



Greater London Assembly

1 November 2000

Report Number: 6

Subject: Report of Transport Policy and Spatial Development Policy Committee – Congestion Charging Scrutiny

Report of: Interim Head Of Secretariat

1. Summary

This report introduces the results of a Scrutiny into the Mayor's congestion charge proposals, and asks the Assembly to submit its recommendations as a formal Proposal (as defined by the GLA Act) to the Mayor.

2. Background

- 2.1 The Transport Policy and Spatial Development Policy Committee was established by the Greater London Assembly to consider issues within its terms of reference attached as appendix 1.
- 2.2 The Committee agreed as part of its programme to Scrutinise the Mayor's proposals on congestion charging i.e. to charge drivers for entering a zone of central London. The Mayor has publicised the principle components of his proposals and sought the views of Londoners on them.
- 2.3 The Committee established a scrutiny panel of six Assembly Members to carry out the review of those proposals, with expert advisors supporting them in their work.
- 2.4 The attached report does not include the appendices, as they are not available at the time of writing. These include reports on individual evidence gathering sessions that will be included in the final publication and will be made publicly available prior to the Assembly Meeting.

3. Body of the report

- 3.1 The report makes a number of recommendations including areas of concern that the Mayor is asked to consider in further detail.
- 3.2 The Greater London Assembly is able to make a formal Proposal to the Mayor in accordance with Section 60 of the GLA Act. The Mayor is required to respond to this Proposal in accordance with Section 45 (2)(c) of the GLA Act.
- 3.3 The Assembly is asked to endorse the recommendations of the Transport Policy and Spatial Development Policy Committee and forward these to the Mayor as a formal Proposal of the Greater London Assembly.

4. Strategy Implications

- 4.1 The Mayor's Congestion Charging Proposals are a key part of his Transport Strategy that at the time of writing is to be presented to the Greater London Assembly for their consideration. The attached report is therefore likely to influence the Greater London Assembly's response to that Strategy.

5. Financial Implications

- 5.1 None are arising directly out of this report.

6. Recommendations

- 6.1 That the Greater London Assembly endorse the Recommendations of the Transport Policy and Spatial Development Policy Committee identified in the attached report.
- 6.2 That the Greater London Assembly forward the Recommendations of the Transport Policy and Spatial Development Policy Committee to the Mayor as a formal Proposal of the Greater London Assembly in accordance with Section 60 of the GLA Act.

Background Documents: The following documents were used in the preparation of this report:

Greater London Authority Act 1999 published by Her Majesty's Stationery Office (ISBN 0-10-542999-6).

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Greater London Assembly

**Scrutiny of the Mayor's Proposals for
Congestion Charging**

Report of Findings

October 2000

Contents

Foreword

Executive Summary

- 1 Introduction
- 2 The Proposed Scheme
- 3 The Evidence on the Scheme and the Panel's Assessment
- 4 The Next Steps
- 5 In Conclusion

Appendices *(not included in this version)*

- A Scrutiny Brief
- B The Panel Members and Advisers
- C Written evidence received from GLA and TfL Officials, 7 September 2000
- D Written responses received from the Government Office for London
- E Written responses received from the GLA and TfL
- F Written evidence received from the Mayor, 29 September 2000
- G Written evidence received from the Institute for Fiscal Studies
- H Written evidence received from RACAL translink
- I Summary Report on Evidence Session 1, GLA and TfL Officials
- J Summary Report on Evidence Session 2, Enabling Procedures and Project Management
- K Summary Report on Evidence Session 3, Transport Impacts
- L Summary Report on Evidence Session 4, Social Impacts
- M Summary Report on Evidence Session 5, Technology and Compliance
- N Summary Report on Evidence Session 6, Costs and Revenues
- O Summary Report on Evidence Session 7, The Mayor
- P Summary Report on Evidence Session with the Association of London Government

Foreword

The implementation of the Mayor's proposals for congestion charging will bring the biggest civil change to London since the Second World War. It is right and appropriate, therefore, that the first scrutiny of the Assembly should be a rigorous examination of the Mayor's current proposals on congestion charging, as described in *Hearing Londoners' Views*.

Our purpose was to expose any weaknesses, flaws or dangers in those proposals, thereby acting as a safeguard for London.

