

REQUEST FOR MAYORAL DECISION – MD1343**Title: Changes to the Congestion Charging Scheme**

Executive Summary: This Form asks the Mayor to decide whether or not to confirm (with or without modifications) the Greater London (Central Zone) Congestion Charging (Variation) Order 2013, (“The Variation Order”). The Variation Order was made by Transport for London (“TfL”) and amends the Greater London (Central Zone) Congestion Charging Order 2004, as varied (“the Scheme Order”) by making the following proposed changes to the Congestion Charging Scheme:

- An increase in the daily charge level
- Enable discount applications and renewals to be made online
- Enable direct debit payments for CC Auto Pay
- Allowing NHS Reimbursement for journeys paid for by CC Auto Pay
- Allowing customers to amend the date of a pre-paid charge on the day of travel

In addition, the Variation Order contained a number of minor amendments to update the Scheme Order (see Section 1). The Order was subject to public and stakeholder consultation between 6 January and 14 March 2014.

This Form presents the results of the public and stakeholder consultation on the Variation Order and related impact assessments, and makes recommendations as to a number of modifications to the Order.

Decision: The Mayor is now requested:

- i. To consider the responses to the consultation on the Variation Order (at Appendix A)
- ii. To have regard to and take into account:
 - The Impact Assessment prepared in relation to the Variation Order and contained at Appendix B; and
 - TfL’s Report to the Mayor following consultation with the public and stakeholders on the Variation Order, contained at Appendix C, which contains TfL’s consideration of the responses to the consultation, the recommended modifications and associated matters and the responses (if any) that were received after TfL completed its report, and which have been provided to the Mayor
- iii. To consider the content of, and advice given in, this form in particular regarding the various matters for decision, including-
 - Whether further information is required before making a decision
 - Whether further consultation, or the holding of any inquiry, public or otherwise, is necessary or appropriate before making a decision
- iv. If he is satisfied regarding these and other relevant matters, to confirm the Variation Order as made by TfL with the modifications recommended by TfL in response to representations to the consultation (contained in Section 7 of this form) by signing and dating this form and the Instrument of Confirmation (contained at Appendix D).

Mayor of London

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

The above request has my approval.

Signature:

Date: 27 May 2014

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

Decision required – supporting report

1 Introduction and background

The Variation Order was made by TfL on 19 December 2013 and was subject to public and stakeholder consultation between 6 January and 14 March 2014. The Order set out the following proposed changes to the Congestion Charging Scheme to:

- Allow Direct Debit payments for CC Auto Pay.
- Enable discount applications and renewals to be made online, rather than by post.
- Increase the daily charge in response to inflation. This would mean a rise in the full daily charge from £10 to £11.50, and a comparable increase for charges made via other payment channels, as set out in the table below:

| Payment method | Current charge (2013) | Proposed charge (2014) | Comments |
|-------------------------------|-----------------------|------------------------|---|
| Standard daily charge | £10 | £11.50 | Headline congestion charge |
| CC Auto Pay | £9 | £10.50 | CC Auto Pay is historically £1 less than headline rate |
| Pay Next Day | £12 | £14 | Pay Next Day is historically £2 more than headline rate |
| Residents CC Auto Pay (daily) | £0.90 | £1.05 | This is in line with the inflationary increase of the headline rate |
| Residents (pay in advance): | £5 | £5.75 | |
| Five days | £20 | £23 | |
| One month | £252 | £289.80 | |
| One year | | | |

- Allow NHS Reimbursement for journeys paid for by CC Auto Pay
- Allow customers to amend the date of a pre-paid charge on the day of travel
- Make minor administrative changes to the Scheme Order. These changes are proposed to update the Scheme Order so it accurately reflects current operations and regulations. None of these changes would impact customers. The minor changes are:
 - Removing the vehicle seat capacity requirement for the Residents' Discount (to prevent residents applying for a less advantageous discount)
 - Including a reference to card payment failures
 - Updating the definition of recovery vehicles to reflect the current ISO9001:2008 standard
 - Updating NHS Reimbursement Scheme in line with recent changes to the NHS, including replacing references to the abolished Primary Care Trusts with the new Clinical Commissioning Groups

A number of modifications as set out in section 7 of this Form are also proposed by TfL if the Mayor is minded to confirm the Variation Order.

2 Objectives and expected outcomes

Proposal to increase the Congestion Charge

The objective of the Congestion Charge ("CC") is to manage traffic congestion in central London by acting as a deterrent to driving in the area. It is necessary to ensure that the level at which the charge is set will maintain this deterrent effect. Since its introduction in 2003, the central London Congestion Charging Scheme has delivered a significant reduction in traffic and congestion by using a charging mechanism as a deterrent to driving into the central London area. Traffic and congestion negatively impact on London's productivity and efficiency.

The charge has been increased twice before: from its original level of £5 to £8 in July 2005 and then to £10 in January 2011. The proposed increase would come into effect on 16 June 2014.

The rationale behind the charge increase is that, as a result of inflation, real-term costs of entering the Congestion Charging zone have decreased since the charge was last increased in January 2011. The financial deterrent effect of the charge has therefore eroded over time and it is necessary to increase the charge in order to maintain the effectiveness of the scheme.

The proposed charge increase would also maintain the relative deterrent effect of the charge in comparison to other transport costs and public transport fares, ensuring the decongestion effects of the scheme are maintained. The Weighted Average Increase¹ across the payment channels is 16 per cent (this compares to 20.7 per cent across public transport fares over the same period). Inflation between 2011 and 2014 is estimated to be 13%. This results in a real-terms increase of 3 per cent.

The proposed rise is placed slightly (3 per cent) above inflation to ensure that:

- i. The charge retains its deterrent effect for a few years beyond the price increase in 2014 (the exact number of years is dependent upon future inflation rates). This means that the charge will remain effective without the charge level having to be increased again in the short-term.
- ii. The charge levels are rounded to the nearest 50p to be clear and memorable to customers.

