

# **The Greater London (Central Zone) Congestion Charging Variation No. 5 Order 2004**

## **Report to the Mayor of London**

<b>Contents</b>	<b>Page number</b>
1. Background	2
2 Consultation Procedure	3
3. Results of Public and Stakeholder Consultation	5
4. Summary of Stakeholder Representations on the Proposed Charge Increase	7
5. Further evidence on the effect of the proposed charge increase	15
6. Possible Alternatives for Consideration	16
7. The Mayor's Decision	18

## **Appendices**

Appendix 1	Analysis of representations received to the Variation Order consultation
Appendix 2	Schedule of variations and proposed modifications to the Variation Order
Appendix 3	Representations received to the Variation Order consultation
Appendix 4	Stakeholders Consulted on the Variation Order
Appendix 5	Supplementary Information
Appendix 6	Race Equalities Initial Screening Assessment

## **Report on the Greater London (Central Zone) Congestion Charging Variation No. 5 Order 2004**

### **1 Background**

- 1.1 This report concerns proposed variations to the Greater London (Central Zone) Congestion Charging Order 2004 as contained in the Greater London (Central Zone) Congestion Charging Variation No. 5 Order 2004.
- 1.2 As requested by the Mayor, Variation No.5 Order was made by Transport for London (TfL). It proposed the following changes:
  - To raise the charge from £5 per charging day to £8 per charging day.
  - To raise the charge from £5.50 per charging day to £7 for vehicles on the automated fleet scheme. This is a result of increasing the charge, but removing the additional 10% charge for vehicles on the automated fleet scheme and also providing a £1 discount (comparable to that for longer period charges available for frequent non fleet users).
  - To raise the charge from £5 per charging day to £7 for vehicles on the notification fleet scheme. This is as a result of increasing the charge but also providing a £1 discount (comparable to that for longer period charges available for frequent non-fleet users).
  - To discount longer period charges as follows:
    - 20 days (monthly charge) for the price of 17 days (3 days uncharged)
    - 252 days (annual charge) for the price of 212 (40 days uncharged).
- 1.3 TfL made Variation No.5 Order on 7 December 2004 and it was subject to public and stakeholder consultation. Variation Order No. 5 was made on the same day as Variation Order No. 4, which is reported separately.

## **2 Consultation Procedure**

- 2.1 The provisions of Schedule 23 of the Greater London Authority Act 1999, and the Mayor's Guidance requires that Variation Orders should follow the same broad process as for the main Order, i.e. the Variation Order is made by TfL and is subject to public and stakeholder consultation. The representations to the consultation are then submitted to the Mayor. The Mayor then considers whether or not to confirm the Order with or without modification, acting on behalf of the GLA.
- 2.2 Public and stakeholder consultation on Variation No.5 Order was carried out for 12 weeks between 7 December 2004 and 28 February 2005 in line with TfL's Consultation Toolkit and Mayoral Guidance. Representations and objections could be made via e-mail or in writing.
- 2.3 The consultation pack consisted of a covering letter advising recipients of the Variation Order and how to respond to the consultation, a copy of the Variation Order itself, a schedule of proposed variations that explains TfL's reasons for the variation, and the consolidated Scheme Order. TfL also produced and enclosed a Supplementary Information note that set out in some detail the projected impacts, benefits and operational issues associated with the proposed increase to the congestion charge. The content of the consultation pack is contained in Appendix 4 to this report.
- 2.4 A consultation pack was sent to over 750 stakeholders including each of the 33 London Boroughs, London Assembly Members (25), TfL Board members (16), London MPs (73) and London MEPs (10). Consultation packs were also sent to the following stakeholder organisations under the categories of:
- Bus & Coach Operators (23)
  - Business Representative Groups (36)
  - Central Government Departments (23)
  - Cycling/Pedestrian Organisations (5)
  - Disability/Mobility Groups (40)
  - Economic/Regeneration Partnerships (28)
  - Embassies/Diplomatic Missions (84)
  - Emergency Services (9)
  - Local Authorities Surrounding Greater London (14)
  - Organisations Representing the Interests of Ethnic Minorities (64)
  - European Government (1)
  - Organisations Representing the Interests of Faith Groups (17)
  - Freight/Haulage Representative Organisations (2),
  - GLA Functional Bodies & Mayoral Commissions (8),
  - Organisations Representing the Interests of Gay/Lesbian Groups (5)
  - Health Organisations (3)
  - Local Government Associations (2)
  - Organisations Representing the Interests of the Low Paid/Job Seekers (2)
  - Motoring Organisations (11)
  - NHS Trusts/Health Authorities in Greater London (80)
  - Non Departmental Government Bodies/Executive Agencies (8)

