.

These workers undertake a range of vital roles across TfL's network and estate, directly contributing to keeping London moving. Among TfL's directly contracted suppliers, there are an estimated 3,500 employees who are paid the London Living Wage or only slightly above it. TfL estimates that there are a further 2,300 workers employed by TfL's contracted public transport operators in cleaning roles dedicated to TfL services (including buses, London Overground and the Docklands Light Railway) also on the London Living Wage or slightly above it. The Mayor recognises that this is a minimum living wage, and that there is a case for doing more to help these workers, many of whom will be Londoners. The current economic climate, and the cost-of-living crisis, mean that many of London's working population are facing significant financial pressures.

In this context, to help facilitate the safe and effective delivery of public passenger services on the TfL network, it is proposed to introduce a Low-Paid Transport Workers' Concession Scheme (the Travel Concession). This will provide free travel on public passenger transport services on the TfL network to employees of TfL's directly contracted suppliers who are paid no more than 10 per cent above the London Living Wage, as well as to workers employed on this same level of pay by TfL's contracted public transport operators in cleaning roles dedicated to TfL services. It is proposed that the Travel Concession is introduced on a phased basis to enable TfL to roll out the concession as quickly as possible. It is anticipated that the scheme will be implemented for employees of TfL's directly contracted suppliers from April 2023 and that it will be extended from May 2023 to eligible workers employed by TfL's contracted public transport operators in cleaning roles dedicated to TfL services.

Decision:

The Mayor:

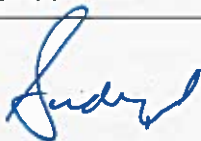
Directs Transport for London under section 155(1)(c) of the Greater London Authority Act 1999 (the GLA Act), to introduce, administer and operate the Low-Paid Transport Workers' Concession Scheme (the Travel Concession) as soon as practicable from April 2023 by approving and signing the Low-Paid Transport Workers' Concession Scheme Direction (the Direction) 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:

2/2/23

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

Decision required – supporting report

1. Introduction and background

- 1.1. London's transport workers play an essential role in keeping the capital's transport system safe and operating. This includes employees directly employed by Transport for London (TfL), and those employed by TfL's suppliers.
- 1.2. These workers undertake a range of vital roles across TfL's network and estate, directly contributing to keeping London moving. Cleaners ensure the network is safe and clean for staff and customers, building customer confidence in using TfL's stations and services. Security guards keep the network and its assets safe and free from vandalism, and manage access to TfL buildings and depots. Catering employees operate canteens across TfL's offices and the London Underground network; these canteens support staff in customer-facing roles.
- 1.3. Since 2016, the Mayor has made sure all those who work at TfL, including TfL's suppliers, are paid the London Living Wage as a minimum. The London Living Wage is calculated independently by the Living Wage Foundation and helps to improve the lives of those working in London. Among TfL's directly contracted suppliers, there are an estimated 3,500 employees who are paid the London Living Wage or slightly more than this. Among those employed by TfL's contracted public transport operators in cleaning roles dedicated to TfL services, it is estimated that 2,300 receive this same level of pay.
- 1.4. The Mayor recognises that this is a minimum living wage, and that more can be done to help these workers, many of whom will be Londoners. The current economic climate, and the cost-of-living crisis, mean that many of London's working population face significant financial pressures.
- 1.5. In this context, it is proposed to provide free travel for the lowest-paid workers employed by TfL's directly contracted suppliers, as well as employees of TfL's contracted public transport operators employed in cleaning roles dedicated to TfL services. TfL considers this will help facilitate the safe and effective delivery of public passenger services on the TfL network. It will enable eligible employees to travel to work for free on TfL's services; this makes the roles more accessible, and may also help with the retention of workers in these important roles. In recent years, due to various factors (including the UK's exit from the European Union), the demand for workers in these areas has exceeded supply. The provision of the Travel Concession will improve the ability of TfL's relevant suppliers to attract new employees; and to retain existing experienced employees, including on the bus, London Underground, Overground and Docklands Light Railway, and other TfL public transport services. At the time of writing, the services provided by eligible employees include cleaning, security and catering.
- 1.6. Free travel on TfL services is already given to employees who are directly employed by TfL; free travel is also given to bus drivers and operators of other TfL services as part of their benefits package. The proposed Travel Concession will ensure that others who play a direct role in keeping London moving and who are on the lowest pay, despite not being directly employed by TfL, will also receive this benefit.