For the period ending 2017/18, an estimated £82.7m in additional Gross Income would be generated from the charge increase. It is proposed the charge increase would be introduced on 16 June 2014 and the additional income is included in TfL's Business Plan.

By law, all net revenue from the Scheme is used to improve transport in London by implementing policies and proposals in the Mayor's Transport Strategy. In ten years of operation the CC Scheme has generated over £1bn which has been used to improve transport and also facilities for cyclists and pedestrians in London.

Other changes

The changes outlined below have been proposed in the context of the new service provision contract for the Congestion Charge and the opportunity this presents to respond to customer feedback, achieve cost savings to TfL and reduce the overall administrative burden on TfL and its customers. Their overall outcome is to make the scheme more efficient and in keeping with recent developments, and would come into effect in late 2015.

¹ The proposed charge increase has been calculated by applying the inflation rate between now and the last charge increase (thirteen per cent) and an additional three per cent to maintain the deterrent effect of the charge in the future. This approach was applied to all of the payment channels and results in an average weighted increase of 16 per cent, which reflects the number of vehicles being paid for through each of the channels.

Introduction of online discount applications and renewals

Currently, discounts on the Congestion Charge are applied for by post. Customers indicated they would prefer to apply for and renew discounts online, scanning and uploading the supporting evidence rather than having to post it, or post the evidence if they are unable to scan it. This reduces the administration burden for both customers and TfL. While the vast majority of applications are expected to be made online, TfL would continue to accept postal applications for Blue Badge Discount applications and in cases where the customer was unable to apply online.

Allowing Direct Debit payments for CC Auto Pay

This change would allow customers registered for CC Auto Pay to pay their account via Direct Debit. This service has been requested by customers and is already available for Fleet Auto Pay customers.

Allowing NHS Reimbursement for journeys paid for by CC Auto Pay

The NHS Reimbursement Scheme does not currently allow the charge to be reimbursed if it was paid via CC Auto Pay and this facility has been requested by customers. The introduction of the new service provision contract would allow a unique payment reference to be generated for each CC Auto Pay payment which could be used in reimbursement applications by NHS patients and employees who meet the eligibility criteria. The proposed change will ensure that the original intention of the NHS reimbursement scheme is maintained, i.e. that the charge does not act as a barrier to receiving NHS care, in recognition that NHS treatment is universal and free at the point of delivery.

Allowing customers to amend the date of travel of a pre-paid charge on the day of travel

This proposed change would allow a customer who has purchased a charge in advance but can no longer travel on that date to change the charge purchase to a future date. This brings the Congestion Charging scheme into line with the LEZ scheme. This change allows for a more customer-friendly and flexible scheme. An administration fee of £2.50 will be applicable.

Minor administrative changes

The objective of the following changes is to ensure that the Order remains up to date and no significant effect on TfL or its customers is expected. These changes would take effect on the day the Instrument of Confirmation is signed, and are:

Amending the vehicle seating capacity for the Residents' Discount: This proposed change would remove the seating capacity of vehicles that can be registered for the 90 per cent Residents' Discount. This change will have a limited effect on customers because vehicles with nine or more seats are eligible for the 100 per cent 9+ Seat Discount. This prevents residents applying for a less advantageous discount.

Updating the definition of recovery and breakdown vehicles: The definition for an "accredited recovery organisation" no longer reflects the correct standards. The proposed change would update the reference to an accredited recovery organisation (which is used in the definition of breakdown vehicles) to the current version of the relevant service standard. This change updates the requirements to be in line with best practice in the industry.

Updating references to cited regulations: This change updates the references in the Scheme Order to various regulations and industry standards which are now out of date.

Include reference to card payment failures: This change will update the section in the Scheme Order which refers to dishonoured cheque payments to include card payment failures, Direct Debit failures and indemnity claims. It allows TfL to treat the daily charge as not being paid where any kind of payment has bounced or been returned as unpaid.

Updating the references in the NHS Reimbursement Scheme: The restructure of the NHS has meant that Primary Care Trusts have been abolished and their functions have been taken over by Clinical Commissioning Groups. The proposal is to update the Scheme Order to reflect this change.

3 Other considerations

Links to Mayor Strategies and priorities

The Greater London Authority Act 1999 ("the GLA Act") provides that variations to a road user charging scheme must be desirable or expedient for the purpose of directly or indirectly facilitating achievement of proposals in the Mayor's Transport Strategy ("MTS") and must be in conformity with the MTS.

The policy approach to the operation, monitoring and review of the Congestion Charging scheme is set out in MTS Proposal 129, which states that:

"The Mayor, through TfL, will operate and monitor Congestion Charging in the original central London Congestion Charging zone. The Mayor will keep the scheme under review, making variations to ensure the continued effectiveness of the policy reflects best practice, improves the operation of the scheme, or helps it to deliver the desired outcomes of the MTS."

The supporting context for Proposal 129 is explained in Paragraph 682:

"...the Mayor will continue to operate the Congestion Charging scheme in the remaining central London zone. He will consider opportunities to improve the scheme as they arise, for instance, through the development of new technologies, feedback from scheme users or stakeholders, or the emergence of new examples of best practice, to ensure it continues to provide the best possible means of achieving the desired outcomes of the MTS."

The proposed increase in the Congestion Charge would meet the objective in Proposal 129 of ensuring the continued effectiveness of the policy. It would directly support the following policies in MTS: Policy 5, Policy 10, Policy 11, Policy 12, Policy 15, Policy 19 and Policy 24. Policy 11 is probably the most pertinent, as follows:

Policy 11 - The Mayor, through TfL, and working with the DfT, Network Rail, train operating companies, London boroughs and other stakeholders, will seek to reduce the need to travel, encourage the use of more sustainable, less congesting modes of transport (public transport, cycling, walking and the Blue Ribbon Network), set appropriate parking standards, and through investment in infrastructure, service improvements, promotion of smarter travel initiatives and further demand management measures as appropriate, aim to increase public transport, walking and cycling mode share.

