

New revenue sources

Appendix: assessments

Transport for London

August 2021

FINAL

This document is being provided in accordance with a condition of the TfL funding agreement dated 1 June 2021, which required TfL to present a review of potential new income sources to Government. The contents of this document do not represent TfL or Mayoral policy, or a decision on any of the options listed. The purpose of this document is to give a preliminary indication of the potential receipt associated with each theoretical option listed without consideration of their acceptability to the relevant decision maker(s). Any options that are to be developed will be subject to a detailed assessment and legal review. A full impact assessment and consultation may be required before any decisions about implementation can be made. The contents of the document are confidential and should not be disclosed to any unauthorised persons.

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A. Fares options

1: Optimise January 2022 RPI+1 change for future revenue

Key information	
The conditions of the government funding settlement commit TfL to raising fares by at least RPI+1 overall in January 2022. This option seeks to implement an overall RPI+1 increase in January 2022 that optimises TfL's revenue in later years by freezing bus fares and implementing an increase greater than RPI+1 on rail fares where demand is set to grow. As demand grows following the opening of the Elizabeth line, an additional £50m will be generated over the next five years compared to an RPI+1 package that raises bus fares by 5p.	
Proposed delivery date	January 2022
Net income raised p.a.	£10m
Option recommended by panel	Yes – small fares increases recommended
Within current powers?	Yes

Outcome assessment	
Outcome	Impact expected
Business impacts	Above inflation increases to rail fares, especially involving Zone 1, could be criticised as harming the economic recovery of the Central Activities Zone (CAZ). Conversely, freezing bus fares will be welcomed by businesses based in suburban town centres and will help to keep travel costs down for lower income workers and consumers.
Productivity	Freezing bus fares will benefit lower income Londoners and encourage more travel and economic activity by this group as fares fall in real terms, while above inflation fares increases on rail are less likely to have a significant impact on the travel behaviour of the wealthier rail-using demographic. Small net positive effect overall.
Safety	Freezing bus fares, thereby making them cheaper in real terms, may reduce the risk of vulnerable people being unable to travel home due to lacking funds for the bus fare to their destination.
Mode Share	May lead to a very small shift from rail to car, mitigated by a shift from car to bus as affordable bus fares make a car-free lifestyle more attractive.
Active	May see a small shift from rail to active modes, especially for journeys within Zone 1. Affordable bus fares make living car-free more attractive, as well as encouraging walking as part of trips involving a bus leg.
Efficient	Encourages behaviour change to better utilise network capacity by raising fares for travel on the most congested parts of the rail network while freezing fares on buses, which tend to have more spare capacity.
Green (excluding Carbon)	Freezing bus fares will make a car-free lifestyle more attractive, reducing environmental impacts of car use for local journeys. Negative impact of higher rail fares likely to be much smaller.
Carbon/Net Zero	Freezing bus fares will make a car-free lifestyle more attractive, reducing carbon emissions from car use for local journeys. Negative impact of higher rail fares likely to be much smaller.
Connected	Encourages more efficient use of public transport capacity

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Outcome assessment	
Outcome	Impact expected
Accessible	Affordable bus fares ensure that public transport remains accessible for low income groups and provides a cheaper alternative where increasing fares make rail less accessible
Quality	Incentivises behaviour change to reduce crowding on the rail network, while also encouraging a shift from car to bus for local journeys, reducing congestion and improving bus speeds.
Sustainable	Freezing bus fares will make a car-free lifestyle more attractive, reducing car use for local journeys. Higher Zone 1 rail fares likely to encourage switch to active modes rather than car.
Unlocking	Not expected to impact the delivery of new jobs or homes
Sharing the cost	Increase in public transport user contribution from rail users, who are generally wealthier than average relative to bus users.
Equality	Customers with protected characteristics who rely on and pay to use public transport are likely to be negatively affected by the proposed rail fare increase. These negative impacts would be offset by the freeze on bus fares, which would have a positive impact on equality overall as buses are disproportionately used by people with protected characteristics compared to rail ¹ .

Financial assessment							
£m cost / £m income	21/22	22/23	23/24	24/25	25/26	26/27	27/28
Gross income	-	4	9	11	13	14	15
Abstracted income from other TfL services	-	-	-	-	-	-	-
Implementation costs (opex)	-	-	-	-	-	-	-
Implementation costs (capex)	-	-	-	-	-	-	-
Recurring costs (opex - with business area)	-	-	-	-	-	-	-
Recurring costs (opex - indirect cost e.g. T&D, marketing)	-	-	-	-	-	-	-
Net Income	-	4	9	11	13	14	15

¹ <http://content.tfl.gov.uk/travel-in-london-understanding-our-diverse-communities-2019.pdf>, <https://wbg.org.uk/wp-content/uploads/2019/10/TRANSPORT-2019-1.pdf> and <http://content.tfl.gov.uk/BAME.pdf>

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Other financial information	
Sustainability	Expected to grow as rail demand grows, especially after the Elizabeth line opens
Volatility/Risk	Largely driven by demand growth on rail following opening of Elizabeth line.
Pays back by	Immediate
NPV	£234m

Feasibility assessment	
Technical difficulty	Minimal technical difficulty in implementing as TfL routinely implements new fares packages each January and is already committed to raising fares by at least RPI+I in January 2022.
Legal considerations	Describe available powers; Fares increases within Mayor's power. Full assessment, legal review and (if appropriate) consultation will be required before any decision about implementation can be made. Describe additional powers that may be required and possible route to securing them; n/a
Stakeholder alignment	
Customers	Mixed impact Rail fares increases negative for rail customers, but freezing bus fares positive for bus customers
Businesses	Mixed impact Could be seen as hindering recovery of the CAZ, but freezing bus fares will boost local high streets and low paid workers
Boroughs	Neutral impact Little direct impact on boroughs
Accessibility groups	Neutral impact Disabled and older Londoners receive free travel
Green groups	Positive impact Incentivises bus use for local journeys and encourages a car-free lifestyle
High level implementation	
Full Impact Assessment & EQIA	c. 4 weeks
Consultation/Engagement (where appropriate)	c. 4 weeks
Approvals	c. 2-4 weeks
Delivery	c. 4 weeks
Delivery conflict with other projects	None expected
Benchmarking	The overall increase of RPI+I would be in line with both the conditions of the government funding settlement and the expected increase in regulated National Rail fares, including Travelcards and PAYG caps. This equates to only a 1% increase in real terms, so overall will have minimal effect on demand.

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2: All-day peak fare between Zone 1 and Heathrow

Key information	
Charge the peak fare all day for journeys made on the tube stations serving Heathrow Airport and stations within Zone 1. Applying peak fares to these off-peak journeys would be an above inflation increase.	
Proposed delivery date	Early 2022
Net income raised p.a.	£10m
Option recommended by panel	Yes – small fares increases recommended
Within current powers?	Yes

Outcome assessment	
Outcome	Impact expected
Business impacts	Above inflation increases to rail fares, especially involving Zone 1, could be criticised as harming the economic recovery of the Central Activities Zone (CAZ).
Productivity	Above inflation increases will lead to a small reduction in journeys, possibly increasing costs for workers.
Safety	No material impact expected.
Mode Share	May lead to a small shift from public transport to car/ taxi.
Active	No material impact expected.
Efficient	No material impact expected.
Green (excluding Carbon)	No material impact expected.
Carbon/Net Zero	No material impact expected.
Connected	No material impact expected.
Accessible	Raises barriers to public transport access for low income groups.
Quality	No material impact expected.
Sustainable	No material impact expected.
Unlocking	No material impact expected.
Sharing the cost	Increase in public transport user contribution.
Equality	Londoners with protected characteristics who rely on and pay to use public transport Londoners are likely to be negatively affected by the proposed fare increase. Further consideration will need to be given to the other potential equality impacts of this proposal.

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Financial assessment							
£m cost / £m income	21/22	22/23	23/24	24/25	25/26	26/27	27/28
Gross income	4	9	9	10	10	10	10
Abstracted income from other TfL services	-	-	-	-	-	-	-
Implementation costs (opex)	-	-	-	-	-	-	-
Implementation costs (capex)	-	-	-	-	-	-	-
Recurring costs (opex - with business area)	-	-	-	-	-	-	-
Recurring costs (opex - indirect cost e.g. T&D, marketing)	-	-	-	-	-	-	-
Net Income	4	9	9	10	10	10	10

Other financial information	
Sustainability	Reflects level of public transport use
Volatility/Risk	Stable
Pays back by	Immediately
NPV	£178m

Feasibility assessment	
Technical difficulty	Minimal technical difficulty in implementing as TfL routinely implements new fares packages each January and is already committed to raising fares by at least RPI+1 in January 2022.
Legal considerations	Describe available powers; Fares changes on the TfL network within Mayor's powers. Full assessment, legal review and (if appropriate) consultation will be required before any decision about implementation can be made. Describe additional powers that may be required and possible route to securing powers; n/a
Stakeholder alignment	
Customers	Negative impact Above inflation fares increases have a negative financial impact on customers
Businesses	Negative impact Could be seen as hindering London's economic recovery by increasing costs for workers

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Feasibility assessment	
Boroughs	Neutral impact Little direct impact on boroughs
Accessibility groups	Neutral impact No impact expected
Green groups	Neutral impact Unlikely to see a shift to car or other modes, fare will be below other PT options to zone 1
High level implementation	
Full Impact Assessment & EQIA	4 weeks
Consultation/Engagement (where appropriate)	4 weeks
Approvals	4 weeks
Delivery	January 2022
Delivery conflict with other projects	Should be part of a fares revision
Benchmarking	The peak fare is lower than other PT options to between Heathrow and Zone 1. TfL Rail and Heathrow Express offer higher fares for journeys between Heathrow and Zone 1.

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3: Restrict 60+ concession for use only after 09:00

Key information	
Make permanent the current temporary measure of restricting free travel for 60+ and freedom passes users before 9am.	
Proposed delivery date	Early 2022
Net income raised p.a.	£40m
Option recommended by panel	Yes
Within current powers?	Yes

Outcome assessment	
Outcome	Impact expected
Business impacts	Marginally negative impact as could result in lower footfall and discourage spending with negative impacts on the economy.
Productivity	No material impact expected.
Safety	Marginally negative impact as traffic could increase through greater car use by the over 60s.
Mode Share	Some shift to private vehicles is possible as the cost of public transport increases. Could be somewhat mitigated by road user charging.
Active	Positive impact as potential to push more people into making healthier travel choices, particularly for short local trips.
Efficient	Marginally negative impact as traffic could increase through greater car use by the over 60s.
Green (excluding Carbon)	A balance of positive and negative impacts with the shift to more private vehicle use or walking/ cycling.
Carbon/Net Zero	Marginally negative impact as potential for greater car use in the over 60s.
Connected	Marginally negative impact as fewer trips made on public transport network if concessions removed.
Accessible	Could result in reduced accessibility for the lower socio-economic groups, although other concessions are available. Savings are reinvested which would benefit accessibility for wider society.
Quality	Could alleviate crowding on bus and LU modes.
Sustainable	Marginally negative impact expected from shift to car use.
Unlocking	No material impact expected.
Sharing the cost	No material impact expected.
Equality	The restriction of the concession will increase the barrier to travel for persons over 60 who are not eligible for a Freedom Pass and travel before 9am, so the negative impact of removing this concession will be smaller than for other concessions. 60-65 year olds could have access to other concessions available to working age adults in receipt of various benefits, such as jobseekers allowance, to mitigate the effect of restricting the pass on those with lower incomes, however more research is needed on impact on groups with protected characteristics.

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Financial assessment							
£m cost / £m income	21/22	22/23	23/24	24/25	25/26	26/27	27/28
Gross income	35	36	37	38	40	41	42
Abstracted income from other TfL services	-	-	-	-	-	-	-
Implementation costs (opex)	-	-	-	-	-	-	-
Implementation costs (capex)	-	-	-	-	-	-	-
Recurring costs (opex - with business area)	-	-	-	-	-	-	-
Recurring costs (opex - indirect cost e.g. T&D, marketing)	-	-	-	-	-	-	-
Net Income	35	36	37	38	40	41	42

Other financial information	
Sustainability	Growing: population growth in 60-66 age group
Volatility/Risk	Stable
Pays back by	Immediately
NPV	£733m

Feasibility assessment	
Technical difficulty	Anticipated steps: Move this restriction from a temporary measure to a permanent measure through a Mayoral Decision and Direction.
Legal considerations	Describe available powers: Changes to 60+ concession (as opposed to Freedom Pass) are within the Mayor's powers. Full assessment, legal review and (if appropriate) consultation will be required before any decision about implementation can be made. Describe additional powers that may be required and possible route to securing them; n/a
Stakeholder alignment	
Customers	Neutral impact Balanced by positive reaction from wider beneficiaries through reduction in AM peak congestion.
Businesses	Negative impact Impacts typically wealthier members of society with more propensity to spend

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Feasibility assessment	
Boroughs	Negative impact Potential shift to car could work against local traffic reduction strategies
Accessibility groups	Positive impact May alleviate crowding on LU and bus but could be negative presuming a link between older age and restricted personal mobility
Green groups	Negative impact Likely to cause shift to car
High level implementation	
Full Impact Assessment & EQIA	c. 4 weeks
Consultation/Engagement (where appropriate)	c. 4-8 weeks
Approvals	c. 2-4 weeks
Delivery	N/A
Interdependency with other projects	None expected
Benchmarking	This brings London further in-line with discount and concessions offered across other UK cities. Liverpool offers free travel to over 60s and also restricts travel between 6.30 and 9.30am.

