

## **Fares from 3 March 2024 TfL Advice to the Mayor**

**12 January 2024**

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### **Executive Summary**

The Mayor is committed to making London's public transport network affordable for everyone and has asked TfL to advise him on a proposal to freeze all fares on buses and trams, the Tube, and all other rail services in London where Tube fares apply; while continuing to protect all TfL concessions. Such a fares freeze is expected to apply to around 60 per cent of fare-paying journeys made on TfL services.

Should such a fares freeze be approved, pay-as-you-go fares, where set in agreement with the train operating companies (most rail services not devolved to the Mayor), as well as Travelcards, the associated fares and caps will increase in line with National Rail fares policy. This will result in a 4.9 per cent increase to these fares from 3 March 2024. These increases reflect national government rail fares policy, over which the Mayor has no control.

TfL's funding agreement with Government dated 30 August 2022 assumes that the Mayor will increase fares in March 2024 in line with increases in National Rail fares set by Government and provides that, if he does not do this, this will affect TfL's funding up the end of the Funding Settlement on 31 March 2024. On 22 December 2023, the Department for Transport announced that National Rail fares would increase by 4.9 per cent.

TfL will require funding to account for the £123m revenue shortfall from freezing fares, compared to its 2024 Business Plan assumptions. The Mayor has committed to fully fund this shortfall by increasing TfL's retained business rates income for 2024-25. This additional business rates allocation to TfL would recur and compound in future years of the Business Plan.

TfL's advice recognises the fare agreements with the Train Operating Companies (TOCs) and national government. These agreements determine the prices of Travelcards, the associated pay as you go (PAYG) caps and certain fares on TfL's rail services. As a result, Travelcard prices and the cost of the multi-modal PAYG caps are set by agreement with the TOCs. The TOCs have been instructed by the Department for Transport (DfT) to increase their regulated fares by 4.9 per cent. These increases reflect national government rail fares policy over which the Mayor has no control.

This paper sets out TfL's advice to the Mayor on the implementation of a fares freeze increase in March 2024. Subject to the Mayor's approval, the fares increase will be implemented from 3 March 2024.

## Introduction and background

- 1.1 To support Londoners during a cost-of-living crisis and ensure that transport is as affordable as possible, the Mayor has asked TfL to advise him on a proposal to freeze all fares on buses, London Underground (LU) and Trams; the Docklands Light Railway (DLR); the London Overground; and Elizabeth line services where Tube fares apply; and train operating company (TOC) services that accept fares set by TfL. This paper sets out TfL's advice to the Mayor on fares for 2024 to freeze fares accordingly.
- 1.2 Public transport usage has been affected by changes in travel patterns since the COVID-19 pandemic; this has impacted the revenue collected by TfL. While passenger levels are recovering, overall demand in 2023 remained around 17 per cent below 2019 levels on LU and 16 per cent lower on buses. The overall revenue yield included in this advice is based on the core GLA budget passenger income scenario TfL submitted to the GLA in December 2023.
- 1.3 Travelcard prices and the cost of the multi-modal pay as you go caps are set by agreement with the TOCs. The TOCs have been permitted by the DfT to increase their regulated fares by 4.9 per cent.

## Overview of proposed fares in March 2024

- 1.4 TfL fare proposals for 2024 are set out below. The proposals for bus, tram and Tube fares reflect a fares freeze on the fares that are under the Mayor's control.

### Bus and Tram fares

- 1.5 In March 2024, bus and tram fares will be frozen at the same level as set in 2023 (see Table 1.1).
- 1.6 The Hopper fare will continue to permit unlimited free transfers within an hour of a first-paid-for bus or tram PAYG journey.
- 1.7 The adult PAYG single fare remains at £1.75. The daily bus and tram cap remains at £5.25, equal to the price of three single fares. The 7 Day Bus & Tram Pass remains at £24.70.
- 1.8 The half-adult and child bus and tram fares will remain at £0.85.