In preparing the Variation Order, TfL, in consultation with GLA officers, has had regard to the consistency with other relevant Mayoral strategies, including the Economic Development Strategy, the London Plan and the Mayor's Air Quality Strategy (MAQS). No inconsistencies have been identified.

Changes in Congestion and Traffic Flows and the case for increasing the charge

Influence on traffic flows

The Congestion Charge acts as a deterrent to vehicles driving in the zone. When the scheme was introduced in 2003, congestion initially fell by around 30 per cent and traffic volumes have continued to fall in London. The introduction of congestion charge saw some 54,000 fewer vehicle movements in the zone during charging hours - a 14 per cent reduction against the 2002 baseline. This data was monitored until 2008, at which time there was a 21 per cent reduction compared to the 2002 baseline.

More recent traffic flow data collected by TfL² illustrates the continuing trend of falling traffic flows in Central London. In central London, flows have shown continuous decline, over 4 per cent in 2013 versus 2012. This is in contrast with pan-London traffic flows, which were 1.5 per cent higher in 2013 versus 2012 which itself was 0.5 per cent higher than 2011.

² TfL data from Automatic Traffic Counters inherited from the Congestion Charge monitoring programme, therefore providing comparable data

Influence on congestion

The primary aim of the Congestion Charging scheme is to reduce traffic and congestion in central London. While traffic levels have reduced, levels of congestion in central London are now close to pre-charging levels. Whilst congestion did fall by 30 per cent originally, this benefit has been eroded over time due to a number of factors including ongoing reallocation of road space in favour of buses, cyclists and pedestrians and a high volume of utility and development works in central London.

Although the congestion reduction effects are less than they were at the start of the scheme, the maintenance of a reduced volume of traffic movements shows that congestion would nevertheless be much worse without the Congestion Charge. Increasing the charge will ensure the cost of Congestion Charge does not decrease in real-terms, which would erode the deterrent effect.

Tackling congestion

The Congestion Charge is one of many ways in which TfL is tackling congestion on the road network and is by no means the only intervention in place. The Mayor and TfL are doubling the investment in the road network from £2 billion to £4 billion across the next 10 years, helping to deliver the recommendations of the recent Mayor's Roads Task Force (RTF) to tackle the challenges facing London's streets and roads, which delivered its report in July 2013. This independent body brought together a wide range of interests and expertise and set out its recommendation for the development of a long-term strategy for roads and the need for a commitment to major investment in street management and urban design. TfL responded to the report and has set out its short-term actions and is developing its longer-term approach with regular reports. TfL's approach following the RTF work includes a programme targeted at tackling congestion hotspots across London.

A key proposal in TfL's response to the RTF was to expand the use of technology such as SCOOT (Split Cycle Offset Optimisation Technique), with the installation of a further 1,500 SCOOT sites. This uses sensors to determine the number of vehicles at a junction and adjust the 'green light' time. SCOOT has been proven to reduce delays by around 12 per cent and the technology is now in use at more than 3,000 sites across London.

4 Impact Assessments

Although the making or confirmation of a variation order to amend the Scheme Order is not a plan or programme within the scope of the Strategic Environmental Assessment Regulations or a project within Directive 85/ 337 /EEC, it was thought prudent to undertake an Impact Assessment to ascertain the likely significant environmental, equality and other relevant effects (if any) arising from the making or confirmation of the Variation Order.

TfL prepared an Impact Assessment (at Appendix B), which was published as part of the public and stakeholder consultation. The Impact Assessment considered the proposed changes against the objectives in the MTS:

Primary Objective A: To contribute to, and facilitate, more sustainable and efficient economic progress within London

Primary Objective B: To enhance equality and actively mitigate the barriers to this

Primary Objective C: To contribute to enhanced health and wellbeing for all within London

Primary Objective D: To promote safety and security for all working, travelling and using London transport services and Facilities

Primary Objective E: To contribute to the mitigation of and adaptation to climate change

Primary Objective F: To protect and enhance the physical, historic, archaeological and socio-cultural environment and public realm

The proposed changes will not have any material effect on equality, health or environment issues compared to the status quo. The only objective likely to be affected by the proposed changes is Objective A and so economic impacts were assessed, the details of which are included in section 3 in Appendix B. Of all the proposed changes in the Variation Order, only the increase in the daily charge is anticipated to have any impact on achieving the relevant MTS Objectives.

In summary, the Impact Assessment stated:

- The likely result of not increasing the charge is that traffic volumes will increase, having a detrimental impact journey time and congestion. Therefore increasing the charge will have a small positive effect on traffic volume, journey time and congestion, compared to the 'do nothing' scenario. Maintaining the deterrent effect reduces the likelihood of drivers being attracted back into the zone. The increase in costs may also deter some drivers who currently pay the Congestion Charge from travelling by car. However, this effect is likely to be minimal, with the strength of the effect dependent on the price-elasticity of those liable to the charge.
- The proposed charge increase is assessed as having a small positive economic impact by:
 - Maintaining the deterrent effect of the charge in order to prevent an increase in traffic volumes and congestion, which could negatively affect London's economic productivity
 - Maintaining TfL's income from Congestion Charging, the net revenue of which must be spent on improving transport (as required by Schedule 23 to the GLA Act 1999), which is of benefit to all Londoners
 - Better meeting users' requirements
 - Reducing scheme implementation and ongoing administrative costs.
- As a public body, the Mayor and TfL are subject to the equality duty created under the Equality Act 2010. Section 149 of the Equality Act sets out the general equality duty, which requires TfL and the Mayor to have due regard to the need to:
 - Eliminate unlawful discrimination, harassment and victimisation
 - Advance equality of opportunity between different groups, and
 - Foster good relations between different groups.

The general equality duty covers protected characteristics, including age, disability, sex, gender reassignment, pregnancy and maternity, race, religion or belief and sexual orientation. In line with best practice TfL also considers the needs of groups who also have the potential to be socially excluded, namely: people on low incomes; refugees and asylum seekers; the homeless; and jobseekers.