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4: One-off 10p increase on bus and tram fares

Key information	
A 10p increase in bus and tram fares separate from and in addition to a planned RPI+1 fares increase in January 2022. Daily and weekly bus and tram passes and caps will rise in line with this.	
Proposed delivery date	Early 2022
Net income raised p.a.	£50m
Option recommended by panel	Yes – small fares increases recommended
Within current powers?	Yes

Outcome assessment	
Outcome	Impact expected
Business impacts	Higher bus fares will have a small impact on high street footfall and increase costs for many low paid workers.
Productivity	Higher bus fares may lead to a small shift from bus to car for local journeys, increasing congestion and reducing bus speeds.
Safety	Increasing bus fares may increase the risk of vulnerable people unable to travel home due to lacking funds for the fare home, mode shift to car may affect road safety.
Mode Share	May lead to a small shift from bus to car, as less affordable bus fares make a car-free lifestyle less attractive.
Active	May see a small shift from bus to active modes, especially for short journeys. Less affordable bus fares make living car-free less attractive, as well as discouraging walking as part of trips involving a bus leg.
Efficient	Higher bus fares may lead to a small shift from bus to car for local journeys, increasing congestion and reducing bus speeds.
Green (excluding Carbon)	Higher bus fares will make a car-free lifestyle less attractive, increasing environmental impacts of car use for local journeys.
Carbon/Net Zero	Higher bus fares will make a car-free lifestyle less attractive, increasing carbon emissions of car use for local journeys.
Connected	Increases the affordability barrier to accessing public transport, especially for low income households.
Accessible	Public transport will become less accessible for low income groups.
Quality	Will encourage a small shift from bus to car for local journeys, increasing congestion and reducing bus speeds.
Sustainable	Higher bus fares will make a car-free lifestyle less attractive, increasing car use for local journeys.
Unlocking	Not expected to impact the delivery of new jobs or homes.
Sharing the cost	Increase in public transport user contribution from bus users who are disproportionately from lower income groups.
Equality	Increasing bus fares disproportionately affects passengers on low incomes, and those with protected characteristics including those from BAME backgrounds, younger people and women. These groups use the bus at a higher proportion than all Londoners. ²

² <http://content.tfl.gov.uk/travel-in-london-understanding-our-diverse-communities-2019.pdf>

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Financial assessment							
£m cost / £m income	21/22	22/23	23/24	24/25	25/26	26/27	27/28
Gross income	35	50	52	53	55	56	58
Abstracted income from other TfL services	-	-	-	-	-	-	-
Implementation costs (opex)	-	-	-	-	-	-	-
Implementation costs (capex)	-	-	-	-	-	-	-
Recurring costs (opex - with business area)	-	-	-	-	-	-	-
Recurring costs (opex - indirect cost e.g. T&D, marketing)	-	-	-	-	-	-	-
Net Income	35	50	52	53	55	56	58

Other financial information	
Sustainability	Unlikely to grow and may shrink with service cuts
Volatility/Risk	Relatively stable
Pays back by	Immediate
NPV	£1,003m

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Feasibility assessment	
Technical difficulty	Minimal technical difficulty in implementing as TfL routinely implements new fares packages each January and is already committed to raising fares by at least RPI+I in January 2022.
Legal considerations	Describe available powers; fares increases within Mayor's power. Full assessment, legal review and (if appropriate) consultation will be required before any decision about implementation can be made. Describe additional powers that may be required and possible route to securing them; n/a
Stakeholder alignment	
Customers	Negative impact Will have a financial impact on bus users, who tend to have lower incomes.
Businesses	Negative impact Will lead to a small reduction in footfall on local high streets and increasing costs for low income workers.
Boroughs	Negative impact Will increase cost of Freedom Pass.
Accessibility groups	Negative impact Older and disabled Londoners have free travel via the Freedom Pass, but carers and companions affected.
Green groups	Negative impact Higher bus fares will lead to a small increase in car use as a car-free lifestyle becomes less attractive.
High level implementation	
Full Impact Assessment & EQIA	c. 4 weeks
Consultation/Engagement (where appropriate)	c. 4 weeks
Approvals	c. 2-4 weeks
Delivery	c. 4 weeks
Delivery conflict with other projects	None expected
Benchmarking	Represents a 6.4% increase in bus fares, which is likely to be much higher than the RPI+I increases planned for rail and NR. As this is proposed to be in addition to an RPI+I increase in January 2022, it will mean that TfL fares increase by much more than RPI+I overall.

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5: Increase charge for Oyster card

Key information	
To change the cost that a customer pays for a new Oyster card from £5 to £7	
Proposed delivery date	Early 2022
Net income raised p.a.	£5m
Option recommended by panel	No
Within current powers?	Yes

Outcome assessment	
Outcome	Impact expected
Business impacts	Impacts individual commuters/leisure travellers and businesses that provide cards to their staff.
Productivity	No material impact expected.
Safety	No material impact expected.
Mode Share	Marginally positive impact if customers switch to using contactless.
Active	No material impact expected.
Efficient	No material impact expected.
Green (excluding Carbon)	No material impact expected.
Carbon/Net Zero	Marginally positive impact if customers switch to using contactless, resulting in reduced demand for Oyster card production.
Connected	No material impact expected.
Accessible	Marginally negative impact caused by an increase in the cost of a card.
Quality	No material impact expected.
Sustainable	No material impact expected.
Unlocking	No material impact expected.
Sharing the cost	Marginally positive impact as the additional £2 for the cost of a card will contribute to transport network costs.
Equality	No material impact expected on people with the nine protected characteristics. Marginally negative impact on customers with low income.

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Financial assessment							
£m cost / £m income	21/22	22/23	23/24	24/25	25/26	26/27	27/28
Gross income	3	7	7	7	7	7-	7
Abstracted income from other TfL services	-	-	-	-	-	-	-
Implementation costs (opex)	-	-	-	-	-	-	-
Implementation costs (capex)	-	-	-	-	-	-	-
Recurring costs (opex - with business area)	-	-	-	-	-	-	-
Recurring costs (opex - indirect cost e.g. T&D, marketing)	-	-	-	-	-	-	-
Net Income	3	7	7	7	7	7	7

Other financial information	
Sustainability	Possible income reduction over time, if customers switch to contactless
Volatility/Risk	Some volatility/risk if economic downturns cause fewer people to travel
Pays back by	Immediately
NPV	£122m

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Feasibility assessment	
Technical difficulty	Low – this is a simple configurable value in the ticketing system that can be changed at no cost in conjunction with a Fares Revision, which are scheduled three times a year. If implemented outside a Fares Revision, may incur costs.
Legal considerations	Describe available powers; Subject to this charge being justifiable on a cost recovery basis, within TfL's existing powers. Full assessment, legal review and (if appropriate) consultation will be required before any decision about implementation can be made. Describe additional powers that may be required and possible route to securing them; n/a
Stakeholder alignment	
Customers	Mixed impact Customers new to the system after the change will not be aware of the previous lower cost. Existing customers that need a replacement card will pay a higher price
Businesses	Mixed impact Potential increased revenue from the higher cost balanced against potential decrease in customers switching to contactless
Boroughs	Neutral impact No impact
Accessibility groups	Negative impact Customers accessing discounts (such as Job CentrePlus, Disabled Rail card etc) can only do so on an Oyster card so will be negatively impacted by this increase
Green groups	Positive impact Customers switching to contactless may result in reduced production of Oyster cards
High level implementation	
Full Impact Assessment & EQIA	c. 4 weeks
Consultation/Engagement (where appropriate)	Not required
Approvals	c. 4-8 weeks (plus Fares Revision timelines)
Delivery	Earliest January 2022
Delivery conflict with other projects	None
Benchmarking	Worldwide, charges for smartcards vary. Some transport authorities provide them free of charge, some charge a non-refundable fee and some charge such a fee on a card that expires. The cost of an Oyster card is refundable if the card is still in use after a year and contactless payment methods offer an alternative to Oyster. Not giving the £7 back after a year would save some money. Note that this does not apply to TfL's concessionary scheme Oyster photocard. Note that the Visitor Oyster card fee should, logically, also increase to £7.

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6: Fares revision of RPI + 2 overall in January 2022

Key information	
The conditions of the government funding settlement commit TfL to raising fares by at least RPI+1 overall in January 2022. This option seeks to implement an RPI+2 increase overall in January 2022. The increase in the price on Travelcards and caps is likely to be limited to RPI+1 by government fares regulation, meaning that other fares will need to increase by more than RPI+2. A policy of RPI+2 in January 2022 is likely to generate an additional c£50m in the first year compared to an RPI+1% fare policy. This rises to over £80m by year 5 assuming demand grows following the opening of the Elizabeth line.	
Proposed delivery date	Early 2022
Net income raised p.a.	£75m
Option recommended by panel	Yes – small fares increases recommended
Within current powers?	Yes

Outcome assessment	
Outcome	Impact expected
Business impacts	Above inflation increases to rail fares, especially involving Zone 1, could be criticised as harming the economic recovery of the Central Activities Zone
Productivity	Above inflation fares increases will lead to a small reduction in journeys, reducing retail footfall and increasing costs for workers.
Safety	Higher fares may increase the risk of vulnerable people being unable to travel home due to lacking funds for the fare home.
Mode Share	May lead to a small shift from public transport to car and make a car-free lifestyle less attractive.
Active	May see a small shift from public transport to active modes, especially for journeys within Zone 1. Higher public transport fares make living car-free less attractive, as well as discouraging walking as part of trips involving a public transport leg.
Efficient	Possible to encourage behaviour change to better utilise network capacity by raising fares for travel on the most congested parts of the rail network while freezing fares on buses, which tend to have more spare capacity. However, any shift to car may exacerbate road congestion and slow down buses.
Green (excluding Carbon)	Higher fares will make a car-free lifestyle less attractive, increasing the environmental impacts of car use.
Carbon/Net Zero	Higher fares will make a car-free lifestyle less attractive, increasing the carbon emissions of car use.
Connected	Can be structured to encourage more efficient use of public transport capacity.
Accessible	Raises barriers to public transport access for low income groups.
Quality	May cause a small shift to car, leading to worse congestion and slower bus speeds.
Sustainable	Higher fares will make a car-free lifestyle less attractive, leading to increased car use. Higher Zone 1 rail fares likely to encourage switch to active modes rather than car.
Unlocking	Not expected to impact the delivery of new jobs or homes.
Sharing the cost	Increase in public transport user contribution
Equality	Customers with protected characteristics who rely on and pay to use public transport are likely to be negatively affected by the fare increase. This is likely to include those on low incomes, from BAME backgrounds, younger people, disabled people and women ³ .

³ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/870647/tsgb-2019.pdf and <http://content.tfl.gov.uk/travel-in-london-understanding-our-diverse-communities-2019.pdf>

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Financial assessment							
£m cost / £m income	21/22	22/23	23/24	24/25	25/26	26/27	27/28
Gross income	-	56	69	76	79	81	83
Abstracted income from other TfL services	-	-	-	-	-	-	-
Implementation costs (opex)	-	-	-	-	-	-	-
Implementation costs (capex)	-	-	-	-	-	-	-
Recurring costs (opex - with business area)	-	-	-	-	-	-	-
Recurring costs (opex - indirect cost e.g. T&D, marketing)	-	-	-	-	-	-	-
Net Income	-	56	69	76	79	81	83

Other financial information	
Sustainability	Expected to grow as rail demand grows, especially after the Elizabeth line opens.
Volatility/Risk	Largely driven by demand growth on rail following opening of Elizabeth line.
Pays back by	Immediate
NPV	£1,366m

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Feasibility assessment	
Technical difficulty	Minimal technical difficulty in implementing as TfL routinely implements new fares packages each January and is already committed to raising fares by at least RPI+1 in January 2022.
Legal considerations	Describe available powers; Fares increases within Mayor's power. Full assessment, legal review and (if appropriate) consultation will be required before any decision about implementation can be made. Describe additional powers that may be required and possible route to securing them; n/a
Stakeholder alignment	
Customers	Negative impact Above inflation fares increases have a negative financial impact on customers
Businesses	Negative impact Could be seen as hindering London's economic recovery by reducing footfall and increasing costs for workers
Boroughs	Neutral impact Little direct impact on boroughs
Accessibility groups	Neutral impact Disabled and older Londoners receive free travel
Green groups	Negative impact Incentivises switching to car and discourages a car-free lifestyle.
High level implementation	
Full Impact Assessment & EQIA	c. 4 weeks
Consultation/Engagement (where appropriate)	c. 4 weeks
Approvals	c. 2-4 weeks
Delivery	c. 4 weeks
Delivery conflict with other projects	None expected
Benchmarking	The overall increase of RPI+2 would be higher than both the conditions of the government funding settlement and the expected increase in regulated National Rail fares, including Travelcards and PAYG caps. The overall package equates to a 2% increase in real terms, so is likely to suppress demand by c.0.5%.