**Table 1.1: Bus and Tram adult fares in March 2024**

	<b>Current</b>	<b>March 2024</b>	<b>Increase</b>
PAYG – single	£1.75	£1.75	0%
PAYG – daily cap	£5.25	£5.25	0%
7 Day Bus & Tram Pass	£24.70	£24.70	0%
1 Day Bus & Tram Pass	£6.00	£6.00	0%

- 1.9 Tube, DLR, Elizabeth Line and Overground fares in Zones 1-6
- 1.10 On Tube and other TfL rail services where Tube fares apply, PAYG single fares are frozen (see Table 1.2). PAYG is used for around 70 per cent of journeys made on Tube and TfL rail services.
- 1.11 The child peak LU PAYG fare remains at £0.95 – half the minimum adult peak fare. Increases apply where fares are set in agreement with TOCs: the flat child off-peak PAYG fare on services where National Rail (NR) fares apply increases by 5p to £0.90; the off-peak child PAYG cap increases by 10p to £1.80.
- 1.12 Fares on the Elizabeth line are frozen. TfL PAYG fares will apply in Zones 1-6, with special single fares applying for journeys to and from Heathrow.

**Table 1.2: Adult PAYG fares on TfL rail services in March 2024**

Number of zones	Current		March 2024		Increase	
	Peak	Off Peak	Peak	Off-peak	Peak	Off-peak
Zones incl. Zone 1						
1	£2.80	£2.70	£2.80	£2.70	0.0 %	0.0 %
2	£3.40	£2.80	£3.40	£2.80	0.0 %	0.0 %
3	£3.70	£3.00	£3.70	£3.00	0.0 %	0.0 %
4	£4.40	£3.20	£4.40	£3.20	0.0 %	0.0 %
5	£5.10	£3.50	£5.10	£3.50	0.0 %	0.0 %
6	£5.60	£3.60	£5.60	£3.60	0.0 %	0.0 %
Zones excl. Zone 1						
1	£1.90	£1.80	£1.90	£1.80	0.0 %	0.0 %
2	£2.10	£1.90	£2.10	£1.90	0.0 %	0.0 %
3	£2.80	£1.90	£2.80	£1.90	0.0 %	0.0 %
4	£3.00	£2.00	£3.00	£2.00	0.0 %	0.0 %
5	£3.40	£2.10	£3.40	£2.10	0.0 %	0.0 %

Travelcard season tickets in Zones 1-6

- 1.13 Travelcard season ticket prices increase as shown in Table 1.3. The overall increase across all Travelcards is 4.9 per cent reflecting national Government rail fares policy.

**Table 1.2: Travelcard seasons – 7 Day ticket prices**

Number of zones	Current	March 2024	Change
Including Zone 1			
2	£40.70	£42.70	4.9%
3	£47.90	£50.20	4.8%
4	£58.50	£61.40	5.0%
5	£69.60	£73.00	4.9%
6	£74.40	£78.00	4.8%
Excluding Zone 1			
2	£30.50	£32.00	4.9%
3	£33.80	£35.50	5.0%
4	£40.50	£42.50	4.9%
5	£50.90	£53.40	4.9%

Tube cash fares in Zones 1-6

- 1.14 Cash fares (also known as paper tickets) for Zones 1-6 will remain at £6.70 for a single ticket. Child cash fares for those aged 11 to 15 remain at half the adult rate. Accompanied under-11s will continue to travel for free.
- 1.15 Fewer than 1 per cent of Tube journeys are now made with cash fares.
- 1.16 Cash fares in Zones 1-6 on services where NR fares apply will increase overall by 4.9 per cent, reflecting national government's rail fares policy.