- Organisations Representing the Interests of Older People (14)
- Professional Organisations (11)
- Taxi/Minicab Organisations (8)
- Trade Associations (7)
- Trade Unions (21)
- Train Operators (26)
- Transport & Environment Campaign/Pressure groups (21)
- Transport Partnerships (2)
- Utilities (7)
- Organisations Representing the Interests of the Voluntary/Community Sector (14)
- Organisations Representing the Interests of Women (15).

A full list of stakeholders to whom the consultation pack was sent is contained in Appendix 5 of this Report. Some 1700 companies and organisations that are registered with TfL's Congestion Charging Fleet Schemes were also sent a consultation pack.

- 2.5 In addition, full consultation information on the proposed Variation Order was posted on the TfL website, and deposited at TfL's Faith Lawson House Offices for public inspection. The notice announcing the making of the Variation Order was published in the London Gazette (approximate circulation 8,000) on 8 December and the Evening Standard (approximate circulation 350,000) on 8 December and 13 December. An editorial was published on the TfL page of the Metro (approximate circulation 500,000) on 6 December.
- 2.6 In order to enhance participation in the consultation, additional advertisements were placed in the Evening Standard and Evening Standard Lite (approximate circulation 55,000) on 12 January, 24 January, 7 February plus 14 February and in the Metro on 12 January, 25 January, 8 February and 15 February.
- 2.7 Should the Mayor decide to confirm the Variation Order, with or without modifications, TfL would publish a notice of the confirmation in the London Gazette and on its website. TfL would incorporate the confirmed variations in a revised consolidated Scheme Order.

### **3 Results of Public and Stakeholder Consultation**

- 3.1 There were a total of 1152 responses to the consultation: 1007 from members of the public, 16 from other organisations, 84 from individual businesses and 45 from stakeholders. Representations focussed almost exclusively on the proposed charge increase.

#### ***Representations to the Proposed Charge Increase***

- 3.2 There was substantial opposition expressed to the proposal to increase the charge. The breakdown of support or opposition to the proposed charge increase is as follows:
- 1007 members of the public (76% oppose; 13% support; 3% neutral; 8% representations not relating to the Variation Order)
  - 16 other organisations (56% oppose; 18% support; 18% neutral; 6% representations not relating to the Variation Order)
  - 84 businesses (89% oppose; 2% support; 5% neutral; 4% representations not relating to the Variation Order)
  - 46 stakeholders, of which 40 expressed an opinion (75% oppose; 23% support; 2% neutral).
- 3.3 Representations objecting to the proposed charge increase were received from the following key stakeholders: CBI, London First, London Chamber of Commerce and Industry, Federation of Small Businesses, London Retail Consortium, British Vehicle Retail and Leasing Association, Freight Transport Association, Road Haulage Association, Westminster City Council, Royal Borough of Kensington & Chelsea, LB Islington, LB Wandsworth, Liberal Democrat Group on the London Assembly and Conservative Group on the London Assembly.
- 3.4 Representations supporting to the proposed charge increase were received from the following key stakeholders: LB Camden, Labour Group on the London Assembly, and the London Transport Users Committee. The Corporation of London supported the proposal, but with the caveats that the end time be brought forward to 1800 hours and key workers should be given a discount or exemption.
- 3.5 Stakeholders responding to the consultation raised the following principal concerns:
- The proposed 60% increase in the charge is too high;
  - The proposal would have an adverse impact on business;
  - The congestion / traffic reduction 'targets' have already been achieved and therefore an increase in the charge is unnecessary;
  - The proposal is primarily aimed at raising revenue rather than a further reduction in traffic congestion;
  - The proposal is about raising revenue to finance a western extension of the current central London scheme.