Expert witnesses from professional, academic and commercial backgrounds came to give evidence on whether the Mayor, should he decide to proceed, would be able to deliver congestion charging on time and on budget. They also gave evidence on the likely effects on London and Londoners in terms of traffic, environmental and social impacts; on enforcement, exposure to legal challenge, costs and revenues and whether people are likely to comply with the charge.

The nature of this scrutiny has been to look for the technical problems. The benefits of reduced congestion and improved public transport we have held to be self-evident. The question has substantially been, can these benefits be delivered by means of the Mayor's proposals.

The evidence has exposed some flaws and weaknesses in the proposals. These are detailed in the report. The report also requires reports to provide further information on some of the more crucial aspects of the Mayor's proposals, including arrangements for their implementation, and requests further studies on a number of issues. The Assembly will almost certainly wish to conduct further scrutinies on congestion charging as the details of the Mayor's proposals are published.

The Mayor is now advised of the risks we have identified, and has a statutory duty to respond to this scrutiny report.

I should like to take this opportunity to thank the Panel, John Biggs (Vice Chair), Angie Bray, Samantha Heath, Jenny Jones and Bob Neill, together with Roger Evans as substitute member, who acted with integrity and commitment in their work to ensure that the Mayor's proposals would not be delivered to London without serious scrutiny. Though one of the most politically contentious issues of the day, the Panel has always acted on behalf of London, not on behalf of our very different and often diametrically opposed political views on congestion charging.

We were immeasurably helped in our work by our advisors, Martin Richards and Tony Travers, to whom I extend my own and the Panel's thanks for ensuring that this first scrutiny of the Assembly set not only an exceptionally high standard, but also the tone of a dynamic forum for serious and substantive scrutinies in the future.

I commend it to you.

Lynne Featherstone
Chair of the Scrutiny Panel and the Transport Policy Committee of the
Assembly

Executive Summary

This Report is the outcome of an examination by the Panel into the Mayor's proposal to introduce congestion charging in London. Our conclusions are based on evidence taken from three sources: officers of the Greater London Authority and Transport for London, independent experts and the Mayor himself. The inquiry took place during September and October 2000.

The Proposed System

The Mayor has proposed – in a discussion paper¹ - a system of congestion charging for an area bounded by the capital's inner ring road. The main purpose would be to reduce congestion. The proposed system would operate from 7.00am to 7.00pm and would cost about £5 per day for cars. Heavy goods vehicles would pay a higher amount. There would be a number of exemptions and discounts.

Enforcement would require cameras to record number plates within the charging zone and to cross-check them with a database of payments made. Vehicles that were found not to have paid would be liable for a penalty. The administration of congestion charging would require investment in information technology and some re-modelling of roads. Improvements in public transport would be introduced in advance of congestion charging, continuing thereafter.

The Panel's Main Findings

The Mayor's proposed scheme is still skeletal. It may be necessary for the Assembly to re-visit the issue of congestion charging in the period between the publication of this Report and the time when and if any actual system of charging were to be introduced.

The main points we would like to highlight are as follows:

- 1 Timing:** the Panel received independent evidence that suggested the Mayor's current time-scale for introducing congestion charging (by the end of 2002) was extremely optimistic. There is also a need to ensure that sufficient time is allowed for consultation and the proper consideration of all representations, before implementation of the charging scheme is commenced. If, in the end, the Mayor decides to proceed, it would be better to introduce congestion charging later than December 2002 than to attempt to do so too soon with the consequent risk of failure. (Paragraphs 3.11.1 to 3.11.12)
- 2 Scale of Possible Impacts:** the Panel accepts the estimates made by the earlier ROCOL study, suggesting a 10 to 15 per cent reduction in vehicle kilometres within central London. However, there is a real risk that, due to factors such as economic growth, congestion will start to increase again unless the charge is increased beyond the level of £5. The Panel considers the full impact on congestion reduction over the short and longer term should be more fully investigated before implementation is commenced. (Paragraphs 3.2.1 to 3.2.6).

¹ *Hearing Londoners' Views, A discussion paper on the Mayor's proposals for congestion charging in London.* Greater London Authority, 2000.