### One day PAYG price caps in Zones 1-6

- 1.17 Tables 1.4.1 and 1.4.2 below set out the proposed all day PAYG caps and Day Travelcard ticket prices.
- 1.18 The all-day PAYG caps are set by agreement with the TOCs to be 20 per cent of 7 Day Travelcard prices. The caps increase by between 40p and 70p in proportion to the increases in Travelcard season ticket prices, which are increasing overall by 4.9 per cent, reflecting the national government's rail fare policy.

**Table 1.4.1: All Day PAYG caps in 2023 and 2024**

Zones	All day caps		
	Current	March 2024	Change
1-2	£8.10	£8.50	4.9%
1-3	£9.60	£10.00	4.2%
1-4	£11.70	£12.30	5.1%
1-5	£13.90	£14.60	5.0%
1-6	£14.90	£15.60	4.7%

### One Day Travelcard tickets

- 1.19 The prices of both the Zones 1-6 off-peak Day Travelcard, and the Zones 1-4 Anytime Day Travelcard, will increase by 70p to £15.90. The Zones 1-6 All Day Travelcard ticket price will increase by £1.10 to £22.60. These fares are set in agreement with TOCs and are increasing overall by 4.9 per cent, reflecting the national government's rail fare policy.
- 1.20 Out-boundary Day Travelcards sold for travel from stations outside Zones 1-6 as part of a National Rail ticket from March 2024 will increase on average by 3 per cent in addition to the fare set in agreement with TOCs to reflect the national government's rail fare policy.

**Table 1.4.2: Day Travelcard tickets in 2023 and 2024**

	Day Travelcards		
	Current	March 2024	Change
All day 1-4	£15.20	£15.90	4.6%
All day 1-6	£21.50	£22.60	5.1%
Off-peak 1-6	£15.20	£15.90	4.6%

### Concessions and discounts on TfL rail services

- 1.21 For under-16s, all-Day Travelcard prices and peak PAYG daily caps are set at half the adult rate and increase in line with adult prices. The under-16s off-peak cap available through the Zip Card increases by 10p to £1.80.
- 1.22 Accompanied under-11s continue to travel free on all TfL services; and on TOC services, provided a valid Zip Card is held.
- 1.23 These fares are set in agreement with TOCs and are increasing overall by 4.9 per cent, reflecting the national government's rail fare policy.

- 1.24 Existing concessions and discounts for eligible groups are unchanged.

Tube fares for travel beyond Zone 6

- 1.25 Beyond the Greater London area, PAYG and cash single fares involving Zones 7 to 9 applying on the Tube and on certain other rail services will increase in line with the general NR increase of 4.9 per cent.
- 1.26 Travelcard prices and the associated PAYG caps with coverage in Zones 7 to 9 increase by an average of 4.9 per cent, as set by agreement with the TOCs and reflect national government rail fares policy.

Fares on services transferred to TfL in May 2015

- 1.27 On the Greater Anglia to Liverpool Street services transferred to TfL in May 2015, NR cash single fares and point-to-point season prices were retained as part of the transfer arrangements. These NR fares will increase in line with the general NR increase of 4.9 per cent.

Fares on services transferred to TfL in May 2018

- 1.28 On the Great Western and Heathrow Connect services transferred to TfL in May 2018, NR cash single fares and point-to-point season prices were retained as part of the transfer arrangements. These NR fares will increase in line with the general NR increase of 4.9 per cent.

- 1.29 The TfL-set supplements to the Heathrow fares will remain at the level set in 2023.

Fares on the Elizabeth line service to Reading

- 1.30 Since 15 December 2019 a TfL service has run between Reading and Paddington. Under agreements reached over 10 years ago between the DfT and TfL, common fares will apply on TOC and TfL services.

- 1.31 On these services, NR cash single fares and point-to-point season prices were retained as part of the transfer arrangements. These NR fares will increase in line with the general NR increase of 4.9 per cent.

IFS Cloud Cable Car

- 1.32 The one way Adult fare will remain at £6. The child fare will remain at 50 per cent of the adult fare. Round trips will be charged at double the one way fare. Table 1.5 below sets out the fares.