### ***Representations to the Proposed Fleet Scheme Charges***

3.6 The response to the proposal to raise the charge to £7 for vehicles on TfL's fleet scheme was as follows:

- 22 members of the public (6 oppose; 5 support, 11 support but with alternative levels of charge)
- 5 other organisations (2 oppose; 2 support; 2 support, but increase should be lower )
- 10 businesses (7 oppose; 2 support; 1 support, but increase should be lower)
- 14 stakeholders (6 oppose; 8 support)

### ***Representations to the Proposed Discounted Charges***

3.7 The response to the proposal to discount for longer period charges was as follows:

- 37 members of the public (19 oppose; 12 support; 6 support but with increased discount)
- 1 other organisation (support)
- 2 businesses ( 1 oppose; 1 support but with increased discount)
- 16 stakeholders (6 oppose; 9 support; 1 neutral)

3.8 It should be noted that a significant number of the objections to the proposals to vary the fleet scheme charge and longer period charges were from stakeholders who were opposed to the whole Variation Order, without specifically mentioning their objection to each variation.

3.9 A summary of the responses is contained in the following section and a more detailed analysis of the representations and objections to all the proposed variations, along with TfL's response, is attached to this report as Appendix 1.

## **4 Summary of Stakeholder Representations on the Proposed Charge Increase**

- 4.1 To analyse the representations and objections, the responses were coded into themes and sub-themes. There were 21 themes in total for the proposal to increase the charge to £8. The Mayor is advised to consider all the representations received, along with TfL's consideration as set out in Appendix 1 of this report. This section summarises the main points raised by key stakeholders under each theme and is offered only as a guide to the comments raised from key stakeholders.

### **4.2 Theme 1 – Declarations of support or opposition**

Nine stakeholders stated their unconditional support. The Corporation of London, stated its support with the condition that the charging period should end at 6.00 p.m. and that a discount should be made for key workers. Two stakeholders were neutral in their response and twenty were against the proposal.

#### TfL's Response

*These positions are noted.*

### **4.3 Theme 2 – The proposed increase is too much**

Thirteen stakeholders felt that the proposed increase to £8 was too much, often citing that the rate of inflation is lower than the proposed percentage increase to the charge.

#### TfL's Response

*The Mayor is keen to maintain and build upon the significant traffic and transport benefits and revenues for London that are being generated by the central London congestion charging scheme and that in time these benefits will be eroded if the value of the charge remained the same.*

It was also suggested by some stakeholders that the difference in incremental net benefits between a £6 charge and a £8 charge were small.

#### TfL's Response

*An £8 charge would raise considerably more benefits than a £6 charge.*

### **4.4 Theme 3 – The Mayor said he would not put up the charge; the increase is unnecessary**

Two stakeholders quoted the Mayor as saying he saw no circumstances where he would want to put the charge up.

#### TfL's Response

*The Mayor's Transport Strategy states that 'the charge (including discounts and exemptions) would also be kept under review to identify whether any adjustments were needed to maintain the objective of reducing traffic congestion or to respond to changes in circumstances'.*



It was also stated by the ALG that the proposed increase was addressing a problem that has not yet occurred.

*TfL's Response*

*The proposals are intended to maintain and build upon the benefits of the congestion charging scheme and to fund further transport improvements.*

**4.5 Theme 4 – Congestion has already been sufficiently reduced**

Nine stakeholders noted that the original target for the Congestion Charging scheme was a 15% reduction in traffic, with a corresponding 30% reduction in congestion. It was claimed that as this target is already being met that an increase was unjustified.

*TfL's Response*

*The purpose of the proposal was to maintain and build upon the significant traffic and transport benefits and revenues for London that are being generated by the existing scheme but the net revenues generated will be used to fund further transport improvements.*

**4.6 Theme 5 – The proposal is not in line with the Mayor's Transport Strategy**

Three stakeholders stated that the proposal was not consistent with the Mayor's Transport Strategy Revision; in that the target for reducing traffic is 15% in central London; and that there is no specific suggestion in the Revision to the Transport Strategy of an increase to £8.

*TfL's Response*

*The revised Transport Strategy states at paragraph 4G.73 that 'The Mayor is keen to maintain and build upon the significant traffic benefits that have arisen so far from the central London scheme.'*

It was also suggested that the Mayor's Transport Strategy Revision does not set any new targets for traffic or congestion reduction. TfL responded that the Transport Strategy adopts targets for 2011 of an absolute reduction in weekday traffic of 15%, compared to 2001, in the central area where congestion charging has been introduced.