However, the initial scoping assessment found that there is no evidence that an increase in the Congestion Charge, or any of the other proposed changes, would disproportionately affect any of the equality target groups.

- The proposed changes were subject to a Health Impact Assessment screening, based upon professional judgement. This determined that the proposed changes were not likely to have a significant effect on health (neither positive nor negative) and that there would be no need to carry out a full Health Impact Assessment.

Congestion is considered to cost London £4bn a year in journey time delays and uncertainty. The value of the Congestion Charge in mitigating congestion was calculated in the report “Ex-post evaluation of the quantified impacts of the original scheme”³. Taking the number of vehicle hours per charging day and the number of vehicle hours saved as a result of charging, and adjusting both for the proportion of the year which is during charging hours, leads to an estimate of £120m per annum reduction in the overall London-wide congestion costs attributable to Congestion Charging. This represents a 3% mitigation of the £4bn figure, reflecting the small area the scheme covers (19km²) compared to the area of the capital (1,580km²). This was the value in 2007, so is likely to be an underestimation of the current value as will be impacted by rising inflation etc. It should be noted that the above is based on a report commissioned in 2007 and therefore the calculations are based on a charge of £8, rather than a £10 charge or any future charge increase. This figure also does not include associated costs/savings from fuel savings, CO2 reductions, road safety, lost taxation revenue etc.

There are no available metrics to compare the cost of an average trip nationally to a trip in London that involves travelling through the Congestion Charge zone. The cost of motoring in London is higher than across the rest of the UK, due to factors such as higher parking costs, as well as the Congestion Charge. The Congestion Charge is, however, applicable only to the central London zone and intentionally raises the cost of driving in this specific zone. This is designed to create a deterrent effect to reduce the number of vehicles and congestion levels in this area.

5 Consultation

A combined public and stakeholder consultation on the Variation Order ran for ten weeks from 6 January to 14 March 2014. TfL used a variety of channels to raise awareness of the consultation and the proposed changes to the Scheme Order. These are described in TfL’s Report, attached at Appendix C and summarised below.

Public consultation

A press release was issued on 6 January to announce the start of the consultation. The consultation received media coverage from a number of London news outlets including BBC News London, ITV, The Guardian and the Evening Standard. Advertising was used throughout the 10 week consultation to raise awareness and encourage customers to participate in the consultation. Pan London press ads appeared in 25 insertions across the Evening Standard, Metro, and City AM titles. Detailed information was available on the TfL website and this was signposted with banners throughout the TfL website.

An information leaflet with the questionnaire attached for people to provide their views was available on demand by phoning TfL customer service. Tweets were also sent from the @tflofficial Twitter feed on the first and last weeks of the consultation.

The following consultation materials were posted on TfL’s consultation website (<https://consultations.tfl.gov.uk/roads/cc-changes>):

- Consultation public information leaflet
- Scheme Description and Supplementary Information
- Impact Assessment
- Variation Order
- Schedule of Variations
- Legal notice

³ <http://www.tfl.gov.uk/cdn/static/cms/documents/ex-post-evaluation-of-quantified-impacts-of-original-scheme.pdf>

Emails were sent to 395,110 Congestion Charge customers registered on the TfL database (Discount holders, CC Auto Pay users, fleet customers) on the first week of the consultation which included a link to the online questionnaire.

Stakeholder consultation

The public consultation was supplemented by engagement with stakeholder organisations. This was to ensure that stakeholders were briefed about the proposals and the potential timetable for their implementation, to understand their concerns and to encourage participation in the consultations.

TfL contacted 622 stakeholder organisations by email to notify them of the consultation and to invite them to respond. This included the 33 London boroughs (including the City of London Corporation), London Councils, the Mayor's Office for Policing and Crime, the London Fire and Emergency Planning Authority, business representative organisations, freight and haulage representative organisations, transport and environment representative organisations, government departments and non-departmental bodies, trade and professional associations and London TravelWatch, London Assembly members and organisations representing the local community and voluntary sectors. TfL also contacted the Environment Agency and neighbouring local authorities. Additionally, TfL sent out a presentation to NHS organisations in London to set out the proposals and in particular the proposed changes to the NHS reimbursement; this was also in response to recent NHS reorganisation and the creation of Clinical Commissioning Groups (CCGs). In the final week and on the final day of the consultation, TfL sent reminder emails to London boroughs which had not yet sent a response.

A full list of stakeholders who responded to the consultation is provided in Annex B of the TfL Report and a summary of stakeholder responses is provided in Annex C of the report. The TfL report gives details of the consultation and summarises the public and stakeholder responses received.

Responses to the consultation and consideration by TfL and GLA officers

In total 11, 036 responses were received from members of the public, businesses and other organisations, and 29 responses from stakeholders.

TfL has considered in its Report the representations made to the consultation. Responses from the public received up to 14 March 2014 are included in the analysis in the Report. Copies of all of the responses have been provided to the Mayor.

6 Issues raised in response to the consultation

TfL and its appointed consultants Steer Davies Gleave have analysed the consultation responses and TfL has set out its response to the main themes raised in the representations. These themes are listed below and consider the proposals being consulted on and also comments on the Congestion Charge more generally. Note that in each case 'supported' is the sum of 'support' and 'strongly support' and 'opposed' is the sum of 'oppose' and 'strongly oppose'. Respondents were also given the option to choose 'neither support nor oppose' or to not answer the question.

Theme A: Response to proposal to provide the option to pay CC Auto Pay accounts by Direct Debit

Of public and business responses received to the proposal to allow CC Auto Pay accounts to be paid by Direct Debit, 67 per cent supported the proposal and 6 per cent opposed it. Of the 29 stakeholders who responded to the consultation, 13 supported the proposal and the remaining 16 neither supported nor opposed it.