**Table 1.5: IFS Cloud Cable Car fares in 2023 and 2024**

	Current	March 2023	Change
<b>Adult</b>			
One-way	£6.00	£6.00	0%
Round trip	£12.00	£12.00	0%
<b>Child</b>			
Single	£3.00	£3.00	0%
Round trip	£6.00	£6.00	0%

**2. Expected outcomes**

- 2.1 The Mayor is under a statutory duty to develop and implement policies for the promotion and encouragement of safe, integrated, efficient and economic transport facilities and services to, from and within Greater London. This advice concerns a proposed freeze on

all Transport for London bus, tram and Tube fares, as well as fares on all other rail services in London where Tube fares apply, while continuing to protect all TfL concessions.

- 2.2 The Mayor wants to ensure any fares policy keeps fares as affordable as possible. At the same time, the Mayor and TfL need TfL to reach financial sustainability (meaning that its operating income is sufficient to cover its operating costs), which is a core objective of TfL's that is reflected in the funding settlement with Government. To ensure both objectives are fulfilled, the Mayor will provide additional funding to TfL to address the shortfall in revenue compared to TfL's Business Plan assumption, via his budget. Further detail is included in Section 5, "Financial Comments" of this advice.
- 2.3 This fares proposal will therefore support vital investment in public transport as TfL reaches financial sustainability and to enabling the delivery of the Mayor's Transport Strategy.

### 3. Equality comments

- 3.1 Under section 149 of the Equality Act 2010, as public authorities, the Mayor and TfL are subject to a public sector equality duty and must have 'due regard' to the need to: eliminate unlawful discrimination, harassment and victimisation and any other conduct that is prohibited by or under the Act; advance equality of opportunity between people who share a relevant protected characteristic and those who do not; and foster good relations between people who share a relevant protected characteristic and those who do not. Relevant protected characteristics under section 149 of the Equality Act are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, and sexual orientation.
- 3.2 The duty above applies to the Mayor's duty to direct TfL as to the general level and structure of fares under the Greater London Authority Act 1999 (GLA Act 1999). The Mayor is not required to conduct a consultation in relation to the fares proposals.
- 3.3 TfL has identified seven groups of Londoners (highlighted below) who typically face barriers to public transport use. Among the key issues for these groups is the cost of fares.
- 3.4 Londoners with protected characteristics are likely to be affected by increases in fares, because statistically they are more likely to be on low incomes and as such, a fares freeze will help to minimise this barrier to public transport use.
- 3.5 **BAME Londoners** are more likely to live in low-income households; to cite affordability as a barrier to transport; and to use buses rather than the Tube.<sup>1</sup> The freezing of TfL fares should reduce barriers to travel for these groups, as it will provide a real-terms reduction in fares.
- 3.6 **Women** are more likely to be the primary carer at home, so are less likely to be in full-time employment, and more frequently cite affordability as a barrier to transport. Women are also more likely to use buses than the Tube.<sup>2</sup> The freezing of TfL fares should reduce barriers to travel for women, as it will provide a real-terms reduction in fares.
- 3.7 **Older Londoners** are more likely to be retired, and many live on low incomes. The 60+ concession, and the Freedom Pass available to older people, mean that the proposed March 2024 fares will have limited impacts on older people, as the concessionary scheme will be available to them after 9am on weekdays and at all other times at

<sup>1</sup> TfL, [Travel in London: Understanding our diverse communities 2019](#)

<sup>2</sup> TfL, [Travel in London: Understanding our diverse communities 2019](#)

weekends and bank holidays. This concession will remain unchanged by this fares revision. See also 3.15 below.