Overview of proposed Low-Paid Transport Workers' Concession Scheme

- 1.7. Employees of TfL's directly contracted suppliers who need to travel between locations within the working day currently receive contractor cards entitling them to free travel. However, these cards may not be used for travel to and from work. The proposed Travel Concession will provide free travel on TfL services across the TfL network at all times to eligible employees of TfL's directly contracted suppliers, and for eligible employees in cleaning roles of TfL's contracted public transport operators. It is proposed that the Travel Concession is introduced on a phased basis to enable TfL to roll out the concession as quickly as possible. It is anticipated that the scheme will be implemented for employees

of TfL's directly contracted suppliers from April 2023 and that it will be extended, from May 2023, to workers employed by TfL's contracted public transport operators in cleaning roles dedicated to TfL services.

Eligibility criteria

- 1.8. The proposed Travel Concession will only apply to those who are:
- permanent Pay As You Earn (PAYE) employees; or employees employed on fixed-term contracts of at least 12 months, working for either:
 - one of TfL's directly contracted suppliers only; or
 - in a cleaning role for one of TfL's contracted public transport operators only
 - employed for 100 per cent of their working time on a contract between their employer and TfL, or a contract between their employer and one of TfL's contracted public transport operators
 - paid the London Living Wage, or up to 10 per cent above the London Living Wage.¹
- 1.9. The extension to up to 10 per cent above the London Living Wage is proposed to ensure that individuals who supervise, and are therefore more senior than, workers on the London Living Wage can remain on packages commensurate with their positions; and are not disadvantaged by the introduction of the free travel for those they supervise.
- 1.10. Agency workers are not eligible for the proposed Travel Concession. The inclusion of this group would significantly increase the forgone revenue associated with the proposal and would result in an increased risk of fraud, given the high turnover of workers in such roles.
- 1.11. Employees whose pay increases take them above the pay range threshold during the financial year, or whose circumstances change so that they no longer meet other criteria, will cease to be eligible. Their pass will be withdrawn unless and until their circumstances change again so that they meet the criteria.
- 1.12. These criteria will ensure that support is targeted at those who contribute to TfL's work of keeping London moving, but receive the lowest pay.

Scheme administration

- 1.13. Eligible employees will receive an Oyster card with supporting photo identification for their sole use.
- 1.14. TfL's relevant suppliers are to manage requests and the issue of individual passes; and to report to TfL regularly on new starters and leavers, in accordance with the terms of an agreed procedure. These administrative arrangements are indicative and may be changed for efficacy.

2. Objectives and expected outcomes

- 2.1. TfL has undertaken initial engagement with its direct supply chain and estimates that approximately 3,500 individuals would meet the eligibility criteria. TfL has also sought information from its contracted public transport operators on the number of their employees in cleaning roles who would meet the eligibility criteria and this is estimated as 2,300.
- 2.2. TfL does not hold data on the travel patterns of supplier employees. To calculate a robust estimate of the potential forgone revenue arising from the operation of the proposed Travel Concession, TfL's

¹ The pay range for 1 April 2023 to 31 March 2024 is £11.95 to £13.15 per hour. The pay range will be reviewed annually to reflect the latest London Living Wage figures.

directly contracted suppliers have provided TfL with information on the working patterns of their employees; and TfL has made assumptions about their travel habits and patterns.