The most common comments/issues raised by stakeholders and the public and business respondents were:

- Support for the Direct Debit option
- Clarifications regarding how the proposal differs from the existing situation
- Suggestions for incentivising the Direct Debit option

TfL response to issues raised

TfL welcomes the support for the introduction of the Direct Debit Option, noting that it has been introduced in response to customer feedback and will reduce administration for customers and TfL. Currently, CC Auto Pay customers are billed at the end of each month and the bill paid via debit or credit card. If the Direct Debit option is introduced, customers will have the option to choose to pay by Direct Debit, or can choose to have their debit or credit card billed as currently occurs. It is not considered appropriate to incentivise Direct Debit payments as CC Auto Pay customers already pay a reduced charge and to incentivise this further could reduce the deterrent effect of the charge.

Theme B: Response to proposal to enable discount applications and renewals to be made online

Of public and business responses received to the proposal to allow applications for discounts and renewals to be made online, 82 per cent supported the proposal and 2 per cent opposed it. Of the 29 stakeholders who responded to the consultation, 15 supported the proposal and 14 neither supported nor opposed it.

The most common comments/issues raised by stakeholders and the public and business respondents were:

- Improving the application system and support for proposals which make it easier to administer the scheme, including requests that certain vehicles be automatically exempt or no fee be charged for registration/renewal
- Queries regarding the Blue Badge application process

TfL response to issues raised

TfL welcomes the support for proposals which make the scheme easier to administer for customers and TfL. Registration for discounts and providing supporting DVLA documentation is required for proof of ownership. A fee of £10 is charged to cover the administrative costs for discounts; requiring customers to register limits the amount of data that TfL needs to hold on drivers and vehicles. The online application option will be available for all discount applications, including Blue Badge discounts. In the interests of accessibility for all, the postal application service will remain open to Blue Badge applicants and those who are not able to apply online.

Theme C: Response to the proposal to increase the Congestion Charge

Of public and business responses received to the proposal to increase the Congestion Charge to £11.50, 11 per cent supported the proposal and 77 per cent opposed it. The majority of these respondents (85 per cent) stated that they drove in the zone within charging hours. When taking into account the respondents' main reasons for driving in the zone, the most likely to oppose the proposal to increase the Congestion Charge were those who travel in for business reasons (86 per cent of this group opposed the proposal and seven per cent supported it). Those travelling for leisure purposes least likely to oppose the proposal (67 per cent of this group oppose the proposal and 17 per cent support it).

Of the 29 stakeholders who responded to the consultation, 12 supported this proposal, 14 opposed it, two did not state a view and one (the City of Westminster) had a neutral view

There were a large number of issues raised in response to this proposal and these have been coded according to themes and analysed in the report at Appendix C. 5,534 comments were made by public and business respondents regarding the proposal. These were broadly similar to the issues raised by stakeholders. The following is a list of the comments made/issues raised by stakeholders and the public and business respondents:

- The current charge is adequate and does not need to be increased
- The Congestion Charge is adequate at current level given other costs to motorists
- The Congestion Charge is a burden on businesses, including those that make deliveries
- The Congestion Charge is intended only to raise revenue
- The proposed charge increase is not enough to deter trips but is an additional burden
- The charge increase will be passed to London residents and visitors
- The charge increase should be lower as it does not reflect inflation
- The charge increase should be same across payment channels
- Price increase should be higher to further reduce congestion
- Public transport is not always a feasible alternative
- Support for the increase as a way to encourage sustainable travel, reduce pollution and congestion

TfL response to issues raised

The Mayor is required to keep the Congestion Charge under review and ensure that it remains effective. In order to do this it is necessary from time to time to review the level of the charge. TfL has considered carefully the right level of charge increase and the potential impacts of the increase if it is implemented, as set out in the Impact Assessment published for the consultation. The rationale for the proposed increase is set out in Section 2 above and, as stated there, represents a real-term increase of three per cent. By increasing the price slightly above inflation, TfL is able to ensure that the charge retains its deterrent effect for a few years beyond the price increase in 2014 (the exact number of years is dependent upon future inflation rates). The proposed increase varies slightly across payment channels (15-17%) in order to round the charge up to the nearest 50 pence, ensuring that it is clear and memorable.

TfL recognises that these are difficult economic times and that certain costs related to motoring have risen. However the cost of motoring relative to the cost of public transport has continued to fall and so it is necessary to increase the Congestion Charge in order to maintain its deterrent effect.

While TfL recognises that private motorists may have more flexibility than commercial vehicles in choosing the time, destination or route of their journeys, commercial vehicles nonetheless contribute to congestion and benefit from the effects of the Congestion Charge. The main aim of the Congestion Charge is to reduce traffic volumes and congestion in central London, which negatively impact upon traffic speeds and levels of congestion which in terms impact on London's productivity. The Impact Assessment of the proposed charge increase concluded that it would have a small positive economic effect compared to taking no action. One reason for this is that it would maintain the deterrent effect of the charge in order to prevent an increase in traffic volumes and congestion, which could negatively affect London's economic productivity. Congestion costs the London economy £4 billion annually.

Commercial and other operators (with six or more vehicles) who register for Fleet Auto Pay will continue to benefit from a £1 discount on the headline daily charge regardless of whether the price increase is implemented, as will individual customers who register for CC Auto Pay, and TfL would continue to promote this as the cheapest way to pay the charge. Sixty-two per cent of respondents stated that they were already registered for CC Auto Pay, which is a saving of £1 on the headline daily charge.

Almost half of stakeholders were supportive of the charge increase and many noted its value in promoting sustainable travel and reducing congestion and pollution. By law, all net revenue from the Congestion Charge must be reinvested in transport improvements in London. Table 1 below shows how the forecasted revenue for 2014/15 has been allocated.