- 3.8 **Disabled Londoners** are more likely to live in low-income households. One in three families in London with a disabled child live in poverty.<sup>3</sup> One of the reasons for this is the higher costs of supporting a disabled child. In some cases, it can be three times more expensive to bring up a child with an impairment.<sup>4</sup> Carers are also likely to experience financial hardships as a knock-on effect of the need to take lower-paid and part-time work.
- 3.9 The Disabled Person's Freedom Pass for disabled people means that the proposed March 2024 fares will not impact some disabled people, as they can travel for free at all times with this concession. Parents of disabled children, and some disabled Londoners who are not eligible for a Freedom Pass, may have their income impacted by barriers to employment, but not benefit from the Freedom Pass concession. The discretionary nature of the eligibility criteria can mean that applications from some disabled people (for example, adults with learning difficulties) are not successful. This group may have lower incomes but not benefit from travel concessions. The freezing of TfL fares should reduce barriers to travel for these groups, as it will provide a real-terms reduction in fares.
- 3.10 **Younger Londoners** are more likely to be from a Black, Asian or Minority Ethnic community, and therefore more likely to be experiencing the financial barriers discussed above.<sup>5</sup> The Zip Card concession – which allows free or discounted travel – and the freezing of bus and many Tube fares limit the negative impact of the proposed March 2024 fare changes on younger Londoners.
- 3.11 **Londoners on low incomes** tend to be women; older, Black, Asian, Minority Ethnic and disabled people; and those not in work. A low income largely reflects working status, though the underlying causes may be tied to the cost of housing, childcare and transport, as well as access to education, qualifications and health. Among children living in poverty, more of them are part of low-income working families than workless families.<sup>6</sup> London has the highest poverty rates in the UK across all age groups.<sup>7</sup> The freezing of TfL fares should reduce barriers to travel for low-income Londoners, as it will provide a real-terms reduction in fares.
- 3.12 Londoners on low incomes are more likely to use buses than the Tube.<sup>8</sup> The fares freeze should particularly benefit low-income Londoners whose priority tends to be local trips by bus, as all bus fares are being frozen – resulting in a real-terms reduction in fares. The Hopper fare, which provides unlimited bus and tram travel within an hour for the price of a single fare, continues to help keep the cost of travel low.
- 3.13 **LGBTQ Londoners** have reported hate crime as their major concern in relation to transport. The March 2024 fare changes have no specific implications for LGBTQ+ Londoners, except where they also have any of the other protected characteristics set out above.

<sup>3</sup> GLA, [Poverty in London: 2015/16 Intelligence Update](#), 5 April 2017

<sup>4</sup> Joseph Rowntree Foundation, [Paying to care: The cost of childhood disability](#), 1998

<sup>5</sup> GLA, [London's diverse population](#)

<sup>6</sup> Trust for London, [London's Poverty Profile: Children](#)

<sup>7</sup> Trust for London, [London's Poverty Profile: Poverty and life stages](#)

<sup>8</sup> Travel in London: [Understanding our diverse communities 2019](#), TfL

- 3.14 Some people in the seven groups identified above are likely to benefit from free travel concessions or discounted fares related to age, disability status or receipt of income-related benefits. Concessionary fare schemes are being maintained in order to keep public transport accessible to people who face barriers to public transport use.
- 3.15 The concessions available are set out below:
- Children under 11 travel free on all TfL services (subject to a maximum of four accompanying an adult).
  - 11-15 Oyster photocard provides free TfL bus and tram travel and reduced fare rail travel in London.
  - 16+ Oyster photocard provides free TfL bus and tram travel and half fare rail travel in London.
  - 18+ Student Oyster photocard provides reduced rate TfL Bus and Tram Pass season and Travelcard season travel.
  - Job Centre Plus Travel Discount Card provides half price TfL bus, tram and rail travel.
  - Bus & Tram Discount photocard provides half price TfL bus and tram travel.
  - Veterans Concessionary Travel provides free travel in London.
  - 60+ London Oyster photocard (men and women over 60 up to state pension age) provides free travel in London except between 0430 and 0859 on weekdays, excluding bank holidays.
  - London Freedom Pass (people above state pension age and people with an eligible disability) provides free travel in London. There are restrictions on the use of the older persons' Freedom Pass concessions between 04:30 and 8:59 on weekdays, excluding bank holidays.
- 3.16 The Mayor is required to consider the potential equalities impacts discussed above, and any mitigations in place, at the time a decision to direct is made in relation to the fare proposals in this paper.
- 3.17 The proposals will not have an adverse impact on TfL's ability to run and invest in transport services and are compliant with the Mayor's public sector equality duty.