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7: Significant uplift in all fares including travelcards

Key information	
TfL Fares, including Travelcards and caps, increase by 15-20% with the aim of raising an additional c.£500m p.a. This will lead to a significant reduction in travel demand, with journeys on our services likely to fall by 5-10% as a result.	
Proposed delivery date	Early 2022
Net income raised p.a.	£300m
Option recommended by panel	No – small fares increases recommended
Within current powers?	Partially – Travelcard and cap increases require TOC agreement

Outcome assessment	
Outcome	Impact expected
Business impacts	Significant fares increases are likely to lead to a material reduction in travel and, therefore, footfall. Will be fiercely criticised by London businesses.
Productivity	Reduced footfall may have a negative impact on London's Gross Value Added (GVA).
Safety	Increasing fares may increase the risk of vulnerable people being unable to travel home. Mode shift to car may affect road safety.
Mode Share	May lead to a material shift from public transport to car as a car-free lifestyle becomes less attractive.
Active	May see a material shift from public transport to active modes, especially for journeys within Zone 1. However, higher fares make living car-free less attractive, discouraging walking as part of public transport trips and potentially making the urban realm less appealing for active travel.
Efficient	May reduce crowding at peak times, thus allowing high value journeys to be made more easily, but also likely to result in many more underutilised services.
Green (excluding Carbon)	Higher public transport fares will make a car-free lifestyle less attractive, increasing environmental impacts of car use.
Carbon/Net Zero	Higher public transport fares will make a car-free lifestyle less attractive, leading to higher carbon emissions.
Connected	Creates a potentially significant affordability barrier to accessing public transport, especially for low income households.
Accessible	Public transport will become much less accessible for low income groups.
Quality	Crowding on services likely to reduce, but congestion on roads likely to increase with negative consequences for bus services.
Sustainable	Higher public transport fares will make a car-free lifestyle less attractive, leading to increasing congestion.
Unlocking	Higher public transport fares may make it harder to recruit for low-paying jobs, while greater car ownership may negatively impact new housing schemes (e.g. in terms of providing additional parking and other town planning).
Sharing the cost	A significant increase in public transport user contributions, with material numbers of customers unable to afford public transport.
Equality	Customers with protected characteristics who rely on and pay to use public transport are likely to be disproportionately negatively affected by the proposed fare increase. This is likely to include those on low incomes, from BAME backgrounds, younger people and women. The uplift could create a barrier to work, employment and education for some ⁴ , so the financial impact on lower income groups overall could be more significant than just the cost of the fare increase.

⁴ <http://content.tfl.gov.uk/travel-in-london-understanding-our-diverse-communities-2019.pdf>

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Financial assessment							
£m cost / £m income	21/22	22/23	23/24	24/25	25/26	26/27	27/28
Gross income	350	500	517	533	548	564	580
Abstracted income from other TfL services	-	-	-	-	-	-	-
Implementation costs (opex)	-	-	-	-	-	-	-
Implementation costs (capex)	-	-	-	-	-	-	-
Recurring costs (opex - with business area)	-	-	-	-	-	-	-
Recurring costs (opex - indirect cost e.g. T&D, marketing)	-	-	-	-	-	-	-
Net Income	350	500	517	533	548	564	580

Other financial information	
Sustainability	Will reduce demand in the short term but thereafter grows as demand grows
Volatility/Risk	Risk that suppressing demand damages London's economic recovery
Pays back by	Immediate
NPV	£10,028m

Feasibility assessment	
Technical difficulty	Minimal technical difficulty in implementing as TfL routinely implements new fares packages each January and is already committed to raising fares by at least RPI+1 in January 2022.
Legal considerations	<p>Describe available powers; Mayor has power to increase bus fares and single rail fares. Travelcards and PAYG caps are subject to fares regulation, with increases agreed with the TOCs and likely to require DfT consent given that the government are currently taking NR revenue risk. Full assessment, legal review and (if appropriate) consultation will be required before any decision about implementation can be made.</p> <p>Describe additional powers that may be required and possible route to securing them; Not necessary for Mayor to secure new powers, but agreement from TOCs/DfT to raise Travelcard and cap prices essential, as without agreement prices default to an RPI only increase.</p>

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Stakeholder alignment	
Customers	Negative impact Will have a negative financial impact on customers
Businesses	Negative impact Will reduce footfall and raise costs for workers
Boroughs	Negative impact Will significantly increase cost of Freedom Pass
Accessibility groups	Negative impact Older and disabled Londoners have free travel via the Freedom Pass, but carers and companions affected.
Green groups	Negative impact Will reduce public transport use and encourage car use
High level implementation	
Full Impact Assessment & EQIA	c. 4 weeks
Consultation/Engagement (where appropriate)	c. 8 weeks
Approvals	c. 8 weeks
Delivery	c. 4 weeks
Delivery conflict with other projects	Conflicts with MTS mode share targets
Benchmarking	A significantly higher fares increase than both the conditions of the funding settlement and the increase likely to be seen on National Rail. It would be the largest fares increase TfL has ever implemented.

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8: Withdrawing from the Travelcard Agreement

Key information	
Contactless, PAYG and capping mean that Travelcards users are now a minority. Moving users to PAYG and retiring all magnetic tickets will simplify retailing, while reducing costs and increasing income by over c£15 p.a. Fraud and commission payments will fall. Special discounts for annual tickets will end. Train customers from outside London will pay local fares to travel beyond the London terminals.	
Proposed delivery date	Late 2022/23
Net income raised p.a.	£55m
Option recommended by panel	No
Within current powers?	Yes - the Travelcard Agreement allows TTL to withdraw with 13 months' notice

Outcome assessment	
Outcome	Impact expected
Business impacts	Positive impact on journey time and ease of travel due to focus on contactless and PAYG. Some commuters will pay more although highly dependent on number of trips made over a year.
Productivity	Marginally positive impact due to faster journey times and less hassle prone commutes.
Safety	No material impact expected.
Mode Share	Marginally positive impact due to faster journey times and less hassle prone commutes.
Active	PAYG gives users financial incentive to walk or cycle.
Efficient	Seamless PAYG travel enables more efficient use of network with less queuing at stations.
Green (excluding Carbon)	More sustainable travel encouraged. Reduced need for consumables such as printed tickets.
Carbon/Net Zero	Reduced need for consumables such as printed tickets.
Connected	Seamless PAYG travel and simpler ticketing propositions promotes demand for public transport alongside walk and cycle.
Accessible	Does not directly impact affordability of public transport; Ease of use of PAYG results in improved accessibility.
Quality	Revenues could be reinvested in PT and active travel. Seamless and simpler ticketing improves the customer experience.
Sustainable	No material impact expected.
Unlocking	No material impact expected.
Sharing the cost	No material impact expected.
Equality	Overall, it is not expected that there would be significant impacts on equality. Further work would need to be carried out to better understand this. There could be some impact on older people, and lower income groups due to digital exclusion. ⁵

⁵ <https://www.ageuk.org.uk/globalassets/age-uk/documents/reports-and-publications/reports-and-briefings/active-communities/digital-inclusion-in-the-pandemic-final-march-2021.pdf>

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Financial assessment							
£m cost / £m income	21/22	22/23	23/24	24/25	25/26	26/27	27/28
Gross income	-	-	20	37	38	39	40
Abstracted income from other TfL services	-	-	-	-	-	-	-
Implementation costs (opex)	-	-	-	-	-	-	-
Implementation costs (capex)	-	-	-	-	-	-	-
Recurring costs (opex - with business area) *	-	-	8	18	18	19	19
Recurring costs (opex - indirect cost e.g. T&D, marketing) *	-	-	1	2	2	2	2
Net Income	-	-	11	17	18	18	19

* Cost **saving** expected – predominately savings from commission paid on sales outside of London and costs associated with ticket misuse

Other financial information	
Sustainability	Overall stable as some fall in travelcard usage offset by cost savings growth in PAYG
Volatility/Risk	Stable
Pays back by	Year 1
NPV	£939m

Feasibility assessment	
Technical difficulty	Withdrawal is not expected to be technically difficult. There will be a need to address the phasing out of longer period Travelcards which may still be valid after the withdrawal date; and also to address technical issues such as the capping rules being less generous than the rules for Travelcard season tickets. There will be a need to address the phasing out of Travelcards which may still be valid after the withdrawal date (unencoded manual stock sold to bulk sales and tourism customers and longer period encoded tickets) and also to address technical issues such as the capping rules being less generous than the rules for Travelcard season tickets.
Legal considerations	Describe available powers; Clause 10 of the Travelcard Agreement allows a TTL subsidiary or TTL Third Party or the Operators to cease participation after giving 12 months' notice. Clause 2.2 of the Agreement allows withdrawal from one day travelcard products only after 6 months' notice and other travelcard products after 13 months' notice. Full assessment, legal review and (if appropriate) consultation will be required before any decision about implementation can be made. Describe additional powers that may be required and possible route to securing them; N/A

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Feasibility assessment	
Stakeholder alignment	
Customers	Mixed impact Some commuters will pay more. Simple proposition benefits all. Likely to be balance of some negative and some positive reaction
Businesses	Mixed impact Reflects mixed impact on customers
Boroughs	Positive impact Simple PAYG proposition and incentive for walk/cycle aligns with local traffic reduction strategies
Accessibility groups	Positive impact Simple PAYG proposition and encouragement of walk/cycle aligns with accessibility group objectives
Green groups	Positive impact Supports traffic reduction policies and encourages use of sustainable modes including active travel
High level implementation	
Full Impact Assessment & EQIA	c. 4-8 weeks
Consultation/Engagement (where appropriate)	c. 4-8 weeks
Approvals	c. 2-4 weeks
Legal Notice	Up to 13 months
Delivery	N/A
Delivery conflict with other projects	Enables benefits in other projects including modernisation of LU, magnetic readers not required on gatelines
Benchmarking	Hong Kong successfully withdrew season tickets following the introduction of the PAYG Octopus card in the 1990s. No other examples known.

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9: Changes to Zoning/Pricing

Key information	
Zone 1 could be extended eastwards to Canary Wharf, with Stratford and associated stations reverting from the boundary Zones 2/3 to Zone 3. This would reflect changes in London geography, acknowledging Canary Wharf's status as a central employment hub and Stratford's continued growth as a travel hub. The proposal would target journeys that are less price elastic.	
Proposed delivery date	Late 2022
Net income raised p.a.	£35m
Option recommended by panel	No
Within current powers?	Yes

Outcome assessment	
Outcome	Impact expected
Business impacts	£25m per annum additional revenue. Key revenue-heavy journeys would include an additional zone and so become more costly, with less significant off-setting impacts for journeys requiring fewer zones. Adverse customer and stakeholder reactions.
Productivity	No impact on London's economic output.
Safety	Neutral impact, other than possible demand shift to less safe private travel modes.
Mode Share	Standard elasticity impacts will lead to reduced share for TfL rail modes.
Active	Very limited migration to Active Travel modes.
Efficient	Very limited additional street traffic, but travel alternatives mostly congested and unattractive.
Green (excluding Carbon)	Pricing impacts will make green modes less attractive, but more financially sustainable.
Carbon/Net Zero	Adverse impacts from migration to private travel (minimal).
Connected	Neutral impact.
Accessible	No material impact on accessibility.
Quality	Neutral impact.
Sustainable	Financial sustainability improved.
Unlocking	Not applicable – no new housing affected.
Sharing the cost	Shift of cost coverage towards user (e.g. the current fare from Stratford to zone 1 is £3 (for a zone 1/2), if Stratford moved to Zone 3 it would cost £3.40).
Equality	The burden of the fare increases will fall overwhelmingly on those with above-average incomes, as the areas involved are mostly either thriving business districts or prosperous centres of population. However, it should be noted that Tower Hamlets has challenges with poverty and inequality. ⁶ It will increase fares for those low-income earners who are not able to afford to live locally. Prices for journeys to Canary Wharf will go up and prices to Zone 1 from Stratford will increase. Zone 1 residents, who have on average the highest earnings in London, will pay less to travel to

⁶ <https://www.trustforlondon.org.uk/data/boroughs/tower-hamlets-poverty-and-inequality-indicators/>

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Outcome assessment	
Outcome	Impact expected
	Canary Wharf in the peak. Further assessment will need to be carried out to fully understand potential impacts on lower income groups living and working around Canary Wharf.

Financial assessment							
£m cost / £m income	21/22	22/23	23/24	24/25	25/26	26/27	27/28
Gross income	8	36	37	39	41	42	44
Abstracted income from other TfL services	-	-	-	-	-	-	-
Implementation costs (opex)	-	-	-	-	-	-	-
Implementation costs (capex)	-	-	-	-	-	-	-
Recurring costs (opex - with business area)	-	-	-	-	-	-	-
Recurring costs (opex - indirect cost e.g. T&D, marketing)	-	-	-	-	-	-	-
Net Income	8	36	37	39	41	42	44

Other financial information	
Sustainability	Additional revenue stream dependent upon COVID recovery
Volatility/Risk	Reasonably predictable outcome
Pays back by	Immediate
NPV	£736m

Feasibility assessment	
Technical difficulty	Will require very significant one-off re-working of fares data. If properly planned this can be accommodated within the standard fares revision process within its existing cost envelope. Without sufficient time allowed this aspect will stand in the way of delivery.