Table 1: Allocation of forecasted net revenue from Congestion Charge in 2014/15

| | 2014/15 £m |
|--|-----------------------|
| Bus Network Improvements Continued enhancement of London's bus infrastructure and expansion of 24-hour routes and expansion of CCTV on buses | 125.7 |
| Borough Plans Local transport improvements including safer routes to schools programmes | 10.9 |
| Roads and Bridges Programme for improving the quality of street conditions and bridges, including safety | 14 |
| Road Safety Plan Initiatives to reduce road casualties including engineering schemes at accident hotspots and road safety campaigns | 1.6 |
| Walking and Cycling Improvements for pedestrians, including on borough roads. Investments in cycling initiatives | 3.9 |
| Congestion charging forecast revenue | 156.1 |

Theme D: Response to the proposal to enable NHS Reimbursement of CC Auto Pay

Of public and business responses received to the proposal to allow reimbursement for eligible NHS journeys paid by CC Auto Pay, 70 per cent supported the proposal and six per cent opposed it. Of the 29 stakeholders who responded to the consultation, 12 supported the proposal and 17 neither supported nor opposed it.

The most common comments/issues raised by stakeholders and public and business respondents were:

- Support for NHS-related travel reimbursement and requests that it is publicised
- Offering discounts to people working in certain industries is not fair
- Concern about NHS trip reimbursement as it may increase costs for other users, or concerns that people could abuse the system
- TfL should introduce discounts for people working for organisations that support the NHS and/or people receiving private medical treatment

TfL response to issues raised

TfL welcomes the support for the proposal. The scheme is administered by NHS organisations in London and TfL has taken the opportunity of this consultation and the recent NHS reorganisation to both notify them of this proposal and remind them of the purpose and operation of the NHS Reimbursement. The NHS Reimbursement is available in recognition that NHS care must be free at the point of delivery. The reimbursement does not apply to private medical staff and patients as no such obligation applies to private medical care, whose users are aware of the costs involved. There are strict eligibility criteria that restrict the NHS Reimbursement only to certain journeys undertaken by those who cannot feasibly use public transport owing to clinically assessed illness or, in the case of staff, that they are responding to emergency or carrying

items they could not take on public transport. It is not appropriate to offer the discount to other industries as the same requirements do not apply.

Theme E: Response to the proposal to provide an option to amend the date of a pre-paid charge on the day of travel

Of public and business responses received to the proposal to allow those who have pre-paid the Congestion Charge to change the date of travel on the day of travel, 77 per cent supported the proposal and one per cent opposed it. Of the 29 stakeholders who responded to the consultation, 16 supported the proposal and 13 neither supported nor opposed it.

The most common comments/issues raised by stakeholders and the public and business respondents were:

- Support for the proposal
- Customers should not have to pay to amend the date of travel

TfL response to issues raised

TfL welcomes the support for the proposal and notes that it increases flexibility in how the customer can pay for the Congestion Charge. However, this flexibility incurs an operational cost to TfL which is reflected in the £2.50 administration fee. The small fee will also deter customers from using this facility regularly. Currently, customers who find they can no longer travel on the date of a pre-paid charge cannot recover this cost by amending the date and using the charge at a later date, thus the charge is unrecoverable. The £2.50 fee would enable the customer to use the same payment to travel in the zone on a later date. TfL recommends that the date of introduction of this option is modified to 1 November 2015. This enables the change to be made as part of other administrative changes as detailed below, which will have operational benefits for TfL and make the changes easier to understand for the customer.

Theme F: Response to proposed updates and administrative changes to the Congestion Charging scheme.

Four proposals to make minor administrative changes to the Scheme Order were also consulted on. A large proportion of respondents stated they neither supported nor opposed these changes; the results are shown in the table below:

| Proposal (minor administrative change) | Support | Oppose | Neither support nor oppose | Did not answer |
|--|----------------|---------------|-----------------------------------|-----------------------|
| Public and business respondents (total 11,036) | | | | |
| Amending vehicle capacity requirement on Residents' Discount | 22% | 12% | 62% | 4% |
| Including a reference to card payment failures | 48% | 5% | 42% | 5% |
| Updating definition for recover vehicles | 36% | 3% | 55% | 5% |
| Updating references in NHS reimbursement scheme | 48% | 5% | 42% | 5% |
| Stakeholders (total 29) | | | | |
| Amending vehicle capacity requirement on Residents' Discount | 8 | 0 | 21 | |
| Including a reference to card payment failures | 11 | 0 | 18 | |

| | | | |
|---|----|---|----|
| Updating definition for recover vehicles | 10 | 0 | 19 |
| Updating references in NHS reimbursement scheme | 9 | 0 | 20 |

The most common comments/issues raised by stakeholders and the public and business respondents were:

- General support or little opposition/comment
- Notifications should be sent to customers when card payments fail
- There should be an online facility to check if drivers have been in the zone
- Queries on updating the definition for recovery
- Clarification on current NHS governing bodies

TfL response to issues

TfL notes the general support for these changes which are intended to keep the Scheme Order up to date and will achieve minor cost savings through a reduction in administration. There are no plans for an online tool to check whether a driver had entered the zone as this would be very complex and costly to develop; there is an address-checker and map for the CCZ on TfL's website. Notifications are already sent for card payment failures. The proposed update to the definition of recovery vehicles is intended to ensure the references remain up-to-date and not to change the definition of vehicles covered.

TfL is pleased to have clarification from NHS England on the body responsible for the administration of the NHS Reimbursement Scheme. TfL recommends that a modification is made to the Variation Order, as advised by NHS England. This will have no impact on TfL or its customers.

Theme G: General Comments on the Congestion Charging scheme

Comments on the Congestion Charging scheme not directly related to the proposals being consulted on were made by 4,252 public and business respondents and 17 stakeholders. The most frequently raised issues were:

- The Congestion Charge is a tax designed to raise revenue
- There is no evidence of benefits of Congestion Charge or how revenue from it is used
- The Congestion Charge should be scrapped
- TfL should explore other ways of reducing congestion and pollution
- Suggestions for changes to discounts/exemptions
- Suggestions for changes to the operation of the Congestion Charging zone, including hours of operation and geographical coverage
- Support for the Congestion Charge as a means to promote sustainable travel
- Other suggestions
- The consultation is predetermined

TfL is not recommending any changes to the Congestion Charging scheme arising from the issues raised under this theme.

GLA officers commend TfL's responses on the issues as identified in Themes A to G above.