#### **4. Links to Strategies**

- 4.1 The Mayor's Transport Strategy highlights the importance of improving transport accessibility for all Londoners and, in doing so, ensuring that the costs of transport remain affordable.

#### **5 Fares Revenue**

- 5.1 There are no direct financial implications of this decision to the GLA. This fares package will deliver revenue approximately £123m below TfL's Business Plan assumption. The Mayor, through increasing TfL's retained business rates allocation from his 2024-25 budget onwards, will make up the shortfall in revenue to ensure TfL's financial sustainability. This will be set out in his final draft budget which will be considered and approved with or without amendment at the London Assembly plenary meeting due to take place on 22 February. The retained business rates income figure that the Mayor allocates to TfL does not form part of the statutory budget calculations that the Assembly has the power to amend.



- 5.2 The 2024 TfL Business Plan was approved by the Finance Committee on 22 December 2023. It included a planning assumption of a 4 per cent increase in fares in March 2024, which was based on the 30 August 2022 funding agreement with Government.
- 5.3 The 2024 TfL Business Plan also assumed that TfL would continue to receive revenue top-up funding from Government under the 30 August 2022 Funding Settlement until 31 March 2024. This revenue top-up funding is based on a passenger revenue scenario set by Government, which assumed that fares would increase by 4 per cent in March 2024. However, the funding agreement set out the scenario would be updated in accordance with the actual national rail fares increase once confirmed. As the Government has announced that national rail fares will increase by 4.9 per cent in March 2024, the revenue scenario will be updated with this figure.
- 5.4 However, the funding agreement also included a provision that if the Mayor chooses to increase TfL fares by a different amount than the national rail fares increase, this would be factored into any top-up funding TfL receives until the end of the Funding Settlement on 31 March 2024.
- 5.5 For 2024/25, the proposal (subject to the Mayor's approval) to freeze fares under his control, and to match the revenue shortfall with additional funding from his share of locally retained business rates income over which he has full control, assumes that TfL receives the level of funding assumed in the 2024 TfL Business plan, over the period to 31 March 2025.
- 5.6 Table 5 summarises the revenue yields for TfL based on 2019 demand, assuming that fares and prices rise by an average of 1.7 per cent, which is the net impact of fares set by the Mayor being frozen and all other fares and prices increasing by 4.9 per cent.

**Table 5: Revenue yields from the 3 March 2024 fare changes (£m per annum)**

<b>Price effects</b>	<b>Bus yield</b>	<b>Tube yield</b>	<b>Rail yield</b>	<b>Total Yield</b>
Cash fares	0	0	0	0
PAYG (Incl. capping)	5	18	3	25
Off-peak day travelcards	0	4	0	5
Anytime day travelcards	0	2	0	2
Bus & Tram Pass season tickets	0	–	–	–
Travelcard season tickets	9	31	–	43
<b>Total yield</b>	14	55	6	75
	1.2%	2.0%	1.8%	1.7%

Note: Totals may not match sum of individual figures due to rounding

- 5.7 All existing concessions will be maintained and are funded in the TfL budget until the end of the current financial year, and in the TfL business plan for 2024-25. This includes the travel concessions for under 18s (on buses and trams) and the 60+ Oystercard which since 2021-22 have been partly funded from a £15 uplift to the Mayor's council tax precept.