- 3 Project Management:** the Panel fundamentally disagrees with the Mayor about the proposed management arrangements for the introduction of congestion charging. While much of the work will be of an engineering nature, the scheme includes a major Information Technology (IT) project. Given the public sector's track record in managing large (particularly IT) projects, and the risks involved in securing the effective integration of the different activities within the overall scheme, the Panel is not convinced that the management arrangements currently proposed are adequate. (Paragraphs 3.10.1 to 3.10.25)
- 4 Consultation:** the inclusion of congestion charging in the Mayor's manifesto does not, on the basis of evidence received, short-circuit any procedures under administrative law. The Panel strongly believes that if the Transport Strategy is to be used to outline the details of any proposed charging system (which would reduce the scope for consultation on the congestion charge order), there must be a proper opportunity for comment by stakeholders and the public on every detail of the proposed scheme. Further, the Mayor would have to make a clear case for not holding some form of examination in public. (Paragraphs 3.9.1 to 3.9.21)
- 5 Impacts Around the Charged Area:** evidence received (and the ROCOL report²) suggested there could be a worsening of congestion at the border of the charged area and in parts of inner London beyond the charging area. There could also be traffic increases in the time-periods before and after the charged period. Such additional congestion could lead to adverse environmental and safety impacts. TfL has not been able to demonstrate it can avoid all such impacts. Much more work must be done to measure any adverse impacts and to demonstrate the effectiveness of measures to be taken to mitigate these effects. (Paragraphs 3.2.4 to 3.2.6)
- 6 Public Transport Improvements:** congestion charging must not be introduced until and unless complementary public transport improvements have been made. The Panel requires a detailed report about these improvements by the end of March 2001, at the latest. Targets must be set, and met, for the improvement of bus and Underground services in inner and outer, as well as central, London. Bus lane enforcement must be radically improved. (Paragraphs 3.7.1 to 3.7.23)
- 7 Impacts on London's Economy:** there is little quantitative information about the likely impact of the charge on businesses. This is unacceptable. Further studies are required about the impact of congestion charging on businesses of different types (particularly smaller enterprises), in different parts of the capital. (Paragraphs 3.2.16 to 3.2.17)
- 8 Impacts on Air Quality:** the introduction of congestion charging would make a small contribution, overall, to reducing air pollution and noise. However, there is a risk that by increasing the number of buses and taxis, certain emissions will be increased. The Panel requests a report on air quality impacts and effects, particularly in the areas within the charged area and immediately beyond it. (Paragraphs 3.2.7 to 3.2.10)

²Road Charging Options for London, A Technical Assessment. The Stationery Office, London, 2000.

- 9 **Impacts on People:** congestion charging would have very varying effects on individuals and households in different circumstances. While the evidence suggests the impact might be mildly progressive for poorer groups, there is a risk that the cost of the charge relative to income might be greatest for those with incomes just below the median income level, eg shift workers. In order to demonstrate that the proposed scheme will benefit Londoners, the Panel requires fuller data on the impact of the proposed charge on different groups of employees, householders and individuals. (Paragraphs 3.2.13 to 3.2.15)

1 Introduction

1.1 The Background to this Scrutiny

- 1.1.1 Congestion charging is one of the Mayor of London's first policy initiatives. Having included the idea in his manifesto, the Mayor published a discussion document³ outlining the scheme he proposes to introduce in London.
- 1.1.2 One of the Assembly's primary roles is to scrutinise policies of this kind and to report on the possible consequences - intended or otherwise - of their implementation. This Report is the first of its kind produced by the Assembly and is intended to offer a broad technical examination of the proposed system of congestion charging.
- 1.1.3 The scrutiny has been undertaken by a Panel drawn from the Transport Policy and Spatial Development Committee of the Assembly. The method chosen for this scrutiny has involved taking evidence from Greater London Authority (GLA) and Transport for London (TfL) staff, as well as from a number of independent experts and, finally, from the Mayor himself. Key technical aspects of the proposals have been considered. We have also received written submissions from the GLA/TfL, the Government Office for London, the Institute for Fiscal Studies and RACAL translink (in response to a request from the Panel when they gave oral evidence).
- 1.1.4 We are extremely grateful to all our witnesses⁴ for the time and effort they have devoted to our work. In particular, we recognise the efforts made by officers at the GLA and TfL to provide us with information within tight time schedules.
- 1.1.5 Congestion charging is an issue that arouses significant differences of political opinion. In all our work, as members of the Panel we have worked together with the common aim of increasing understanding of what will, undoubtedly, be a complex and revolutionary policy. The Londoners we represent must fully understand what the proposed policy means for their lives so that they will be in a position to make balanced judgements about its likely impacts.
- 1.1.6 None of the conclusions and recommendations in this Report should be taken to imply that the individual Assembly members involved in its preparation have any particular view about congestion charging. The Report is intended to provide supporters and opponents alike with a greater body of evidence than currently exists about the Mayor's current

³ *Hearing London's Views: A discussion paper on the Mayor's proposals for congestion charging in central London*, Greater London Authority, 2000.