7 TfL's recommended modifications

As noted above, TfL recommends that the following modifications are made to the Variation Order, as follows:

The implementation date for providing an option to amend the date of a pre-paid charge on the day of travel should be amended to 1 November 2015, in order to align with the other administrative changes proposed to take effect from this date.

A further change to the proposed change to the wording of the Scheme Order with regard to the NHS Reimbursement. It had been proposed to replace Primary Care Trusts with Clinical Commissioning Groups as the body responsible for this reimbursement. Following further discussions with NHS lawyers it has now been clarified that the replacement body should be the National Commissioning Board and it is proposed that this modification is made.

If the Mayor decides to confirm the Variation Order (with the proposed modifications), the changes would come into effect from:

16 June 2014: Congestion Charge increase

From June 2014, following the Mayor's decision: updates and administrative changes (removing vehicle seat capacity for the Residents' Discount; including a reference to card payment failures; updating the definition for recovery vehicles; updating references to the NHS Reimbursement scheme).

1 November 2015: Auto Pay by Direct Debit; online applications and renewals; NHS Reimbursement available for CC Auto Pay; amendment of the date of pre-paid charge on day of travel

8 Risk management

GLA officers consider that TfL has adopted sound project management techniques in making the Variation Order and that risks have been appropriately mitigated.

Officers have taken the following steps to mitigate the risk:

The making of the Variation Order and the consultation was conducted in accordance with the guidance issued by the Mayor (please see TfL's Report and Section 10 below)

TfL prepared an impact assessment which considered the impacts of the proposals on targeted groups (see Section 4 above)

TfL considered the consultation responses and as a result suggested modifications to the wording of the NHS reimbursement and the implementation date of pre-paid charge amendments

TfL officers sought legal advice throughout the development and implementation of the proposals.

9 Financial comments

- 9.1 In the financial year 2012/13, the Gross Income raised by the Congestion Charging Scheme was £222m. TfL estimates that the proposed increases will generate an additional £17.9m of net income in the current financial year. The estimated cost of implementing the changes is £0.1m.
- 9.2 Minor administrative changes, whose primary purpose is to 'clean up' the Scheme Order, and the changes to allow online renewals would result in a small cost saving to TfL. Both online renewals and the change to allow payment of CC Auto Pay by Direct Debit are in response to customer feedback.
- 9.3 There are no direct financial consequences for the GLA arising from this report.

10 Legal comments

General comments

In order to make a lawful decision on whether to confirm the Variation Order, and if so whether or not to approve modifications to it, the Mayor must comply with statutory procedural requirements and make a rational decision, after having taken into account all relevant considerations and discounting irrelevant ones. This section covers the remaining legal issues not addressed elsewhere in this form.

Requirements of Schedule 23 GLA Act

Paragraph 38 of Schedule 23 provides that the power to make a charging scheme includes the power to vary such a scheme. Therefore under paragraph 4(1) of Schedule 23 a variation order must be made by TfL and confirmed, with or without modifications, by the Mayor. The powers and duties of the Mayor in relation to the confirmation of this Variation Order are as set out in Schedule 23 of the GLA Act. Paragraph 38 of that Schedule gives TfL a power to vary or revoke a charging scheme.

The power is exercisable in the same manner and subject to the same limitations and conditions as the making of a scheme order. As a result the making, approval and possible modification of the Variation Order are subject to the same Schedule 23 requirements for the making of a charging scheme.

Paragraph 4(3) of Schedule 23 provides that the Mayor acting on behalf of the Greater London Authority may –

- consult, or require an authority making a charging scheme to consult, other persons;
- require such an authority to publish its proposals for the scheme and to consider objections to the proposals;
- hold an inquiry, or cause an inquiry to be held, for the purposes of any order containing a charging scheme;
- appoint the person or persons by whom any such inquiry is to be held;
- make modifications to any such order, whether in consequence of any objections or otherwise, before such order takes effect;
- require the authority by whom any such order is made to publish notice of the order and of its effect;
- require the authority by whom any such order is made to place and maintain, or cause to be placed and maintained, such traffic signs in connection with that order as the Mayor may require.

Paragraph 4(3) applies to the making, confirmation and modification of this Variation Order.

Paragraph 34 of Schedule 23 provides for the Mayor to issue guidance to TfL or any London borough councils in relation to the discharge of their functions under Schedule 23. Paragraph 34(2) requires TfL to have regard to any guidance issued by the Mayor when exercising its functions under Schedule 23. The previous Mayor published guidance to TfL on charging schemes pursuant to Schedule 23 of the GLA Act (“the Mayor’s Guidance”) on 16 February 2007. The measures included in this Variation Order are considered to be a major variation under Section 4.1 of the Mayor’s Guidance. TfL had regard to the Mayor’s Guidance in relation to the making of the Variation Order and conducted the consultation in compliance with the requirements specified under Section 4 of the same.

Climate change duties

The Mayor's attention is drawn to his duties under Section 361A of the GLA Act to address climate change, so far as relating to Greater London. In the case of the Mayor, this duty consists of each of the following:

- to take action with a view to the mitigation of, or adaptation to, climate change;
- in exercising any of his functions under this Act or any other Act (whenever passed), to take into account any policies announced by Her Majesty's government with respect to climate change or the consequences of climate change; and
- to have regard to any guidance, and comply with any directions, issued to the Authority by the Secretary of State with respect to the means by which, or manner in which, the Mayor is to perform the duties imposed on him as above.

No specific guidance under the third bullet point above has been issued by the Government with regard to the confirmation or modification of charging scheme variation orders.

Considerations under the Human Rights Act 1988

Under Section 6 of the Human Rights Act 1998 ("the Human Rights Act"), it is unlawful for a public authority to act in a way which is incompatible with the European Convention on Human Rights. The Mayor and TfL are therefore obliged to consider possible impacts upon people's convention rights before taking any actions. Few of the rights protected by the Convention are absolute. The majority of convention rights which are potentially capable of being the subject of interference from the actions of public bodies, most notably the right to privacy and family life and the right to the peaceful enjoyment of possessions, are subject to express limitations which permit restrictions of the rights for certain specified purposes. In assessing whether any established interference with a convention right falls lawfully within a permitted category of restriction, the public body must demonstrate the level of interference is proportionate to the public benefit to be derived from the action.