*TfL's Response*

*The present level of charge would not be able to keep pace with London's projected population and employment growth, which would result in increased demands for travel.*

**4.7 Theme 6 – The proposal is only intended to raise revenue**

Ten stakeholders suggested that the proposal was purely to raise revenue rather than the stated reasons for raising the charge.

*TfL's Response*

*Whilst the Congestion Charge is a means of raising revenue, the main purpose of the proposal is to maintain and build upon the benefits of the congestion charging scheme.*

4.8 **Theme 7 – General Impacts and Benefits of the Proposal**

The Corporation of London recognised that the proposed increase in the level of the charge would protect the benefits that have arisen from the original scheme.

TfL's Response

*This is noted.*

The Central London Partnership queried whether the loss to local authorities in parking revenue had been included in TfL's cost benefit analysis of the proposals.

TfL's Response

*Parking revenue is not usually included in a cost benefit analysis as it is a transfer payment rather than a resource.*

4.9 **Theme 8 – Traffic Impacts of the Proposal**

Both the London Borough of Camden and Transport 2000 welcomed the further reductions in traffic that an increase in the charge would bring.

TfL's Response

*This is noted.*

Three stakeholders were concerned about high levels of congestion that remain at some key locations within the existing charging zone.

TfL's Response

*The proposed increase in charge would reduce congestion and this would allow additional scope for traffic measures to alleviate any identified traffic problems.*

Three stakeholders felt that the predicted reductions in traffic were marginal.

TfL's Response

*TfL do not consider the predicted benefits to be marginal.*

London Borough of Enfield was concerned about the traffic impact of the proposals in outer London.

TfL's Response

*It is unlikely that traffic would divert in any significant numbers to other areas of London.*

**4.10 Theme 9 – Public Transport Impacts of the Proposal**

The London Chamber of Commerce and Industry were concerned about the public transport impacts of the proposals. These were that current capacity is insufficient; improvements are required to longer distance travel; the proposals would not lead to an equivalent improvement in public transport performance and that the cost of maintaining the bus network was unsustainable.

TfL's Response

*The TfL Business Plan 2005/6-2009/10 sets out TfL's commitment to improving London's transport system. TfL has also recognised that additional subsidy is required from Government to meet the growth in demand that will be generated by over 400,000 extra London residents by 2011.*

The London Retail Consortium felt that the recent rise in public transport fares could lead to fewer people travelling into London.

TfL's Response

*There has been a 30% growth in bus use over the past 4 years. The increased fares announced in September 2004 are not expected to reverse this growth, although the rate of growth will probably slow. On the Underground, there has been a wider trend of declining patronage observed across the whole of the network with reductions of up to 6%, but these reductions were due to a variety of factors unrelated to congestion charging.*

**4.11 Theme 10 – Business Impacts of the Proposal**

Transport 2000 praised the benefits of the Congestion Charge to business. Eleven stakeholders, however, stated that the existing £5 charge has significantly damaged business in central London.

TfL's Response

*TfL acknowledges that raising the charge to £8.00 would have some financial impact on businesses operating in the zone or delivering to the zone. TfL considers, however, that whilst there has been an effect on business, this has been very small. An £8 charge would make little difference to the number of people entering the zone by all transport modes. TfL recognises that many businesses would regard the cost of the increased charge as greater than the savings from reduced congestion.*

Eight stakeholders also stated that the impacts of the £5 charge were not fully understood.

TfL's Response

*There has been more than two years of monitoring of the business impacts of the congestion charging scheme since charging commenced.*

The London Chamber of Commerce and Industry called for an independent assessment of the impacts of the Congestion Charge on business.

*TfL's Response*

*TfL do not consider that any further independent assessment of the existing scheme would return significantly different findings to TfL's own research.*

The Federation of Small Businesses forwarded details of members who were considering relocation from central London "because of the Congestion Charge". They also produced figures from their own survey about the impacts caused by the congestion charge, whilst the British Vehicle Rental and Leasing Association also quoted the detail of surveys.

*TfL's Response*

*The congestion charge is not the main reason behind companies thinking about relocating.*

Two stakeholders mentioned that HGVs and delivery vehicles have no alternative but to enter the charging zone.