⁴ See Chapter 2.

proposals. Indeed, the differences of view between Assembly members on congestion charging as a policy of will, we hope, convince readers that our conclusions are objective and fair-minded.

- 1.1.7 London is only at the very beginning of the process of introducing congestion charging, possibly. No city of London's size and complexity has previously implemented a system of this kind; it would be the first major city in the world to do such a thing. The area covered is less than two per cent of the capital's total area⁵. Yet the proposed charged area and its hinterland (ie the whole of inner London) account for over 10 per cent of the entire United Kingdom gross domestic product⁶.
- 1.1.8 The potential impact on the London and UK economy - for good or for ill - could be significant. With powers to introduce charging in other places provided in the Transport Act for England and Wales and planned for Scotland, the whole country has an interest in the progress of this particular policy in London.
- 1.1.9 The risks associated with the policy are great. Success would mean that there were real benefits for London, its citizens, its economy, and its visitors. On the other hand, the consequences of failure could be serious.
- 1.1.10 The Mayor has published an early consultative paper. There will need to be a far more wide-ranging consultation with London residents and businesses (and with many other groups) before his Transport Strategy is finalised. Any final system of congestion charging would have to be embedded in this Strategy.
- 1.1.11 The timetable for this process is outlined below. Complex legal, technical and public policy issues will have to be addressed before any final scheme could go ahead. At present, the Mayor is committed to starting congestion charging at the end of 2002, though in evidence to us he accepted that it would be better to delay commencement to ensure success than to risk early failure of a premature implementation.

⁵ *Four World Cities, A Comparative Study of London, Paris, New York and Tokyo*, Department of the Environment & Government Office for London, 1996, Table 2.2.

⁶ *Focus on London 2000*, Government Statistical Service, Government Office for London and the London Research Centre, 2000, Table 5.1

- 1.1.12 It is very likely that the Assembly will wish to undertake a further inquiry or inquiries before any scheme is implemented.

1.2 The Mayor's Planned Programme

1.2.1 The Mayor's paper *Hearing London's Views* described itself as "an initial discussion document". The closing date for comments was 22 September 2000. The Mayor's draft Transport Strategy will be informed by this initial search for views.

1.2.2 There will be a formal public consultation exercise on the draft Transport Strategy - including the proposed congestion charging system – early in 2001. Then, in the summer of 2001, there will be a "full public consultation" on the order required for the implementation of the congestion charging scheme. The precise form of these consultation exercises has yet to be determined.

1.3 The Proposed Congestion Charging Scheme

1.3.1 The Mayor's proposals were outlined in a consultative paper published in July 2000. They are based on a scheme developed by an independent Working Group established by the Government Office for London to inform Mayoral candidates on possibilities for the use of congestion charges, and workplace parking levies⁷.

1.3.2 The Mayor's proposed scheme would have the following key characteristics:

- drivers would have to pay a charge to be on the public highway within an area in central London, during the charged period.
- payment could be on a daily, weekly, monthly or annual basis.
- the charge would be about £5 per day, with a different (higher) figure for heavy goods vehicles.
- the registration numbers of vehicles for which the charge had been paid for each day would be recorded in a database.
- charging would probably apply from 7.00am to 7.00pm, Monday to Friday, though it would be possible to make payments up to midnight of the relevant day.

⁷ *Road Charging Options for London, A Technical Assessment*. The Stationery Office, London, 2000.