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Feasibility assessment	
	A refund process will be required to accommodate people needing a season ticket with fewer zones – this is currently not assumed in the income estimate as is very hard to predict season ticket sales post pandemic. There will be a requirement for very comprehensive customer messaging.
Legal considerations	Ticketing Agreements currently require that changes to the Zone in which a station is placed require the agreement of all TOCs and the Secretary of State for Transport. Traditionally the ready agreement of the TOCs to such revenue generative proposals would be expected, but their position after their planned loss of revenue responsibility will be less clear. In fact the relevant legal obligations are likely to be in a state of flux as GBR becomes constituted. Whatever transpires, the proposal here will not be fully within TfL's jurisdiction. Full assessment, legal review and (if appropriate) consultation will be required before any decisions.
Stakeholder alignment	
Customers	Negative impact Above inflation fares increases have a negative financial impact on customers coming from outer London.
Businesses	Negative impact Could be seen as hindering London's economic recovery by reducing footfall and increasing costs for workers
Boroughs	Neutral impact Little direct impact on boroughs
Accessibility groups	Neutral impact Disabled and older Londoners receive free travel but this may increase fares for carers and companions.
Green groups	Negative impact Incentivises switching to car and discourages a car-free lifestyle.
High level implementation	
Full Impact Assessment & EQIA	c. 2-4 months (if appropriate)
Consultation/Engagement (where appropriate)	4-8 weeks
Approvals	6 months
Delivery	6 months
Delivery conflict with other projects	Will compete for resources required to deliver other fares revision components. Other parallel fares revision initiatives should be minimised
Benchmarking	Fares on public transport in major cities are set in recognition of the demand for travel due to the attraction of areas of economic activity. Economic activity in the Canary Wharf area is similar in nature to that seen in the central activities zone.

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B. Taxation options

Outcome assessment overview

This section sets out the seven taxation options. In contrast to the other funding options presented in this pack taxation options do not have a clear impact on a number of MTS measures. This is because changing the level of general taxation, introducing supplements or directing greater 'slices' of taxation to London is unlikely to have an impact on travel behaviour, modes of public transport used and safety of the network. The approach to MTS outcome assessment we have taken is to consolidate comments for all taxation options, noting impacts where they are evident and highlighting areas of MTS that are unlikely to be impacted.

Outcome assessment	
MTS Outcome that are not expected to be affected by any of the taxation options	
We do not anticipate an impact on the following MTS outcome measures as a direct result of the taxation options discussed: Safety, Mode Share, Active, Efficient, Green and Carbon/Net Zero.	
Some impact may be expected against the following criteria:	
Outcome	Impact expected
Business impacts	No impact under options that see no change in tax rates, e.g. VAT slice, VED. Some impact on residential property occupiers under both council tax options – households may see bills increase. VAT supplement and Online Delivery Tax (ODT) could lead to change in consumer behaviour but depends on elasticity of demand. Mayoral CIL – no impact expected on the development industry, unless CIL rates change (charge would still represent only c 1%-2% of development value).
Productivity	No impact on London's economic output expected under most options. VAT supplement and ODT could in theory lead to a slight drop in demand for certain goods, but more analysis is needed to explore this. Changes would be driven by elasticity of demand for certain goods.
Connected	Extra funding generated by any of the taxation options could be used to invest in public transport network improvements and make the network more connected
Accessible	Additional funding from non-fares revenue sources could help to diversify TfL's funding base and in time make public transport more affordable
Quality	Greater funding through taxation options would lead to greater levels of investment in the public transport network and increase its quality
Sustainable	Greater levels of investment in the public transport network could make it a more popular travel choice, thus facilitating a shift away from car dependency
Unlocking	Availability of additional funding to invest in public transport network expansion could facilitate the unlocking of new homes and jobs in areas that are currently poorly connected and/or underdeveloped
Sharing the cost	For taxation options that seek to introduce supplemental or new charges the burden of tax would be shared across a large group of beneficiaries – either residents, consumers or developers. The tax rates proposed are relatively modest and on their own are unlikely to negatively impact London's economy
Equality	For tax options that do not propose a change in the tax rate no impact on equality measures is expected. For options that look to change the tax rates no significant level of impact on equality is expected as tax changes proposed are relatively small in most cases, however further work is needed to confirm this. Any increase in tax is likely to have a greater impact on households that have lower levels of income or that are 'asset rich' but 'cash poor'.

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I: Council tax: Increase Mayoral precept

Key information	
A council tax precept is an incremental tax on residential properties that is levied by the GLA. Precept increase could be phased in over time across all bands. The average precept would be £130/Band D equivalent property.	
Proposed delivery date	Phased in by 2025
Net income p.a.	£400m
Panel recommendation	Yes – modest increase
Within current powers?	Yes
Sharing the cost	Residents

Financial assessment							
£m cost / £m income	21/22	22/23	23/24	24/25	25/26	26/27	27/28
Gross income	-	167	333	500	500	500	500
Abstracted income from other TfL services	-	-	-	-	-	-	-
Implementation costs (opex)*	-	-	-	-	-	-	-
Implementation costs (capex)*	-	-	-	-	-	-	-
Recurring costs (opex - with business area)*	-	-	-	-	-	-	-
Recurring costs (opex - indirect cost e.g. T&D, marketing) *	-	-	-	-	-	-	-
Net Income	-	167	333	500	500	500	500

* Would not be a TfL cost – administration of council tax is carried out by local authorities; income flowing to TfL is assumed post all associated costs

Other financial information	
Sustainability	Growing revenue stream
Volatility/Risk	Stable
Pays back by	22/23
NPV	£6,939m

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Feasibility assessment	
Technical difficulty	Not technically difficult as no reform of the wider council tax system is needed for this option. Administrative framework is well established and was able to cope with the Olympics precept and the Concessions Travel precept.
Legal considerations	<p>Describe available powers: Mayor can increase the GLA: Mayor and/ or TfL component budget requirements under Part III and Schedule 6, GLA Act 1999 subject to local referendum requirements and excessiveness thresholds under Local Govt Finance Act 1992.</p> <p>Describe additional powers that may be required and possible route to securing them: Increases in the GLA Group council tax precept are controlled by the council tax referendum rules and the approval of excessiveness thresholds, set by Government annually for that FY; if proposed precept increase is not approved under the excessiveness thresholds it will trigger a referendum across Greater London to be held in May in the same FY for which implementation is proposed. To avoid this Government must support the proposed increase in the approved principles for the GLA Group. Full assessment, legal review and (if appropriate) consultation will be required before any decision about implementation can be made.</p>
Stakeholder alignment	
Customers	<p>Neutral impact Tax on London households. Customers may or may not be London residents</p>
Businesses	<p>Neutral impact Tax change would not affect businesses</p>
Boroughs	<p>Neutral impact No change to the levels of funding raised through boroughs' council tax element</p>
Accessibility groups	<p>Neutral impact Tax does not directly target accessibility groups</p>
London residents	<p>Positive / Negative impact Changes in council tax bills would be expected. Impact on individual taxpayers will depend on precept design</p>
High level implementation	As per Independent Panel conclusions, a precept could be phased in over time, with an agreement between the Mayor and the Government on the Localism Act (changing council tax increase thresholds that trigger a referendum). There is a precedent - the Concessions Travel precept introduced in April 2021, after Independent Panel recommendations were published in December 2020. Assumption used here is a gradual phasing in over 3 years – translating into annual increases of £43 p.a.
Delivery conflict with other projects	None expected
Benchmarking	<p>The most notable examples of council tax changes are:</p> <p>The Concessions Travel precept introduced in April 2021 - £15 for a band D property and varied with the existing ratios to Band D for the other council tax bands.</p> <p>The Olympic precept - a council tax precept levied by the GLA to support funding for the 2012 Olympic Games. The precept was £20 for a band D-equivalent property.</p> <p>Manchester Mayoral General Precept - in addition to funding the fire service, the precept has been recently increased to fund the bus system. A band B-equivalent precept amounted to £51.49 in 2019.</p> <p>Crossrail 2 - a precept has also been actively considered in the Independent Affordability Review (IAR) of CR2 - £50/£30 band D-equivalent for 10 years or for 20 years.</p>

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2: Council tax: general increases on a reformed base

Key information	
Revaluation and changes to council tax banding in London to create a fairer tax system that reflects current house values and rents; directing greater share of council tax raised via Mayoral Precept towards public transport.	
Proposed delivery date	Post 2025
Net income p.a.	£500m
Panel recommendation	Yes – as a long term option
Within current powers?	No
Sharing the cost	Residents

Financial assessment							
£m cost / £m income	21/22	22/23	23/24	24/25	25/26	26/27	27/28
Gross income	-	-	-	-	500	500	500
Abstracted income from other TfL services	-	-	-	-	-	-	-
Implementation costs (opex)*	-	-	-	-	-	-	-
Implementation costs (capex)*	-	-	-	-	-	-	-
Recurring costs (opex - with business area)*	-	-	-	-	-	-	-
Recurring costs (opex - indirect cost e.g. T&D, marketing) *	-	-	-	-	-	-	-
Net Income	-	-	-	-	500	500	500

* Would not be a TfL cost – administration of council tax is carried out by local authorities; income flowing to TfL is assumed post all associated costs

Other financial information	
Sustainability	Growing revenue stream
Volatility/Risk	Stable
Pays back by	25/26
NPV	£6,057m

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Feasibility assessment	
Technical difficulty	Revaluation would be conducted by central Government, should the reform be nationwide. Revaluation is expected to be technically challenging. Local authorities/London boroughs would be responsible for administering the change as currently they are the collecting authorities. Not a technical difficulty for TfL, but some impact and additional administrative effort expected for the GLA, once central Government reform is implemented. Requires a complete or partial reform of the council tax system following development and consultation (White Paper) by Government on proposals.
Legal considerations	Describe available powers: None. Requires Government consultation, policy approval and legislative action . Describe additional powers that may be required and possible route to securing them; The Mayor does not have the powers to initiate or implement this option. Government would be required to implement the reform or to grant powers to London to reform the council tax base in the city.
Stakeholder alignment	
Customers	Neutral impact Tax on London households. Customers may or may not be London residents
Businesses	Neutral impact Tax change would not affect businesses
Boroughs	Positive / Negative impact Changes expected in tax administration, however has potential to raise more funds for the boroughs and create a fairer tax system
Accessibility groups	Neutral impact Tax does not directly target accessibility groups
London residents	Positive / Negative impact Changes in council tax bills would be expected. Impact on individual taxpayers will depend on precept design
High level implementation	As per Independent Panel conclusions, reform of council tax would be a long-term activity. Should central Government support a reform, the Panel indicated delivery post-2025 on the assumption of work starting in 2021. Activities such as public consultations and feasibility studies would most likely be required.
Delivery conflict with other projects	None expected
Benchmarking	Calls for council tax reform across all UK nations have been made in the past. It is widely recognised that the council tax system is out of date and does not reflect the significant changes in the relative property values that have taken place since 1991 in England and Scotland, and since 2003 in Wales. Complexity associated with the reform has proved a stumbling block in the past.

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3: Mayoral Community Infrastructure Levy (post Crossrail 1)

Key information	
Continue to charge MCIL on new development in London after CR1 debt is repaid (expected by 2040)	
Proposed delivery date	Post 2040
Net income p.a.	-
Panel recommendation	Yes
Within current powers?	Yes
Sharing the cost	Developers

Financial assessment	
<p>Our working assumption is that Mayoral CIL will continue to be used to service CR1 debt until at least FYE39/40. Post this date revenues can be directed to other strategic transport needs as determined by the Mayor if the CIL regime survives into 2040s in its current form.</p> <p>Current income generated through Mayoral CIL is c. £120m p.a. This is a growing revenue stream. Receipts are dependent on creation of floorspace of new development in London and on the CIL rates levied. The Mayor of London has increased his CIL rates in April 2019 and pre-pandemic there was an expectation that a further increase could be implemented 3-5 years after. On the assumption that rates will increase between now and 2040, it is possible that Mayoral CIL will generated more than £120m p.a.</p>	

Other financial information	
Sustainability	Growing
Volatility/Risk	Relatively stable, but dependent on new development starts in London
Pays back by	40/41
NPV	n/a

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Feasibility assessment	
Technical difficulty	Low technical difficulty – Mayoral CIL is already an established revenue raising source for the Mayor. Medium technical difficulty expected if CIL rates are to be varied. This will require the preparation of development viability evidence base, at least one public consultation and an Examination in Public in front of an Independent Examiner.
Legal considerations	Describe available powers; Powers under Planning Act 2008 and relevant CIL Regulations. Powers to levy Mayoral CIL already in place. Full assessment, legal review and (if appropriate) consultation will be required before any decision about implementation can be made. Government made proposals to abolish CIL in the Planning White Paper, although there is no draft legislation yet. If CIL is abolished and replaced with e.g. a broader Infrastructure Levy it is unclear whether Mayoral CIL will survive beyond the CR I debt repayment period.
Stakeholder alignment	
Customers	Neutral impact No impact expected
Businesses	Negative impact In the event that the Mayor proposes to increase CIL rates there may be a negative impact on the development community. Although CIL rates are tested to ensure that they do not negatively affect development viability
Boroughs	Negative impact Increase in Mayoral CIL rates may mean that borough CILs cannot rise by as much as the boroughs may wish to increase them in the future. This is because the combined Mayoral and borough CIL charge cannot be set above a level that would make development unviable
Accessibility groups	Neutral impact No impact expected
Green groups	Neutral impact No impact expected
High level implementation	Mayoral CIL is already in place. Should the Mayor wish to increase CIL rates (subject to viability testing) this can be achieved within 1-2 years.
Delivery conflict with other projects	None expected
Benchmarking	CIL is a popular mechanism among the local authorities, especially in London, to raise funds to pay for infrastructure needs in the area. The Mayor of London implemented the Mayoral CIL in April 2012 and the levy has proved to be an extremely successful revenue stream for the Crossrail 1 project since implementation.