- 2.3. On this basis TfL has estimated that, over the course of the 2023-24 financial year, it will forgo £8.7m in fares income by virtue of operating the proposed Travel Concession. TfL has calculated the Travel Concession will cost approximately £80,000 per annum to establish and administer.
- 2.4. The Mayor's 2023-24 budget guidance set out that TfL's retained business rates allocation would be uprated by an additional £10m over and above the indicative figures set out in his 2022-23 budget. The Mayor should note that the £8.78m of this uplift will be used by TfL in recognition of the costs of the Travel Concession. Over time, the numbers of individuals eligible for the Travel Concession will fluctuate, as will the amount of forgone revenue. This will need to be taken into account for future years. TfL will require its directly contracted suppliers to provide monthly updates on the numbers of eligible employees within their organisation.
- 2.5. The introduction of the proposed Travel Concession is an important way the Mayor can support London's transport workers at a time when the cost of living is increasing, and those on the lowest incomes are facing significant pressure.
- 2.6. It is recognised that the proposal to introduce the Travel Concession comes shortly after the Mayor approved a decision (MD3014) to permanently restrict free pre-9am weekday travel for 60+ card holders, and Older Person's Freedom Pass holders, with effect from 18 January 2023.
- 2.7. The proposal approved in MD3014 was the subject of conditions of government funding settlements, which represent the outcome of complex funding discussions with the government in 2021 and 2022, arising from the devastating impact of the pandemic on TfL's income. MD3014 was approved, further to conditions of TfL's funding agreements in order to help ensure continued funding support from the government.
- 2.8. The government funding settlements do not make any express provision in connection with the proposed Travel Concession. The way in which it is proposed to be funded is in compliance with the funding settlement with the government, dated 30 August 2022 (see section 5, below). Against this background, it is considered appropriate to introduce the proposed Travel Concession for the reasons given in this Mayoral Decision.

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 protected characteristic and those who do not
 - foster good relations between people who share a protected relevant characteristic and those who do not.
- 3.2. This may involve removing or minimising disadvantages suffered by people due to their protected characteristics; and taking steps to meet the needs of people from protected groups where these are different from the needs of other people. 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 power to direct TfL as to making or waiving charges for its services.

- 3.3. All eligible employees of TfL's relevant suppliers will be able to benefit from the proposed Travel Concession. Eligible employees are predominantly cleaners, security employees, and catering employees. These are generally some of the lowest-paid jobs; and are classified as elementary or Level 1 Occupations in the Office for National Statistics Standard Occupational Classifications. Government data, published in July 2022, identifies that 13.2 per cent of Black workers, and 12.4 per cent of workers from the 'White other' ethnic group, were in 'elementary' jobs. This is a higher proportion than the White British population.
- 3.4. According to the Trade Union Congress' 2020 report, 'International justice day for cleaners and security guards', 26 per cent of security guards are from a Black, Asian or Minority Ethnic (BAME) background, compared to 12 per cent of all workers; and 43 per cent of security guards are over the age of 50, compared to 30 per cent of all workers. The report also says that 16 per cent of cleaners are from a BAME background, compared to 12 per cent of all workers; and 47 per cent of cleaners are over the age of 50, compared to 30 per cent of all workers.
- 3.5. Information provided by ABM (one of TfL's relevant suppliers) on their employees indicates that 42 per cent are female; 21 per cent are from a BAME background; and 25 per cent are over the age of 50. Information provided by Mitie on their employees indicates that 6 per cent are female; 58 per cent are from a BAME background; and 66 per cent are over the age of 45.
- 3.6. The proposed Travel Concession will contribute positively towards advancing equality of opportunity and minimising disadvantage among these groups; it will not impact on the provision of any other concessions currently provided by TfL.

4. Other considerations

Key risks and issues

- 4.1. The responsibility for ensuring that only eligible employees receive the Travel Concession will remain with TfL's relevant suppliers. The arrangements for eligible employees working in cleaning roles for TfL's contracted public transport operators will be developed along the same lines as that for TfL's directly contracted suppliers. TfL will carry out regular reviews to ensure they are managing the process correctly.
- 4.2. TfL's relevant suppliers will be required to provide TfL with monthly updates on their eligible employee numbers.
- 4.3. Conditions of use will be issued with all Oyster cards, and any breaches will be the responsibility of TfL's relevant suppliers to investigate. Reporting and investigating of breaches would follow the same established process as the Contractors' Bearer Pass. TfL reserves the right to permanently withdraw an Oyster card for any reason, at any time.

Links to Mayoral strategies and priorities

- 4.4. 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 proposed Travel Concession would reduce barriers to travel for those transport workers on the lowest incomes; and encourage greater use of public transport among this group, including incentivising public transport over private vehicle use for shift workers. As such, it will ensure the continued delivery of the transport objectives of the London Plan and the Mayor's Transport Strategy.

Consultations and impact assessments

- 4.5. The Mayor is not required to conduct, nor to require TfL to conduct, a consultation in relation to the proposed Travel Concession prior to making a decision.