- the charging system would be enforced by a series of digital cameras at fixed locations both on the boundary of, and within, the area and by hand-held equipment within the area.
- the charged area would most probably be bounded by the Inner Ring Road (roughly Euston/Marylebone Roads to the Elephant & Castle [north-south] and Park Lane to Aldgate [west-east], crossing the river at Vauxhall and Tower Bridges.
- there might be a discount for people who lived within the area and exemptions for certain classes of vehicle.
- the registered keeper of a vehicle observed within the area for which the charge had not been paid would (having been identified using the national vehicle licensing records) face a penalty charge, though there would be an appeals system.
- congestion charging would be preceded by a range of complementary public transport improvements (mostly to bus services) and improved conditions for cyclists and pedestrians.
- measures would be put in place on roads around the charged area to deal with displaced traffic.

1.3.3 It is not possible for us to give precise details about how congestion charging would work, though in this Report we describe and analyse the Mayor's and TfL's existing expectations. However, we are now able to provide Londoners with further information on the Mayor's proposed congestion charging policy, and to raise a number of questions that must, reasonably, be answered before such a major policy initiative can go ahead.

2 The Scrutiny

2.1 Background

2.1.1 The Transport Policy and Spatial Development Committee resolved in August 2000 to undertake an initial scrutiny of the Mayor's proposals for the introduction of Congestion Charging in Central London, with the intention that the Scrutiny would be complete by the time the Mayor presented his draft Transport Strategy for consideration by the Assembly. That was scheduled for 1 November 2000.

2.1.2 It was agreed that this initial scrutiny should focus on the fundamentals, rather than operating details. It was intended to concentrate on technical aspects of feasibility and effectiveness. In particular, it was to seek to identify likely "show-stoppers" and issues which could have a significant impact on the implementation programme for the Mayor's proposed scheme, its financial viability or its effectiveness.

2.1.3 The Committee established a Panel of six members to undertake the scrutiny:

2.2 The Objectives of the Scrutiny

2.2.1 The objectives of this Scrutiny were to undertake an initial technical review of the Mayor's proposals for Congestion Charging, to:

identify the objectives the Mayor is seeking to satisfy through Congestion Charging.

assess whether any of the objectives of the Mayor's proposed Congestion Charging scheme could reasonably be achieved by any other means.

assess the possibility of successful implementation of the proposed Congestion Charging scheme, within the time scale and budget proposed by the Mayor.

assess the likely extent of the impacts of the proposed Congestion Charging scheme on London and its people.

assess the financial viability and overall effectiveness of the proposed scheme relative to the Mayor's objectives.

2.3 Structure of the Scrutiny

2.3.1 We have held a total of nine evidence sessions, all of which were conducted in public. Each session lasted between two and three hours. During the sessions, members of the Panel received evidence from, and examined, witnesses.

2.3.2 Our first evidence session was with officials of the GLA and TfL, on 7 September. There then followed six sessions with technical experts who are

independent of the GLA, in that they are not employees of any GLA organisation. We also had a session with the Transport and Environment Committee of the Association of London Government. Our final evidence session was with the Mayor, on 29 September.

2.3.3 The evidence sessions with technical experts were structured to address the following areas:

- Enabling Procedures and Project Management
Witnesses: Steve Howes and Martin Cummings, W S Atkins
Professor Martin Loughlin, London School of Economics
- Transport Impacts
Witnesses Professor Phil Goodwin, Centre for Transport Studies, University College London.
John Dawson, the AA.
Martin Dean and Leon Daniels, First Group
Sean Beevers and Gary Fuller, South East Institute of Public Health
- Social Impacts
Witnesses: Professor Alan W Evans and Dr Graham Crampton the Faculty of Urban and Regional Studies, Reading University.
- Charge Technology and Compliance
Witnesses: Dr John Walker, Dr David Tindall and Meboob Necky, Racial Translink.
Nick Lester, Director, ALG Transport and Environment Committee,
Professor Peter Jones, Transport Studies Group, University of Westminster.
- Costs and Revenues
Witnesses: Lindsay Allen and Nick Joyce, Ernst & Young
Ian Williams, Marcial Echenique and Partners
Paul Read and Reg Evans, Halcrow Fox
Peter Sullivan, Parkman Consultants.

2.3.4 We decided that, given the specific objectives of this scrutiny, we would not take evidence from representational bodies.