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4: VAT slice: Retention of 0.5 per cent of London VAT take

Key information	
Retention of 0.5% of VAT income collected in London. Rationale is diversifying the local funding base for public transport, which is in line with a number of international examples. Retention of a VAT slice is a relatively easy change to implement.	
Proposed delivery date	By 2025
Net income p.a.	£500m
Panel recommendation	Yes
Within current powers?	No
Sharing the cost	Businesses

Financial assessment							
£m cost / £m income	21/22	22/23	23/24	24/25	25/26	26/27	27/28
Gross income	-	500	500	500	500	500	500
Abstracted income from other TfL services	-	-	-	-	-	-	-
Implementation costs (opex)*	-	-	-	-	-	-	-
Implementation costs (capex)*	-	-	-	-	-	-	-
Recurring costs (opex - with business area)*	-	-	-	-	-	-	-
Recurring costs (opex - indirect cost e.g. T&D, marketing) *	-	-	-	-	-	-	-
Net Income	-	500	500	500	500	500	500

* Would not be a TfL cost – administration would be carried out by HMRC; income flowing to TfL is assumed post all associated costs

Other financial information	
Sustainability	Growing revenue stream
Volatility/Risk	Stable, unless changes in general tax rates
Pays back by	22/23
NPV	£7,404m

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Feasibility assessment	
Technical difficulty	Not technically difficult - the Mayor could agree with the Government that HM Treasury would provide an amount equal to 0.5% VAT in London to TfL on a continuing basis and agree the methodology to calculate this. Would need a Government commitment or contractual ringfence to ensure stability of funding stream over time.
Legal considerations	Describe available powers: None . Government controls VAT and proposal may require legislation. Describe additional powers that may be required and possible route to securing them: Requires policy approval, consultation and potentially legislative change to be initiated and passed by Government. If powers granted a full assessment, legal review and (if appropriate) consultation will be required before any decision about implementation can be made.
Stakeholder alignment	
Customers	Neutral impact No impact on customers as VAT rates stay the same
Businesses	Neutral impact No impact on businesses as VAT rates stay the same
Boroughs	Neutral impact No impact expected
Accessibility groups	Neutral impact No impact expected
Green groups	Neutral impact No impact expected
High level implementation	As per Independent Panel recommendation, this option could be introduced immediately, subject to receiving agreement from the Government to direct a slice of VAT receipts in London to TfL. Should agreement be reached now, funding could be provided from FY22/23.
Delivery conflict with other projects	None expected
Benchmarking	Such retention of a VAT slice would be new to the UK. Internationally, transport authorities in cities such as New York are able to draw on a wide base of taxation receipts for funding, including from different forms of sales taxes.

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5: VAT supplement: 0.5 per cent increase in London

Key information	
Allow London to charge a VAT supplement of 0.5% on existing rate. The rationale for having a dedicated VAT increase to pay for public transport is that Londoners who benefit from the network (not general taxpayer) pay, whether they use it or not.	
Proposed delivery date	Post 2025
Net income p.a.	£500m
Panel recommendation	Yes
Within current powers?	No
Sharing the cost	Customers

Financial assessment							
£m cost / £m income	21/22	22/23	23/24	24/25	25/26	26/27	27/28
Gross income	-	-	-	-	500	500	500
Abstracted income from other TfL services	-	-	-	-	-	-	-
Implementation costs (opex)*	-	-	-	-	-	-	-
Implementation costs (capex)*	-	-	-	-	-	-	-
Recurring costs (opex - with business area)*	-	-	-	-	-	-	-
Recurring costs (opex - indirect cost e.g. T&D, marketing) *	-	-	-	-	-	-	-
Net Income	-	-	-	-	500	500	500

* Would not be a TfL cost – administration would be carried out by HMRC; income flowing to TfL is assumed post all associated costs

Other financial information	
Sustainability	Growing revenue stream
Volatility/Risk	Stable, unless changes in general tax rates
Pays back by	25/26
NPV	£6,057m

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Feasibility assessment	
Technical difficulty	Options on how the tax could be administered – more technically difficult if a new administrative framework were needed in London. Easier technically if HMRC administer and direct the transfer of VAT supplement receipts to London. A challenge to an incremental increase in VAT is that it is currently not permitted by EU law. The ability of the UK Government to implement this proposal may depend on whether such an increase is permissible under terms of the EU Exit Agreement.
Legal considerations	Describe available powers; None. Government controls VAT and proposal is likely to require legislation. A detailed assessment and legal review, full integrated impact assessment and consultation will be required before any decision about approval and implementation can be made. Describe additional powers that may be required and possible route to securing them: Requires policy approval, consultation and legislative action by Government to impose or grant powers to levy a London VAT supplement.
Stakeholder alignment	
Customers	Negative impact Small increase in cost of VATable goods
Businesses	Negative impact Small increase in cost of VATable goods
Boroughs	Neutral impact No impact expected
Accessibility groups	Neutral impact No impact expected
Green groups	Neutral impact No impact expected
High level implementation	As with VAT devolution in Scotland, the power to raise and set VAT would likely remain with Central Government. Timescales to introduce a supplement would be driven by Central Government. Independent Panel assumed that a VAT supplement could be implemented only post-2025 and would be likely to have a long lead-in time.
Delivery conflict with other projects	None expected
Benchmarking	Many North American cities use incremental VAT increases to fund public transport, some are implemented on the back of referenda. Los Angeles has a long history of sales tax referenda to raise funding for public transport, although in the context of generally lower sales tax compared to the UK.

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6: Retain Vehicle Excise Duty collected in London

Key information	
Retain VED collected in London to help maintain the asset quality of London's road network. At present London does not receive any grant for maintenance of the strategic road network	
Proposed delivery date	By 2025
Net income p.a.	Up to £500m
Panel recommendation	Yes – recommended slice
Within current powers?	No
Sharing the cost	Private vehicle drivers

Financial assessment							
£m cost / £m income	21/22	22/23	23/24	24/25	25/26	26/27	27/28
Gross income	-	500	500	500	500	500	500
Abstracted income from other TfL services	-	-	-	-	-	-	-
Implementation costs (opex)	-	-	-	-	-	-	-
Implementation costs (capex)	-	-	-	-	-	-	-
Recurring costs (opex - with business area)	-	-	-	-	-	-	-
Recurring costs (opex - indirect cost e.g. T&D, marketing)	-	-	-	-	-	-	-
Net Income	-	500	500	500	500	500	500

Other financial information	
Sustainability	Decreasing, if number of electric vehicles grows rapidly or increasing if electric vehicle exemption is removed
Volatility/Risk	Revenue stream could diminish if number of electric vehicles grows rapidly or electric vehicle exemption is removed
Pays back by	22/23
NPV	£7,404m

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Feasibility assessment	
Technical difficulty	Not technically difficult - the Mayor could agree with the Government that HM Treasury would provide an amount equivalent to VED collected in London (or a proportion of it) to TfL on a continuing basis. This would need a Government commitment or contractual ringfence to ensure stability of funding stream over time. However, the Government indicated that this is not an option it would consider.
Legal considerations	Describe available powers; None. Requires policy approval, consultation and legislative action by Government. If powers granted a full assessment, legal review and (if appropriate) consultation will be required before any decision about implementation can be made.
Stakeholder alignment	
Customers	Neutral impact None expected
Businesses	Neutral impact None expected
Boroughs	Neutral impact None expected
Accessibility groups	Neutral impact None expected
Green groups	Neutral impact None expected
High level implementation	As per Independent Panel recommendation, this option could be introduced immediately, subject to receiving agreement from the Government to direct a share or total VED receipts from London to TfL. If agreement was reached now, we assume funding could be provided from FY22/23
Delivery conflict with other projects	None expected
Benchmarking	Vehicle Excise Duty (VED) is collected by central government and allocated to Highways England for investment in the nationwide strategic network. London does not receive any grant for maintenance of London's strategic road network while Highways England now receives England's VED for motorways and trunk roads.

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7: Online delivery tax

Key information	
Tax on goods bought online and delivered to a London address. Assumes tax rate of 1.5%. Consumers can choose not to pay the tax if goods are collected from store. Not to be confused with an Online Sales Tax, proposed by Government to sit alongside business rates.	
Proposed delivery date	Post 2025
Net income p.a.	£500m
Panel recommendation	Not examined
Within current powers?	No
Sharing the cost	Customers

Financial assessment							
£m cost / £m income	21/22	22/23	23/24	24/25	25/26	26/27	27/28
Gross income	-	-	-	-	500	500	500
Abstracted income from other TfL services	-	-	-	-	-	-	-
Implementation costs (opex)*	-	-	-	-	-	-	-
Implementation costs (capex)*	-	-	-	-	-	-	-
Recurring costs (opex - with business area)*	-	-	-	-	-	-	-
Recurring costs (opex - indirect cost e.g. T&D, marketing) *	-	-	-	-	-	-	-
Net Income	-	-	-	-	500	500	500

* not a TfL cost – administration would be carried out by HMRC; income flowing to TfL is assumed post all associated costs

Other financial information	
Sustainability	Growing revenue stream
Volatility/Risk	Stable, akin to VAT
Pays back by	25/26
NPV	£6,057m

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Feasibility assessment	
Technical difficulty	<p>Medium difficulty. It is envisaged that the collection of the tax would be done by HMRC, just as for VAT, and the London component stripped out and passed to the Mayor. This would be similar to carve-outs out of the national income tax and VAT receipts for Scotland.</p> <p>Following a VAT charging structure could provide a ready-made framework for defining goods that are subject to and exempt from ODT.</p> <p>ODT could apply the same definitions to cut through possible complexities of designing a standalone exemptions policy. This area may need further analysis. Justification would be needed for why ODT proceeds would be spent on transport, rather than other Mayoral priorities. Such hypothecation could be difficult to achieve in practice. If ODT is not implemented nationally, justification would need to be given on why ODT would apply in London only. There are options for linking the tax to particular spending in the legislation.</p>
Legal considerations	<p>Describe available powers: None. Requires policy approval, consultation and primary legislation to be initiated and passed by Government.</p> <p>Describe additional powers that may be required and possible route to securing them: Mayor has no ability to introduce a new tax. Requires Government to either introduce the tax or to devolve power to the Mayor to do so. If powers granted a full assessment, legal review and (if appropriate) consultation will be required before any decision about implementation can be made.</p>
Stakeholder alignment	
Customers	<p>Negative impact Cost of certain products delivered to a London address would go up</p>
Businesses	<p>Negative impact Cost of certain products delivered to a London address would go up; some reduction in demand expected</p>
Boroughs	Neutral impact No impact expected
Accessibility groups	Neutral impact No impact expected
Green groups	Neutral impact No impact expected
High level implementation	<p>Independent Panel noted that implementation of increments on existing taxes would take longer than if Government directed 'slices' of existing tax to London. The Panel considered introduction of increments or brand new taxes to have a medium- to long-term implementation timescale. If implementation process started now, ODT 'go-live' date is likely to be post-2025.</p> <p>Allowance is also made for consultation and legislation in these timescales. It is expected that both the Government and the Mayor would want to consult during the process.</p>
Delivery conflict with other projects	None expected
Benchmarking	<p>Such a tax would be new to the UK and we are not aware of comparable international examples. We understand however that the Government has been looking into the introduction of an online sales levy on businesses (rather than consumers) to encourage more sustainable shopping behaviour.</p> <p>In a bid to redress the balance of business taxation between businesses that have got a physical presence (e.g. High Street shops paying business rates) and those that do not (e.g. Amazon) the Government has already introduced a digital sales tax. This is comparable to the French GAFAM tax.</p>

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C. Roads options

1: Changes to Congestion Charge: Central London

Key information	
A change to the daily area charge in the current Central London Congestion Charging Zone (CCZ) to the following variables: <ul style="list-style-type: none"> • Weekday charging hours: 7am-6pm • Weekend & bank holiday charging hours: 12pm-6pm • Charge level: £15 (no Auto Pay or Fleet Auto Pay discount) • Pay next day charge level: £17.50 (pay up to three days after day of travel) • Residents discount: 90 per cent (reopen discount to all eligible residents) • No charge between Christmas and New Year This is still being included as an option to generate new revenue because it is subject to consultation and Mayoral decision as to whether to make permanent changes.	
Proposed delivery date	Early 2022
Net income raised p.a.	£70m
Option recommended by panel	Yes – wider RUC recommended
Within current powers?	Yes

Outcome assessment	
Outcome	Impact expected
Business impacts	Increased cost of driving for businesses but benefits in journey time and reliability for commuters and businesses as a result of lower traffic levels.
Productivity	Costs of the potential changes to businesses are minor compared to economic output of the CCZ.
Safety	Lower levels of traffic in the zone (ca. 4 per cent decrease in car kms 7am-6pm and 15 per cent decrease in car kms in charged weekend hrs) leads to local lower traffic dominance and congestion, and reduced probability of collisions.
Mode Share	Additional cost of driving will lead to traffic reduction and likely to lead to increased uptake of sustainable modes.
Active	Additional cost of driving will to lead to traffic reduction and likely to lead to increased uptake of sustainable modes, including active travel.
Efficient	Lower levels of traffic in the zone (ca. 4 per cent decrease in car kms 7am-6pm and 15 per cent decrease in car kms in charged weekend hrs) will lead to improvements in bus speeds and better road network efficiency for other essential traffic e.g. freight.
Green (excluding Carbon)	Reduction in traffic will lead to associated reductions in emissions.
Carbon/Net Zero	Reduction in traffic will lead to associated reductions in carbon emissions.
Connected	Creates disincentive to driving and encourages travel by sustainable modes instead.
Accessible	This option itself does not directly impact accessibility, however the net proceeds from this option are spent on delivering the MTS including contributing to concessionary fares, thus it will indirectly make Public Transport more affordable.
Quality	Lower levels of traffic in the zone (ca. 4 per cent decrease in car kms 7am-6pm and 15 per cent decrease in car kms in charged weekend hrs) will lead to improvements in bus speeds. Could also lead to slightly higher levels of crowding on some services.
Sustainable	Potential reduction in car dependency by creating disincentive to drive, reallocation of road space to active modes / public realm.