*TfL's Response*

*This is noted, but before charging there were a number of trips being made in the charging zone by delivery, goods vehicles and commercial vehicles that were unnecessary. It is consistent with the primary objective of congestion charging that they should be deterred. There has been a drop of over 10% in HGVs entering the charging zone since charging began.*

**4.12 Theme 11 –Impacts of the Proposal on Low Paid Workers**

Four stakeholders were concerned about the affordability of the charge for those on lower incomes, with particular concern for NHS workers.

*TfL's Response*

*There are likely to be more people on lower incomes who benefit from the improvements to bus services and health/environmental benefits as a result of the proposed charge increase than those who lose out as a direct result of having to pay the increased charge, however, the severity of the impact would be significantly higher upon them. TfL's reimbursement scheme for certain NHS employees is also described.*

**4.13 Theme 12 – Social Impacts of the Proposal**

The issue of those who live on or near the charging zone boundary was raised, vis-à-vis their perceived need to enter the zone for certain services.

*TfL's Response*

*The purpose of congestion charging is to influence behaviour and to encourage people to use alternative modes of transport wherever possible. This is particularly the case for short, local journeys.*

The Royal Borough of Kensington & Chelsea raised a concern about the affordability of the charge for residents of the charging zone.

*TfL's Response*

*The comment is a misinterpretation of TfL's social impacts survey.*

**4.14 Theme 13 – Environmental Impacts of the Proposal**

The London Retail Consortium and Greenpeace welcomed the environmental improvements that the congestion charge has made thus far, and the improvements that could be made in the future.

*TfL's Response*

*These comments are noted.*

Bromley NHS Trust had concerns about diverting traffic would lead to reduced air quality along the diversionary routes.

*TfL's Response*

*The overall effect on the environment of the proposed charge rise is expected to be a positive one.*

**4.15 Theme 14 – Operational Issues**

The London Borough of Wandsworth objected to the term 'customer improvements'. City of Westminster, the Corporation of London and the Central London Partnership all requested that end of charging be brought forward to 6.00p.m.

*TfL's Response*

*TfL considers it reasonable to continue to propose a 6.00pm end to charging hours in conjunction with the western extension proposal, but not at this time.*

Three stakeholders requested that automatic pre-payment be implemented before any increases in the charge were considered.

*TfL's Response*

*TfL has been examining the feasibility of introducing an automated pre-payment solution, but there are significant arguments against the introduction of such a scheme in the short term.*

**4.16 Theme 15 – Requests for New Exemptions and Discounts**

TfL received request for new discounts or exemptions for:

- Zero emission vehicles
- Royal Mail vehicles
- Market vehicles
- Goods and service vehicles
- Key workers
- Partially sighted people

*TfL's Response*

*These requests are all outside the scope of the Variation Order, and TfL does not consider that any new discounts or exemptions are necessary as a response to the proposal.*

**4.17 Theme 16 – Public Opinion**

The London Chamber of Commerce and Industry were concerned that raising the charge would turn public opinion against the congestion charge.

*TfL's Response*

*Whilst it is recognised that some people may view the proposal as excessive, TfL believes that as the majority of Londoners do not pay the congestion charge, and many more have benefited from it.*

**4.18 Theme 17 – Further Increases in the Charge**

Three stakeholders sought assurances that the Mayor will not increase the charge any further.

*TfL's Response*

*The Mayor has stated his intention that there would be no further increases in the congestion charge during this current mayoral term, which runs until May 2008.*

**4.19 Theme 18 – Consultation**

The Royal Borough of Kensington & Chelsea stated their concern that an increase in the charge of the magnitude proposed was not raised in sufficient detail at the time of the consultation on the Mayor's Transport Strategy Revision.

*TfL's Response*

*The Revision to the Transport Strategy incorporated a new section "Keeping the current scheme under review".*

The British Vehicle Rental and Leasing Association suggest that a decision on the increased charge had already been made before the consultation on this proposal began.

*TfL's Response*

*The Mayor will consider all representations and objections prior to making his decision on whether or not to increase the charge.*

Four stakeholders felt the consultation was premature, particularly given the imminent public consultation on the western extension proposal.