In the view of GLA officers, confirmation of this Variation Order would not raise any particular Human Rights Act considerations.

Best Value

The GLA, in so far as it exercises its functions through the Mayor, is a "best value authority" under the provisions of Section 1 of the Local Government Act 1999 ("the 1999 Act"). TfL is also a best value authority under that Act. Under Section 5 of the 1999 Act, the GLA and TfL must conduct best value reviews of their functions in accordance with the provisions of any order made by the Secretary of State under that section.

Any review which includes a review of the implementation of the measures contained in this Variation Order must be in accordance with the Local Government (Best Value) Performance Review Order 1999, as amended. In conducting such a review, the two bodies are under a duty to aim to improve the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness, and must have regard to any guidance issued by the Secretary of State under Section 5 of the 1999 Act.

In the view of GLA officers, no negative cost / benefit concerns arise in relation to the measures contained in this Variation Order.

Power to hold a public inquiry

The GLA Act provides that the Mayor may 'hold an inquiry, or cause an inquiry to be held, for the purposes of any order containing a charging scheme'. Whether an inquiry should be held to consider the implementation of the measures contained in this Variation Order is a matter for the Mayor to decide.

TfL advise that no specific request for a public inquiry to be held was received during the consultation.

GLA officers doubt that much further quantitative evidence beyond that already supplied by TfL and GLA officers would emerge in an inquiry that would assist the Mayor's decision. GLA officers note that an inquiry would delay the confirmation of the Variation Order. GLA Officers do not consider that there are any issues which point strongly to the holding of an inquiry and do not recommend that an inquiry be held.

Further consultation on proposed modifications

TfL has stated that the modifications to the Variation Order proposed by TfL (detailed in Section 7 above) are minor in nature and do not require a further round of consultation. Indeed the modifications to the provisions relating the NHS reimbursement scheme were made as a direct result of the consultation response of the stakeholder group directly affected by those provisions.

Whether any further consultation or information is needed on this or other issues is a matter for the Mayor to decide, however, in GLA Officer's view further consultation would not be likely to raise significant new issues.

11 Investment & Performance Board

The proposals were discussed at Investment & Performance Board on 20 May 2014.

12 Planned delivery approach and next steps

Set out how the project will be delivered and complete the outline timetable

| Activity | Timeline |
|--|--|
| Procurement of contract | n/a |
| Announcement | 28 May 2014 |
| Delivery Start Date | From June 2014 (Charge increase and administrative changes): 1 November 2015 other changes |
| Final evaluation start and finish (self/external) | n/a |
| Delivery End Date Minor administrative amendments including 1.Allow customers to amend date of pre-paid charge on day of travel 2.Make change to Resident's Discount vehicle seat capacity 3.Include reference to credit card failures 4.Update definition for recovery vehicles. | 28 May 2014, the date the Mayor confirms the Variation Order (assuming confirmation). |
| Delivery End Date Increase to Daily Charge | 16 June 2014 |
| Delivery End Date All other changes including 1. Enable online discount applications /renewals. 2. Allow Direct debit payments for CC Auto Pay 3. Enable changes to the NHS Reimbursement Scheme | 1 November 2015 in line with Congestion Charge Relet completion. (In October 2015 the Congestion Charging scheme service provision contract will expire; this provides TfL with an opportunity to review the operation of the scheme in order to reduce the costs of operating the scheme and to enhance customer satisfaction. In light of this, changes listed are also being proposed under the re-letting of the Congestion Charging contract). |
| Project Closure: | 30 June 2014 |

Delivery risk

All system changes are required to go through a release schedule. This ensures that they are properly designed and tested and there are robust plans in place to ensure that if there are any issues, then these are mitigated against and that the underlying service is not put at risk.

The release schedule is planned in advance and any changes require further planning and assessment. The current plan includes the charge increase change going in on the weekend of 14-15 June, ready for the go-live date of 16 June. If the current release schedule is missed, the next available release date is 3 October.

Delaying implementing the charge increase until October would mean an income loss of some £7-8 million. Furthermore, there are also some impacts on the planned marketing campaign. These delays are likely to cost up to £250,000.

Appendices and supporting papers:

Appendix A – The Greater London (Central Zone) Congestion Charging (Variation and Transitional Provisions) Order 2014

Appendix B – Impact Assessment

Appendix C – TfL's Report to the Mayor following consultation with the public and stakeholders on a Variation Order making changes to the Congestion Charging scheme

Appendix D – Instrument of Confirmation

Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOI Act) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary. **Note:** This form (Part 1) will either be published within one working day after approval or on the defer date.

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

If YES, for what reason: To announce after the pre-election period and coincide with the announcement.

Until what date: 28 May 2014

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

Is there a part 2 form – NO

ORIGINATING OFFICER DECLARATION:

Drafting officer to confirm the following (✓)

Drafting officer:

Christian van der Nest has drafted this report in accordance with GLA procedures and confirms the following have been consulted on the final decision.

✓

Assistant Director/Head of Service:

Tim Steer has reviewed the documentation and is satisfied for it to be referred to the Sponsoring Director for approval.

✓

Sponsoring Director:

Fiona Fletcher-Smith has reviewed the request and is satisfied it is correct and consistent with the Mayor's plans and priorities.

✓

Mayoral Adviser:

Isabel Deding has been consulted about the proposal and agrees the recommendations.

✓

Advice:

The Finance (Doug Wilson) and Legal (Mike Lancaster) teams have commented on this proposal.

✓

EXECUTIVE DIRECTOR, RESOURCES:

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

Signature

Date 27 May 2014

CHIEF OF STAFF:

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

Signature

Date 27 May 2014