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Outcome assessment	
Outcome	Impact expected
Unlocking	Increased cost of car travel accessing central London but lower traffic levels lead to reduced cost for congestion of businesses / London.
Sharing the cost	Those paying the charge directly benefit from a more efficient road network as do those using the bus, walking and cycling.
Equality	This option would lead to traffic reduction in central London and associated reductions of vehicle emissions which are harmful to human health. Older and younger people and BAME groups are likely to disproportionately benefit from lower levels of emissions. ⁷ The additional cost of driving may impact those driving for work, those on low incomes (although they are less likely to own a car and more likely to use the bus or walk and would thus benefit) and those less likely or able to switch modes.

⁷ https://consultations.tfl.gov.uk/environment/air-quality-consultation-phase-3b/user_uploads/ulez-consultation-appendix-j.pdf

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Financial assessment							
£m cost / £m income	21/22	22/23	23/24	24/25	25/26	26/27	27/28
Gross income	-	94	86	84	81	78	76
Abstracted income from other TfL services *	-	unknown	unknown	unknown	unknown	unknown	unknown
Implementation costs (opex)	-	-	-	-	-	-	-
Implementation costs (capex)	(7)	-	-	-	-	-	-
Recurring costs (opex - with business area)	-	(14)	(11)	(11)	(11)	(11)	(10)
Recurring costs (opex - indirect cost e.g. T&D, marketing)	-	-	(1)	(1)	(1)	(1)	(1)
Net Income	(7)	80	74	72	69	66	65

* Abstracted income expected from minor increase in other PT modes but unable to be calculated at this stage

Other financial information	
Sustainability	3% assumed decline in traffic volumes annually
Volatility/Risk	Medium
Pays back by	2022/23
NPV	£1,036m

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Feasibility assessment	
Technical difficulty	Low difficulty (driven by changes to Charging hours).
Legal considerations	Describe available powers; Schedule 23 of the Greater London Authority Act 1999 is the legal basis for RUC schemes in London. A RUC scheme may only be made if it appears desirable or expedient for the purpose of directly or indirectly facilitating the achievement of any policy or proposal set out in the MTS. There is also a requirement that a RUC scheme must be in conformity with the current MTS. It is usual for the MTS to refer to all the RUC schemes which are in place given their significance to the achievement of the MTS. Full assessment, legal review and (if appropriate) consultation will be required before any decision about implementation can be made. Describe additional powers that may be required and possible route to securing them; N/A
Stakeholder alignment	
Customers	Neutral impact Positive impact for users of sustainable modes. Additional cost and journey time benefits for car users.
Businesses	Neutral impact No significant employment impacts overall. Greatest potential impact on weekend workers although only c.2% commute by car or PHV
Boroughs	Positive impact Benefit from reduced traffic and emissions
Accessibility groups	Negative impact Increased cost of driving for those dependent on personal car unless exempt
Green groups	Positive impact Reduction in air pollution and carbon emissions
High level implementation	
Full Impact Assessment & EQIA	4 months (complete)
Consultation	10 weeks
Approvals	8-12 weeks
Design & procurement and Delivery	12-16 weeks
Delivery conflict with other projects	Yes incl. ULEX
Benchmarking	When London introduced the Congestion Charge in 2003 it was a world leading example of an area based road user charging scheme. It remains today the only such scheme of this scale in the UK and one of the leading examples of congestion charging anywhere in the world for a major city. Other leading examples of congestion charging schemes include those in Stockholm and Singapore.

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2: Greater London Boundary Charge

Key information	
Daily £3.50 charge for all vehicles* and £2 emission surcharge for ULEZ non compliant vehicles to cross or drive within a narrow charging zone at the Greater London boundary. Assumptions of scheme variables: <ul style="list-style-type: none"> • Charging hrs: 6am-7pm • Charging days: Mon-Sun • Exemption for Londoners * except buses, coaches and 9+ seater vehicles; Blue Badge holders; emergency service vehicles; TfL licensed taxis; and designated wheelchair accessible private hire vehicles being used to fulfil a hiring.	
Proposed delivery date	Autumn 2023
Net income raised p.a.	c£700m
Option recommended by panel	Yes – wider RUC recommended
Within current powers?	Yes

Outcome assessment	
Outcome	Impact expected
Business impacts	Increased cost of driving for businesses outside London but benefits in journey time and reliability for commuters and businesses as a result of lower traffic levels on key routes.
Productivity	Local reductions in traffic and increase in active travel may benefit some local high streets.
Safety	Lower levels of traffic (ca. 3 per cent decrease in London-wide car trips) may lead to local lower traffic dominance and reduced probability of collisions on key routes.
Mode Share	Additional cost of driving likely to lead to traffic reduction and increased uptake of sustainable modes where alternatives are available.
Active	Additional cost of driving likely to lead to traffic reduction and increased uptake of sustainable modes, including active travel for local trips.
Efficient	Lower levels of traffic (ca. 3 per cent decrease in London-wide car trips) may lead to local improvements in bus speeds on key routes.
Green (excluding Carbon)	Reduction in traffic will lead to associated reductions in emissions by ca. 50 tonnes of NOx, 9 tonnes of PM10, 5 tonnes of PM2.5
Carbon/Net Zero	Reduction in traffic will lead to associated reductions in carbon emissions by ca. 27,000 tonnes.
Connected	Creates disincentive to driving and encourages travel by sustainable modes where alternatives are available (ca. 10,000 additional public transport trips).
Accessible	Does not directly impact affordability of public transport.
Quality	Lower levels of traffic (ca. 3 per cent decrease in London-wide car trips) may lead to local improvements in bus speeds on key routes.
Sustainable	Potential reduction in car dependency by creating disincentive to drive but only for non-Londoners.
Unlocking	Limited impact on access to central London as well as local town centres.
Sharing the cost	Those paying the charge benefit from reduced traffic on key routes though less from wider benefits.
Equality	This option would lead to localised traffic reduction at the Greater London boundary & on key routes, and associated reductions of vehicle emissions which are harmful to human health. Older and younger people are likely to disproportionately benefit from lower levels of emissions as would those on low incomes and people from diverse background who often live in areas of poorest air quality. The additional cost of driving may particularly

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Outcome assessment	
Outcome	Impact expected
	impact those on low incomes (although they are less likely to own a car and more likely to use the bus or walk and would thus benefit) and those less likely or able to switch modes incl. disabled people & their carers as well as women and trans people. A detailed assessment would need to be carried out to fully understand potential impacts.

Financial assessment							
£m cost / £m income	21/22	22/23	23/24	24/25	25/26	26/27	27/28
Gross income	-	-	630	1,400	1,220	1,200	1,150
Abstracted income from other TfL services	-	-	30	30	30	30	30
Implementation costs (opex)	-	-	-	-	-	-	-
Implementation costs (capex)	-	(220)	-	-	-	-	-
Recurring costs (opex - with business area)	-	-	(240)	(540)	(470)	(460)	(450)
Recurring costs (opex - indirect cost e.g. T&D, marketing)	-	-	(1)	(1)	(1)	(1)	(1)
Net Income	-	(220)	419	889	779	769	729

Other financial information	
Sustainability	3% annual Decline. Emissions surcharge income will fall in line with improved compliance (97% by March-26)
Volatility/Risk	Medium
Pays back by	23/24
NPV	£10,546m

Feasibility assessment	
Technical difficulty	An MTS revision may be required given the requirement for RUC conformity. New scheme implementation. Significant volume increase driving both capex and opex. Requires significant new camera and signage infrastructure.

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Feasibility assessment	
Legal considerations	<p>Describe available powers; Schedule 23 of the Greater London Authority Act 1999 is the legal basis for RUC schemes in London. A RUC scheme may only be made if it appears desirable or expedient for the purpose of directly or indirectly facilitating the achievement of any policy or proposal set out in the MTS. There is also a requirement that a RUC scheme must be in conformity with the current MTS. It is usual for the MTS to refer to all the RUC schemes which are in place given their significance to the achievement of the MTS. An MTS revision may be required. Full assessment, legal review and (if appropriate) consultation will be required before any decision about implementation can be made. As it is a new scheme it would need a ten-year spending plan, updated every four years for first ten years.</p> <p>Describe additional powers that may be required and possible route to securing them: N/A</p>
Stakeholder alignment	
Customers	<p>Neutral impact Neutral impact for exempt Londoners. Additional cost impact for non-London car users</p>
Businesses	<p>Neutral impact Reduced cost of congestion on key routes and increased cost of driving</p>
Boroughs	<p>Neutral impact Central and inner London boroughs largely unaffected. Outer London boroughs may experience some community severance</p>
Accessibility groups	<p>Negative impact Increased cost of driving for those dependent on personal car unless exempt</p>
Green groups	<p>Positive impact Reduction in air pollution and carbon emissions</p>
High level implementation	
Full Impact Assessment & EQIA	c. 4 months
Consultation	c. 10-12 weeks
Approvals	c. 8-12 weeks
Design & procurement and Delivery	c. 2 years
Delivery conflict with other projects	Yes, incl. CC, ULEX, Silvertown
Benchmarking	When London introduced the Congestion Charge in 2003 it was a world-leading example of an area-based road user charging scheme. It remains today the only such scheme of this scale in the UK and one of the leading examples of congestion charging anywhere in the world for a major city. Other leading examples of congestion charging schemes include those in Stockholm and Singapore. Norwegian cities such as Oslo which have pioneered the use of boundary, or cordon-based, charging schemes. Initially introduced to raise revenue for investment in the transport network, many Norwegian schemes are now focussed on tackling congestion and improving air quality.

3: London wide TfL Workplace Parking Levy

Key information

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A WPL is a charge on employers and education organisations for the number of parking places they provide that are regularly used by employees, students or others. This option assumes a WPL to be applied London-wide and for it to be implemented and administered by TfL. The option works on two potential financial assumptions based on different charges for each in scope parking space: low (£500 p.a.) / high (£1200 p.a.).	
Proposed delivery date	Autumn 2024 – 2025 / October 2024 – October 2025 dependent on requirements and procurement route (Assumes procurement start date of Oct 2021)
Net income raised p.a.	c£100-300m
Option recommended by panel	No
Within current powers?	No

Outcome assessment	
Outcome	Impact expected
Business impacts	Potential decrease in journey time and increase in reliability as a result of lower traffic level and increased bus speeds. Potential increase in journey time for those switching from car to sustainable modes. Business impacts would be great if charge was absorbed and not passed on.
Productivity	Local reductions in traffic and increase in active travel may benefit local high streets.
Safety	Lower levels of traffic (between 1 and 3 percent London-wide if charge is entirely passed on to employees) may lead to local lower traffic dominance.
Mode Share	Additional cost of driving likely to lead to traffic reduction and increased uptake of sustainable modes.
Active	Additional cost of driving likely to lead to traffic reduction and increased uptake of sustainable modes. Including active travel.
Efficient	Creates disincentive to driving. Lower levels of traffic (between 1 and 3 percent London-wide if charge passed on entirely to employees) may lead to local improvements in bus speeds on key routes.
Green (excluding Carbon)	Reduction in traffic will lead to associated reductions in emissions. Potential to 'green' or repurpose parking spaces.
Carbon/Net Zero	Reduction in traffic will lead to associated reductions in carbon emission.
Connected	Creates disincentive to driving and encourages travel by sustainable modes instead. Potential increase in public transport trips.
Accessible	Does not directly impact affordability of public transport.
Quality	Creates disincentive to driving, thus leading to small levels of traffic reduction. Revenues could be reinvested in PT and active travel. Lower levels of traffic may lead to local improvements in bus speeds on key routes.
Sustainable	Potential reduction in car dependency by creating disincentive to drive.
Unlocking	Likely to lead to reduction in workplace parking over time and supports future car free developments, allowing land to be used for other purposes.
Sharing the cost	Businesses can decide whether to absorb this cost or pass it onto staff (parking at the workplace). Impacts shown here assume costs are passed on by businesses to employees.
Equality	Overall, it is not expected that there would be significant impacts on equality. Further work would need to be carried out to better understand this, especially to gain an understanding of whether certain types of businesses or sectors are more or less likely to pass the charge on to their employees, and any potential equality impacts arising from that. For the purpose of this identification of impacts it is assumed that all businesses pass the cost to their employees. Potential impacts on individuals would be lower if businesses absorbed the charge but traffic and associated impacts and benefits would be lower. A detailed assessment would need to be carried out to fully understand potential impacts.