*TfL's Response*

*It is highly preferable that the level of the charge for an enhanced charging zone is known before the western extension consultation begins.*

Four stakeholders felt the information supplied with the consultation documents was insufficient.

*TfL's Response*

*The estimated impacts of an £8 charge were described in some detail in the Supplementary Information note supplied with the consultation materials to all stakeholders.*

**4.20 Theme 19 – Monitoring Information**

Three stakeholders raised concerns about TfL's monitoring of the Congestion Charge.

*TfL's Response*

*The detail of TfL's impacts monitoring programme was explained.*

**4.21 Theme 20 – Performance of the Service Provider**

The British Vehicle Rental and Leasing Association raised concerns about the perceived flaws in the service provided by Capita, particularly in relation to the appeals service.

*TfL's Response*

*The proposals are not related to the running costs of the scheme, or the performance of TfL's contractors or the appeals service, but even so the quality of service has improved significantly since its introduction.*

**4.22 Theme 21 – Use of revenues**

Ten stakeholders raised schemes or issues that they felt could be funded by the net revenues from Congestion Charging. None of them agreed with each other and four stakeholders felt that the revenues would be used to pay for a western extension.

*TfL's Response*

*The priorities for spending are proposed to remain as for the current scheme, as set out in Annex 4 of Consolidated Scheme Order, and approved by the Secretary of State for Transport. This could not, therefore, include funding a western extension.*

Two stakeholders proposed alternative methods of raising net revenues.

*TfL's Response*

*The TfL Business Plan sets out the priorities for spending and that the proposed increase to the charge would enable some of these projects, with their associated benefits to be brought forward more quickly.*

The London Assembly Conservative group questioned whether the estimated net revenues from an £8 charge would make a significant improvement to transport in London.

*TfL's Response*

*TfL confirmed that it was.*

## **5. Further evidence on the effect of the proposed charge increase**

- 5.1. The proposed increase would undoubtedly raise the charge above the level required to deal with inflation, rising real incomes, and the effects of fare increases. It would intensify the decongestion benefits of the scheme and it would raise additional revenues.
- 5.2. Since the consultation material was assembled, there have been various refinements to the estimates of the impacts of the proposed increase in the charge. This work suggests that the impacts of an increased charge could be more towards the lower end of projected driver sensitivities that is more towards the lower estimate of improved congestion benefits and the higher estimate of additional revenues.
- 5.3. However, there is also accumulating evidence that traffic levels in central London are static or declining. While this diminishes the extent to which the impact of the current £5 charge could be eroded, it could also mean that the net effect of an increased charge could be towards the higher end of projected driver sensitivities.
- 5.4. Given the uncertainties over driver behaviour and background traffic trends, TfL considers that the net outturn decongestion and financial impacts are likely to lie within the range of estimates used for public consultation.
- 5.5. However, the increased revenues deriving from the proposal would be adversely affected by a 6.00pm finish to charging hours which could result in a loss of up to £10 million per year. This is a feature of the proposals for a western extension on which public consultation is planned to commence in May.



## **6. Possible Alternatives for Consideration**

### ***Scale of opposition to the proposals***

- 6.1. TfL considers that the representations received do not directly challenge the underlying rationale for the proposals: an intensification of both the operational and financial impacts of the scheme.
- 6.2. Given the extent of the opposition to the proposed increases in the charge, however, the Mayor may wish to consider whether a lower increase in the charge may be more appropriate.

### ***Impacts of Alternative Charges***

- 6.3. The broad impacts of alternative levels of charge increase were set out in the Supplementary Information included in the consultation pack. For ease of comparison, the current charges produce congestion reductions of 30% inside the charging zone and generate net revenues of around £80 million per annum. The proposed increase to £8 for general traffic and £7 for fleet vehicles, together with monthly and annual discounts would produce congestion reductions of 34-38% and generate increased net revenues of £35-45 million per annum.
- 6.4. *Scenario A*  
£7 charge, £6 for fleet vehicles and monthly and annual discounts would produce congestion reductions of about 32-36%. It would generate an increase in net revenues of around £20-30 million. This sort of increase would be more in line with prospective inflation, rising real incomes and planned public transport fare increases.
- 6.5. *Scenario B*  
A £7 charge for all vehicles (i.e. for fleets as well as general traffic) and the proposed monthly and annual discounts would produce congestion reductions of some 33-36% and would generate about £25-35 million additional net revenues per annum.
- 6.6. *Scenario C*  
A £7 charge for all vehicles (i.e. for fleets as well as general traffic) but no monthly or annual discounts would have a broadly comparable traffic impact to scenario A. It would generate around £30-40 million additional net revenues per annum.
- 6.7. *Scenario D*  
An £8 charge, £6 for fleets and the proposed monthly and annual discounts would produce congestion reductions of around 33-37% and would generate around £25-35 million additional net revenues per annum.