- 4.6. TfL has contacted all of its directly contracted suppliers to identify employees within their organisations who may be eligible for the concession. All contracts over £5,000 are published on TfL's [website](#). TfL is also contacting its directly contracted suppliers operating public transport services to identify employees in cleaning roles within their sub-contractors who may be eligible for the concession as set out in part 1.

Conflicts of interest

- 4.7. There are no conflicts of interest to declare for any of the officers involved in the drafting or clearance of this decision.

5. Financial comments

- 5.1. The estimated £8.78m costs associated with the Travel Concession are to be funded from TfL's retained business rates allocation for 2023-24. This sum has already been explicitly allocated by the Mayor in addition to TfL's existing resources for 2023-24 – as referred to in the Mayor's budget guidance for 2023-24, published in July 2022. The funding is assumed to be recurring for future years but will be confirmed through the annual budget process each year.
- 5.2. The funding allocated recognises the administrative costs of establishing the Travel Concession and the fares revenue that TfL is estimated to forgo in the 2023-24 financial year, by virtue of operating the Travel Concession Scheme.
- 5.3. It should be noted that this proposal does not breach the conditions of the Department for Transport Funding Settlement Agreement, as the administrative costs and forgone revenue associated with the Travel Concession are being met wholly by Mayoral funding; and are not using Department for Transport grant via the funding agreement.

6. Legal comments

- 6.1. Under section 155(1)(c) of the GLA Act, the Mayor may issue specific directions as to the exercise of TfL's functions. Under Schedule 11, paragraph 7 of the GLA Act, TfL may make or waive such charges for services and facilities, and make the use of services and facilities subject to such terms and conditions, as TfL thinks fit. Under Schedule 10, paragraph 1(3) of the GLA Act, TfL may do such things as are calculated to facilitate, or are conducive or incidental to, the discharge of any of its functions. Under Schedule 11, paragraph 32 of the GLA Act, TfL may do all other things that in its opinion are necessary or expedient to facilitate the discharge by it of any of its functions. As is noted above, TfL considers that the introduction of the proposed Travel Concession will help facilitate the safe and effective delivery of public passenger services on the TfL network. Accordingly, the Mayor may direct TfL to introduce the Travel Concession, as proposed in this MD.
- 6.2. TfL will reserve the right, in the arrangements with relevant suppliers, at its absolute discretion, to review the provision of, and withdraw, the Travel Concession at any time, should there be a future Mayoral decision to do so. The concession will not form part of any individual's terms and conditions of employment, and it is being offered as a discretionary benefit. It is a condition of this Travel Concession that TfL's relevant suppliers, whose employees will benefit from it, ensure that the status of the concession as non-contractual is clearly communicated.
- 6.3. 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
- foster good relations between people who share a relevant protected characteristic and those who do not.

6.4. 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 power to direct TfL to introduce the Travel Concession. In deciding whether to approve this decision, the Mayor is required to have due regard to these matters and the equality implications of the proposed decision, summarised in section 3, above.

7. Planned delivery approach and next steps

Activity	Timeline
MD and direction to TfL	January 2023
Liaison between TfL and suppliers to confirm and finalise details of all employees eligible for the Travel Concession; production of Oyster cards and photocards	From January 2023
Provision of Oyster cards and photocards to TfL's directly contracted suppliers for onward issue to eligible employees	From April 2023
Provision of Oyster cards and photocards to TfL's contracted transport suppliers for onward issue to eligible employees	From May 2023

Appendices and supporting papers:

Appendix A: Direction to TfL

Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FoIA) 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 either be published within one working day after it has been approved 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: To align with the public announcement of the scheme.

Until what date: 3 February 2023.

Part 2 – Sensitive information

Is there a part 2 form – NO

ORIGINATING OFFICER DECLARATION:

Drafting officer to confirm the following (✓)

Drafting officer:

Tim Aldham has drafted this report in accordance with GLA procedures and confirms the following: ✓

Sponsoring Director:

Phillip 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 30 January 2023.

EXECUTIVE DIRECTOR, RESOURCES:

I confirm that financial and legal implications have been appropriately considered in the preparation of this report.

Signature

Date

D. Gane

31 January 2023

CHIEF OF STAFF:

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

Signature

Date

D. Bellamy

31 January 2023