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Financial assessment - £1,200 annual charge							
£m cost / £m income	21/22	22/23	23/24	24/25	25/26	26/27	27/28
Gross income	-	-	-	330	320	320	315
Abstracted income from other TfL services *	-	-	-	unknown	unknown	unknown	unknown
Implementation costs (opex)	-	-	-	-	-	-	-
Implementation costs (capex)	-	-	(100)	-	-	-	-
Recurring costs (opex - with business area)	-	-	-	(30)	(30)	(30)	(30)
Recurring costs (opex - indirect cost e.g. T&D, marketing)	-	-	-	(1)	(1)	(1)	(1)
Net Income	-	-	(100)	299	289	289	284
Financial assessment - £500 annual charge							
£m cost / £m income	21/22	22/23	23/24	24/25	25/26	26/27	27/28
Gross income	-	-	-	140	135	135	130
Abstracted income from other TfL services *	-	-	-	unknown	unknown	unknown	unknown
Implementation costs (opex)	-	-	-	-	-	-	-
Implementation costs (capex)	-	-	(100)	-	-	-	-
Recurring costs (opex - with business area)	-	-	-	(15)	(15)	(15)	(15)
Recurring costs (opex - indirect cost e.g. T&D, marketing)	-	-	-	(1)	(1)	(1)	(1)
Net Income	-	-	(100)	124	119	119	114

* Abstracted income expected from increase in other PT modes but unable to be calculated at this stage

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Other financial information	
Sustainability	1.3% annual decline in eligible parking spaces
Volatility/Risk	Medium
Pays back by	23/24
NPV	Low £1,466m, High £3,794m

Feasibility assessment	
Technical difficulty	Review proposals as to conformity with MTS, incl Proposal 23 which requires working with boroughs to ensure alignment. WPL schemes require all employers to license their liable parking provision. It is likely that this can be done via an online process with questions on the various types of parking provided by the employer. Once a licence is granted, an invoice is sent to the employer for their chargeable parking places. Normally licences will be valid for a year and renewed on an annual basis. Not all elements of WPL schemes are determined in detail by the provisions of Schedule 24 (see below); there is scope for discretion for how a WPL scheme should operate. The WPL Scheme Order will make provision for the enforcement of penalty charges relating or connected with a licensing scheme, which are likely to be similar to other parking enforcement procedures.
Legal considerations	Describe available powers; Schedule 23 of the Greater London Authority Act 1999 (GLAA) is the legal basis for WPLs in London. A detailed assessment and legal review, full integrated impact assessment and consultation will be required before any decision about approval and implementation can be made. Describe additional powers that may be required and possible route to securing them: Requires Government to make regulations for London (only) to allow for the notification, adjudication and enforcement of PCNs issued for WPL Scheme Order contraventions and for application of WPL income. Regulations must be in place before WPL Order can be made. TfL has been liaising with DfT for 2-3 years, supplied appropriate draft regulations and has been awaiting a review by and feedback from the DfT's legal team. Full assessment, legal review and (if appropriate) consultation will be required before any decision about implementation can be made.
Stakeholder alignment	
Customers	Neutral impact Will impact some car commuters; likely to be balance of some negative and some positive reaction
Businesses	Negative impact Additional cost to businesses
Boroughs	Positive impact Majority of boroughs expected to be positive as policy supports local traffic reduction strategies
Accessibility groups	Neutral impact Will impact some car commuters and likely to most significant impacts could be mitigated
Green groups	Positive impact Supports traffic reduction policies, encourages use of sustainable modes inc. active travel

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Feasibility assessment	
High level implementation	
Full Impact Assessment & EQIA	c. 4 months
Consultation	c. 10-12 weeks
Approvals	c. 8-12 weeks
Design & procurement and Delivery	2 years design and procurement, 2 years implementation
Delivery conflict with other projects	None expected
Benchmarking	At present Nottingham is the only place in the UK with an operational WPL. The main justification for the Nottingham WPL scheme was congestion management – by increasing the costs of commuting and improving public transport alternatives. The City Council considered that a step-change to local public transport alongside financial disincentives would create the changes needed. Consequently, the WPL proposal was developed alongside the development of Lines 2 and 3 of the NET (Nottingham Express Transit) tram network.

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4: Hybrid distance-based charge: Inner and Central London

Key information

A per mile charge which integrates existing charges as an 'opt in' alternative to flat daily charges such as CC and ULEZ (this would require the simultaneous introduction of daily charges to drive in inner London).

Charging hours would mirror those of daily charges applicable in that area. For the purposes of assessing the potential impact for this review we have modelled distance based charging on the basis of the following parameters:

- Per mile charge level: £2 base charge plus an additional 40p per km
- Charging hrs: 7am-6pm
- Charging days: Mon-Fri
- This assumes 100% discounts for resident, but this will be considered as part of scheme design

Proposed delivery date	Autumn 2025
Net income raised p.a	c£900m
Option recommended by panel	Yes – wider RUC recommended
Within current powers?	Yes

Outcome assessment

Outcome	Impact expected
Business impacts	Increased cost of driving for businesses esp. those involving high mileage such as PHV drivers or couriers, but benefits in journey time and reliability for commuters and businesses as a result of lower traffic levels.
Productivity	Local reductions in traffic and increase in active travel esp. in inner London may benefit local high streets.
Safety	Lower levels of traffic (ca. 4 per cent decrease in London-wide & 15 per cent decrease in inner London car trips) may lead to local lower traffic dominance and reduced probability of collisions.
Mode Share	Forecast reduction of 15% of inner London car trips is expected to lead to an increase in trips made by sustainable modes.
Active	Additional cost of driving likely to lead to traffic reduction and increased uptake of sustainable modes, including active travel.
Efficient	Lower levels of traffic (ca. 4 per cent decrease in London-wide & 15 per cent decrease in inner London car trips) may lead to local improvements in bus speeds on key routes.
Green (excluding Carbon)	Reduction in traffic will lead to associated reductions in emissions.
Carbon/Net Zero	Reduction in traffic will lead to associated reductions in carbon emissions.
Connected	Creates disincentive to driving and encourages travel by sustainable modes instead.
Accessible	This option itself does not directly impact accessibility, however the net proceeds from this option are spent on delivering the MTS and funding PT, thus it will indirectly make Public Transport more affordable.
Quality	Lower levels of traffic (ca. 4 per cent decrease in London-wide & 15 per cent decrease in inner London car trips) may lead to local improvements in bus speeds on key routes.
Sustainable	Potential reduction in car dependency by creating disincentive to drive.

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Outcome assessment	
Outcome	Impact expected
Unlocking	Increased cost of car travel accessing central London (for journeys from/through inner London) but lower traffic levels lead to reduced cost of congestion of businesses / London.
Sharing the cost	Those paying the charge directly benefit from a more efficient road network as do those using the bus, walking and cycling.
Equality	<p>This option would lead to traffic reduction (primarily in inner and Central London) and associated reductions of vehicle emissions which are harmful to human health. Older and younger people are likely to disproportionately benefit from lower levels of emissions as would those on low incomes and people from diverse background who often live in areas of poorest air quality. The additional cost of driving may particularly impact those on low incomes (although they are less likely to own a car and more likely to use the bus or walk and would thus benefit) and those less likely or able to switch modes incl. disabled people & their carers as well as women and trans people. Distance-based element provides additional level of fairness (i.e. you pay in proportion to the amount you drive).</p> <p>It may also impact the PHV trade which has a high level of racial and ethnic diversity, although it may be possible to include per mile charges into each fare more easily than spreading the cost of a daily charge across multiple fares.</p>

Financial assessment							
£m cost / £m income	22/23	23/24	24/25	25/26	26/27	27/28	28/29
Gross income +	-	-	-	755	1,782	1,563	1,485
Abstracted income from other TfL services *	-	-	unknown	unknown	unknown	unknown	unknown
Implementation costs (opex)	-	-	-	-	-	-	-
Implementation costs (capex)	-	-	(270)	-	-	-	-
Recurring costs (opex - with business area)	-	-	-	(252)	(625)	(550)	(538)
Recurring costs (opex - indirect cost e.g. T&D, marketing)	-	-	-	(1)	(1)	(1)	(1)
Net Income	-	-	(270)	502	1,156	1,012	946

*Impact on other modes not fully modelled

+ assumes split of inner resident/non-residents to be 15%/85% (extrapolated from existing CC Zone (central) – assumptions for inner and outer require further work)

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Other financial information	
Sustainability	3% annual traffic volume decline
Volatility/Risk	Medium - High
Pays back by	2025/26
NPV	11,666

Feasibility assessment	
Technical difficulty	An MTS revision may be required given the requirement for RUC conformity. Technically very challenging to implement distanced based charging (not implemented for RUC globally). Requires extension of area based charge to inner London as pre-requisite and would require new technology to implement.
Legal considerations	Describe available powers; Schedule 23 of the Greater London Authority Act 1999 is the legal basis for RUC schemes in London. A RUC scheme may only be made if it appears desirable or expedient for the purpose of directly or indirectly facilitating the achievement of any policy or proposal set out in the MTS. There is also a requirement that a RUC scheme must be in conformity with the current MTS. It is usual for the MTS to refer to all the RUC schemes which are in place given their significance to the achievement of the MTS. An MTS revision may be required. Full assessment, legal review and (if appropriate) consultation will be required before any decision about implementation can be made. As it is a new scheme it would need a ten-year spending plan, updated every four years for first ten years. Describe additional powers that may be required and possible route to securing them: An MTS amendment may be required
Stakeholder alignment	
Customers	Neutral impact Positive impact for users of sustainable modes. Additional cost impact for car users but proportionate to distance driven
Businesses	Neutral impact Reduced cost of congestion and increased cost of driving but proportionate to distance driven
Boroughs	Positive impact Benefit from reduced traffic and emissions & potential improved access to high streets
Accessibility groups	Negative impact Increased cost of driving for those dependent on personal car unless exempt
Green groups	Positive impact Reduction in air pollution and carbon emissions
High level implementation	
Full Impact Assessment & EQIA	c. 6 months (full scheme design of a hybrid scheme would need to take place ahead of this, taking up to 6 months)
Consultation	c. 10-12 weeks
Approvals	c. 8-12 weeks

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Feasibility assessment	
Design & procurement and Delivery	Autumn 2025
Delivery conflict with other projects	Yes, incl. ULEX, CC, Silvertown
Benchmarking	When London introduced the Congestion Charge in 2003 it was a world-leading example of an area-based road user charging scheme. It remains today the only such scheme of this scale in the UK and one of the leading examples of congestion charging anywhere in the world for a major city. Other leading examples of congestion charging schemes include those in Stockholm and Singapore which is exploring distance based charging to replace its current system, something also gathering interest in a number of States in the US, and also from Norwegian cities such as Oslo.

5: Expand ULEZ for vans to outer London

Key information	
LEZ currently covers Light Goods Vehicles (LGV) / vans between 1.205 tonnes unladen weight and not exceeding 3.5 tonnes gross vehicle weight - at Euro 3. This option strengthens the LEZ standard for LGVs and vans to Euro 6 (to be the same as ULEZ for these vehicles) and expands the scheme to outer London.	
Proposed delivery date	Autumn 2023
Net income raised p.a.	c£50m
Option recommended by panel	Yes – wider RUC recommended
Within current powers?	Yes

Outcome assessment	
Outcome	Impact expected
Business impacts	Increased cost of driving for businesses.
Productivity	Unlikely to significantly impact productivity.
Safety	Potential decrease in van traffic may lead to reduction in collisions involving vans.
Mode Share	Limited potential for mode shift.
Active	Limited potential to increase daily levels of active travel.
Efficient	Limited potential to impact road network efficiency.
Green (excluding Carbon)	Reduction in the number of the most polluting vehicles will result in reductions in emissions.
Carbon/Net Zero	Reduction in the number of the most polluting vehicles will result in reductions in carbon emissions.
Connected	Limited potential to encourage a shift to public transport.
Accessible	Limited potential to encourage a shift to public transport.
Quality	Limited potential to impact bus speeds.
Sustainable	Potential reduction in 'car' dependency where non-compliant vans used for personal travel are not replaced with new vehicles.
Unlocking	Increased cost of van travel accessing central London (for journeys from/through outer London).

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Outcome assessment	
Outcome	Impact expected
Sharing the cost	Those paying the charge directly benefit from small traffic reductions and air quality benefits.
Equality	This option would lead to a very small level of London-wide traffic reduction (< 1 per cent reduction in London-wide vehicle kms) and reductions of vehicle emissions which are harmful to human health. Older and younger people are likely to disproportionately benefit from lower levels of emissions as would those on low incomes and people from diverse background who often live in areas of poorest air quality. The additional cost of driving may particularly impact those on low incomes. A detailed assessment would need to be carried out to fully understand potential impacts.