### ***Operational Modification***

- 6.8. The Variation Order indicated that the implementation date for all the changes proposed within it would be 4 July 2005. This remains unchanged. However, the order also indicates that it would be possible to pay this charge 65 charging days in advance, (i.e. from 4 April 2005). This has proved impractical; the earliest those paying for charges on or after 4 July 2005 could pay at £8 per charging day is 6 June 2005.

- 6.9. Currently less than 1% of charges are purchased in advance. It is estimated, therefore, at current rates of purchase, this would cost TfL around £25,000. However, it is inevitable that this will be publicised following a decision on Variation Order No. 5, so encouraging more people to purchase charges at the 'old' £5 rate. It is not possible to quantify the final impact of this with any accuracy, but it may be offset by the fact that a proportion of the charges paid for will not actually be utilised due to holidays, changes of travel plans, sickness and so on.
- 6.10. The alternative would be to postpone the implementation date for the charge increase, which would have a far higher financial impact on TfL at around £300,000 per day.
- 6.11. TfL recommends changes to the Scheme Order to allow those paying for charges on or after 4 July 2005 to pay at £5 per charging day up until 6 June 2005.

## **7. The Mayor's Decision**

- 7.1. The Mayor will wish to consider the representations received and assess the results of consultation.
- 7.2. If he considers he does not have sufficient information to reach a decision on whether or not to confirm the Variation Order, with or without any modifications, he can ask TfL for further advice, he can ask TfL to consult further, or he can hold a public inquiry into some or all aspects of the proposals.

### ***The Need for Further Consultation or a Public Inquiry***

- 7.3. Paragraph 4 of Schedule 23 of the Greater London Authority Act 1999 gives the Mayor the power to consult on the making of an order and to hold a public inquiry.
- 7.4. TfL have undertaken public consultation on the made Variation Orders, following the Guidance issued by the Mayor and consider that no further consultation is required should the mayor wish to confirm an £8 charge. Similarly, TfL consider that the Mayor has all the information he requires to make this decision.
- 7.5. TfL considers that a lower increase in the charge could be considered without further consultation, providing that the other features of the Variation Order were retained so that no category of charge-payer would be worse off under a modified Variation Order. If the Mayor is minded to consider a modification of this sort, TfL can provide further analysis.
- 7.6. In the opinion of TfL officers a public inquiry is not required, but this decision is one for the Mayor to make personally. Whilst such an inquiry might bring forward some additional information, such individual cases of hardship, TfL's view is unlikely to lead to significant changes in either the public's or the Mayor's understanding of the implications of the proposed variations.

### ***Implementation of the Variation Order***

- 7.7. The Variation Order as made is planned to come into effect on Monday 4 July 2005. TfL considers that if the Mayor modified the Order simply to include a lower charge than £8, the implementation date could still be Monday 4 July provided the £1 discount for fleet scheme vehicles is maintained. TfL can provide more advice on this if necessary.

### ***TfL's Conclusion***

- 7.8. The proposals contained in Variation order No. 5, which are consistent with the Mayor's Transport Strategy, are intended:
- to maintain and build upon the benefits of the congestion charging scheme
  - to support new investment on measures to further reduce traffic congestion
  - to support new investment on the wider objectives of the Mayor's Transport Strategy
- 7.9. It is TfL's consideration that the proposals will meet these objectives. In considering whether or not to confirm Variation Order No. 5, with or without modifications, the Mayor will, of course, need to consider the significant level of opposition to the

proposal. In reaching a decision TfL draws the Mayor's attention to the detailed comments made by TfL in response to the representations (summarised in Section 4 above and detailed in Appendix 1) and to the alternative charging scenarios (outlined in Section 6 above).