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Financial assessment							
£m cost / £m income	21/22	22/23	23/24	24/25	25/26	26/27	27/28
Gross income	-	-	109	82	58	39	35
Abstracted income from other TfL services *	-	-	-	-	-	-	-
Implementation costs (opex)	-	-	-	-	-	-	-
Implementation costs (capex)	-	(195)	-	-	-	-	-
Recurring costs (opex - with business area)	-	-	(23)	(17)	(12)	(8)	(7)
Recurring costs (opex - indirect cost e.g. T&D, marketing)	-	-	(1)	(1)	(1)	(1)	(1)
Net Income	-	(195)	85	65	45	30	27

*No impact on other PT modes expected

Other financial information	
Sustainability	3% annual traffic volume decline, income will fall in line with improved compliance (91% by March-26)
Volatility/Risk	Medium-High
Average cost : income	20%
Pays back by	23/24
NPV	£46m

Feasibility assessment	
Technical difficulty	An MTS revision may be required given requirement for conformity. Low difficulty as change standards to LEZ vans if we accept current level of enforcement on LEZ. More expensive/time consuming if additional / dedicated camera enforcement is required.
Legal considerations	Describe available powers; Schedule 23 of the Greater London Authority Act 1999 is the legal basis for RUC schemes in London. A RUC scheme may only be made if it appears desirable or expedient for the purpose of directly or indirectly facilitating the achievement of any policy or proposal set out in the MTS. There is also a requirement that a RUC scheme must be in conformity with the current MTS. It is usual for the MTS to refer to all the RUC schemes which are in place given their significance to the achievement of the MTS. Will likely to involve a variation to the LEZ scheme to strengthen the current LGV standard to Euro 6. Full assessment, legal review and (if appropriate) consultation will be required before any decision about implementation can be made. Describe additional powers that may be required and possible route to securing them: N/A

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Feasibility assessment	
Stakeholder alignment	
Customers	Positive impact Benefit from reduction in harmful emissions
Businesses	Negative impact Additional cost of driving
Boroughs	Positive impact Benefit from reduction in harmful emissions
Accessibility groups	Positive impact Benefit from reduction in harmful emissions
Green groups	Positive impact Benefit from reduction in harmful emissions
High level implementation	
Full Impact Assessment & EQIA	c. 4 months
Consultation	c. 10-12 weeks
Approvals	c. 8-12 weeks
Design & procurement and Delivery	18 months
Delivery conflict with other projects	Yes, incl. ULEX, CC, Silvertown
Benchmarking	London leads by example with the introduction of the Ultra-Low Emission Zone (ULEZ) in 2019 to improve air quality, and the expanded zone which will start in October 2021. ULEZ is the boldest scheme of its type, other cities do have similar schemes, such as Milan's area-based scheme, but they tend to be smaller in scale. In the UK other cities are introducing Clean Air Zones, such as Birmingham and Bristol, however these have been delayed during the Covid-19 pandemic.

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6: London wide ULEZ

Key information	
Extend the current ULEZ further to the Greater London boundary.	
Proposed delivery date	October 2023
Net income raised p.a.	c£100m
Option recommended by panel	Yes – wider RUC recommended
Within current powers?	Yes

Outcome assessment	
Outcome	Impact expected
Business impacts	Increased cost of driving for businesses but potentially small benefits in journey time and reliability for BOTH commuters and businesses as a result of lower traffic levels. No impact to businesses running vehicles already in scope for LEZ which already meet ULEZ standards.
Productivity	Unlikely to significantly impact productivity.
Safety	Small decrease in traffic may lead to local lower traffic dominance and reduced probability of collisions.
Mode Share	Additional cost of driving likely to lead to small amount of traffic reduction and increased uptake of sustainable modes.
Active	Additional cost of driving likely to lead to small amount of traffic reduction and increased uptake of sustainable modes, including active travel.
Efficient	Small decrease in traffic may lead to local improvements in bus speeds on key routes.
Green (excluding Carbon)	Reduction in the number of the most polluting vehicles and small decrease in traffic will lead to associated reductions in emissions.
Carbon/Net Zero	Reduction in the number of the most polluting vehicles and small decrease in traffic will lead to associated reductions in carbon emissions.
Connected	Creates disincentive to driving a non-compliant vehicle and encourages travel by sustainable modes instead.
Accessible	Does not directly impact affordability of public transport.
Quality	Small decrease in traffic may lead to local improvements in bus speeds on key routes.
Sustainable	Potential reduction in car dependency where non-compliant vehicles are not replaced with new vehicles.
Unlocking	Potential reduction in car dependency where non-compliant vehicles are not replaced with new vehicles.
Sharing the cost	Those paying the charge directly benefit from small traffic reductions and air quality benefits.
Equality	This option would lead to a small level of London-wide traffic reduction and reductions of vehicle emissions which are harmful to human health. Older and younger people are likely to disproportionately benefit from lower levels of emissions as would those on low incomes and people from diverse background who often live in areas of poorest air quality. The additional cost of driving may particularly impact those on low incomes and those less likely or able to switch modes incl. disabled people & their carers as well as women and trans people. A detailed assessment would need to be carried out to fully understand potential impacts.

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Financial assessment							
£m cost / £m income	21/22	22/23	23/24	24/25	25/26	26/27	27/28
Gross income	-	-	340	530	400	320	300
Abstracted income from other TfL services *	-	-	unknown	unknown	unknown	unknown	unknown
Implementation costs (opex)	-	-	-	-	-	-	-
Implementation costs (capex)	-	(260)	-	-	-	-	-
Recurring costs (opex - with business area)	-	-	(80)	(140)	(110)	(90)	(90)
Recurring costs (opex - indirect cost e.g. T&D, marketing)	-	-	(1)	(1)	(1)	(1)	(1)
Net Income	-	(260)	259	389	289	229	209

*Abstracted income expected from minor increase in other PT modes but unable to be calculated at this stage

Other financial information	
Sustainability	3% annual traffic volume decline, income will fall in line with improved compliance (97% by March-26)
Volatility/Risk	Medium-High
Pays back by	23/24
NPV	£1,422m

Feasibility assessment	
Technical difficulty	An MTS revision will be required given the requirement for RUC conformity. Requires a new charging scheme to be set up separate to existing schemes. Will need additional camera infrastructure for in-zone area in the outer London area as well as signage.
Legal considerations	Describe available powers; Schedule 23 of the Greater London Authority Act 1999 is the legal basis for RUC schemes in London. A RUC scheme may only be made if it appears desirable or expedient for the purpose of directly or indirectly facilitating the achievement of any policy or proposal set out in the MTS. There is also a requirement that a RUC scheme must be in conformity with the current MTS. It is usual for the MTS to refer to all the RUC schemes which are in place given their significance to the achievement of the MTS. Full assessment, legal review and (if appropriate) consultation will be required before any decision about implementation can be made. Describe additional powers that may be required and possible route to securing them: N/A

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Feasibility assessment	
Stakeholder alignment	
Customers	Neutral impact Health benefit from reduction in harmful emissions but additional cost of driving
Businesses	Negative impact Additional cost of driving though some journey time and wider economic benefits
Boroughs	Positive impact Benefit from reduction in harmful emissions
Accessibility groups	Neutral impact Benefit from reduction in harmful emissions but additional cost of driving
Green groups	Positive impact Benefit from reduction in harmful emissions
High level implementation	
Full Impact Assessment & EQIA	c. 4 months
Consultation	c. 10-12 weeks
Approvals	c. 8-12 weeks
Design & procurement and Delivery	c. 2 years
Delivery conflict with other projects	Yes, incl. ULEX, CC, Silvertown
Benchmarking	London leads by example with the introduction of the Ultra-Low Emission Zone (ULEX) in 2019 to improve air quality, and the expanded zone which will start in October 2021. ULEZ is the boldest scheme of its type, other cities do have similar schemes, such as Milan's area-based scheme, but they tend to be smaller in scale. In the UK other cities are introducing Clean Air Zones, such as Birmingham and Bristol, however these have been delayed during the Covid-19 pandemic.

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7: London-wide carbon charge

Key information	
<p>A £3 daily charge applied to all vehicles in the whole of London with the objective of incentivising mode shift to reduce carbon emissions from road transport. Discounts and exemptions, including, for example, for residents and electric vehicles, would need to be considered in the development of such a scheme. High level impacts below include an indicative 90% residents' discount.</p> <p>Times and days of operation could be developed to complement other schemes in place at the time. For example, a Carbon Charge in operation alongside a ULEZ could mirror those charging hours. For the purposes of this assessment we have assumed charging hours aligned to proposed Greater London Boundary Charge hours.</p> <p>Charging hrs: 6am-7pm Charging days: Mon – Sun</p>	
Proposed delivery date	Spring 2024
Net income raised p.a.	£545m (Average over first full 5 years of operation)
Option recommended by panel	Yes – wider RUC recommended
Within current powers?	Yes

Outcome assessment	
Outcome	Impact expected
Business impacts	Benefits in journey time and reliability for commuters and businesses as a result of lower traffic levels but increased cost of driving for businesses.
Productivity	Local reductions in traffic and increase in active travel may benefit local high streets.
Safety	Lower levels of traffic (ca. 3 per cent decrease in London-wide car trips) may lead to local lower traffic dominance and reduced probability of collisions.
Mode Share	Additional cost of driving likely to lead to traffic reduction and increased uptake of sustainable modes by ca. 3 per cent.
Active	Additional cost of driving likely to lead to traffic reduction and increased uptake of sustainable modes, including active travel.
Efficient	Lower levels of traffic (ca. 3 per cent decrease in London-wide car trips) may lead to local improvements in bus speeds on key routes.
Green (excluding Carbon)	Reduction in traffic will lead to associated reductions in emissions.
Carbon/Net Zero	Reduction in traffic will lead to associated reductions in carbon emissions.
Connected	Creates disincentive to driving and encourages travel by sustainable modes instead.
Accessible	This option itself does not directly impact accessibility, however the net proceeds from this option are spent on delivering the MTS and funding public transport, thus it will indirectly make public transport more affordable.
Quality	Lower levels of traffic (ca. 3 per cent decrease in London-wide car trips) may lead to local improvements in bus speeds on key routes.
Sustainable	Potential reduction in car dependency by creating disincentive to drive and significant mode shift from car.

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Unlocking	Increased cost of car travel accessing central London (for journeys from/through outer and/or inner London) but lower traffic levels lead to reduced cost of congestion of businesses / London.
Sharing the cost	Those paying the charge directly benefit from a more efficient road network as do those using the bus, walking and cycling.
Equality	This option would lead to London-wide traffic reduction and associated reductions of vehicle emissions which are harmful to human health. Older and younger people are likely to benefit from lower levels of emissions, as would those on low incomes & people from diverse background who often live in areas of poorest air quality. The additional cost of driving may particularly impact those on low incomes (although they are less likely to own a car and more likely to use the bus or walk and would thus benefit) and those less likely or able to switch modes incl. disabled people & their carers as well as women and trans people. It may also impact the PHV trade which has a high level of racial and ethnic diversity ⁹ , although the low level of the charge will mean impacts may be relatively minor. Low level of the charge would reduce affordability impacts. A detailed assessment would need to be carried out to fully understand potential impacts.

Financial assessment							
£m cost / £m income	21/22	22/23	23/24	24/25	25/26	26/27	27/28
Gross income	-	-		2,221	2,037	1,966	1,911
Abstracted income from other TfL services *	-	-		unknown	unknown	unknown	unknown
Implementation costs (opex)	-	-		-	-	-	-
Implementation costs (capex)	-		(325)	-	-	-	-
Recurring costs (opex - with business area)	-	-		(1,531)	(1,456)	(1,437)	(1,427)
Recurring costs (opex - indirect cost e.g. T&D, marketing)	-	-		(1)	(1)	(1)	(1)
Net Income	-		(325)	689	580	528	483

*Abstracted income expected from increase in other PT modes but unable to be calculated at this stage

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Other financial information	
Sustainability	3% annual traffic volume decline
Volatility/Risk	High
Pays back by	2024/25
NPV	£7,426m

Feasibility assessment	
Technical difficulty	<p>An MTS revision may be required.</p> <p>Requires a new charging scheme to be set up separate to existing schemes. Will need additional camera infrastructure for in-zone area in the outer London area as well as signage. It could also require accelerated / additional EV infrastructure which would need to be considered.</p>
Legal considerations	<p>Describe available powers; Schedule 23 of the Greater London Authority Act 1999 is the legal basis for RUC schemes in London. A RUC scheme may only be made if it appears desirable or expedient for the purpose of directly or indirectly facilitating the achievement of any policy or proposal set out in the MTS. There is also a requirement that a RUC scheme must be in conformity with the current MTS. It is usual for the MTS to refer to all the RUC schemes which are in place given their significance to the achievement of the MTS. An MTS revision may be required. Full assessment, legal review and (if appropriate) consultation will be required before any decision about implementation can be made.</p> <p>As it is a new scheme it would need a ten-year spending plan, updated every four years for first ten years.</p> <p>Describe additional powers that may be required and possible route to securing them: n/a</p>
Stakeholder alignment	
Customers	<p>Neutral impact</p> <p>Positive impact for users of sustainable modes. Additional small cost impact for car users.</p>
Businesses	<p>Neutral impact</p> <p>Reduced cost of congestion and increased cost of driving</p>
Boroughs	<p>Positive impact</p> <p>Benefit from reduced traffic and emissions & potential improved access to high streets</p>
Accessibility groups	<p>Negative impact</p> <p>Increased cost of driving for those dependent on personal car unless exempt</p>
Green groups	<p>Positive impact</p> <p>Reduction in air pollution and carbon emissions</p>

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High level implementation	
Full Impact Assessment & EQIA	c. 4 months
Consultation	c. 10-12 weeks
Approvals	c. 8-12 weeks
Design & procurement and Delivery	c. 2 years
Delivery conflict with other projects	Yes incl. ULEX, CC, Silvertown
Benchmarking	When London introduced the Congestion Charge in 2003 it was a world-leading example of an area-based road user charging scheme. It remains today the only such scheme of this scale in the UK and one of the leading examples of congestion charging anywhere in the world for a major city. Other leading examples of congestion charging schemes include those in Stockholm and Singapore; although no there is no other city with a charge aimed at reducing carbon emissions. This would be world leading and especially pertinent in the year of COP.

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