2.4 Advisors

2.4.1 We have been advised by Martin Richards and Tony Travers throughout the Scrutiny.

3 The Evidence on the Scheme and the Panel's Assessment

3.1 The Policy

- 3.1.1 Evidence received from the Mayor and his officials made it clear that the primary objective of the policy is to reduce congestion, and thus unreliability in journey times, in central London. This is considered essential to securing the future of London as a World City, and thus employment for its citizens. Transport congestion is regarded as a major disadvantage of London relative to its competitors.
- 3.1.2 Secondary objectives include improvements in bus services, the environment and road safety, as well as the revenues which congestion charging can generate. The Mayor considers that traffic reduction *per se* is of lesser importance. He assured the Panel that he would pursue the policy even if it did not generate net revenues, or if the net revenues went directly to the Exchequer.
- 3.1.3 Evidence given by GLA and TfL officials indicated that the Mayor had concluded that no other policy measure would be as effective, in respect of a range of objectives. However, they stressed that the congestion charging scheme forms only one part of the Mayor's Transport Strategy to be published for consultation early in 2001, following initial consultation with the Assembly in November 2000. Its relationship with other elements of transport policy will be set out in the Mayor's Transport Strategy.
- 3.1.4 Given the worsening extent of congestion within inner London, it was suggested to us there might be a case for extension of the charged area in the future. However, in his evidence to us, the Mayor made it clear that he considers it best to commence with a scheme on which there is a wide consensus, and assess interest in any possible extension in the light of experience with the initial scheme.
- 3.1.5 **The Panel recognises the need to reduce traffic congestion and to improve the quality of London's transport system and environment. However, we insist that the congestion charging scheme delivers net benefits, and that it must not cause sustained increases in congestion outside the charged area⁸.**

The Level of the Charge

- 3.1.6 In his evidence, the Mayor stated that he considered a charge of £5 for cars and light and medium commercial vehicles represents a good

⁸ Emboldened text in this Chapter represents the conclusions of the Panel; in the context of the GLA Act they are "proposals". Normal text is a summary of the evidence we have received.

starting point. The Mayor said that there is a consensus that a charge of less than £5 would be ineffective and above £10 there would be a degree of resistance that would make it unproductive. He noted that if £5 does not work there would be a need to consider £6 or £7. He stated that, in the light of representations received on his discussion document *Hearing Londoner's Views*, he had concluded that a charge of £15 for heavy goods vehicles was too high.

3.1.7 Evidence received from the Mayor and other witnesses was that, since there is no prior experience of such a scheme and model based studies have limitations, there is a need for flexibility in setting certain elements of the scheme. These include the level of charge and the hours of operation. The Mayor stressed the need to monitor the impacts and to adjust the scheme in the light of experience. He also stated that every aspect of the scheme would be heavily researched.

3.1.8 **The Panel considers that, if the policy is implemented, it is essential that a comprehensive, and independent, monitoring programme is put in place prior to the commencement of charging and maintained thereafter, and that the details of the scheme are regularly reviewed and, if necessary, amended in the light of experience. A report to the Assembly on proposals for monitoring the effects of the charge is required by the end of April 2001.**

Charging as Part of an Integrated Transport Strategy

3.1.9 The Mayor assured the Panel that congestion charging would only be introduced when a noticeable improvement in public transport has been achieved.

3.1.10 **The Panel considers that congestion charging is only likely to be an effective, and widely acceptable, policy if:**

- **it is consistent with the requirements of the Transport Strategy,**
- **it properly satisfies the Mayor's secondary objectives for charging,**
- **it is accompanied by other successful measures including improving the reliability and quality of public transport services, and**
- **the business community achieves the benefits it requires through improved journey time reliability.**

3.1.11 **The Panel is convinced that obtaining a marked and sustained improvement of bus services throughout London is an absolute pre-requisite to the introduction of the charging scheme.**

3.1.12 **The Panel considers it essential that, if the Mayor decides to introduce congestion charging, full attention is paid to all relevant details during design and implementation, to ensure that the policy**

operates effectively, satisfying all its objectives successfully, from the day on which charges commence.

3.2 The Likely Effectiveness of the Policy

Congestion Reduction

- 3.2.1 Evidence received indicates that, with a £5 charge for cars, the 10-15% reduction in vehicle kilometres in central London journey times forecast in the ROCOL report is likely to be of the right order, at least initially. Witnesses differed in their views as to whether there would be a greater reduction over time, or whether traffic levels would creep back up.
- 3.2.2 The effectiveness of the scheme depends largely on car users switching to other modes, principally public transport. This switch is, in turn, dependent on the other modes being both sufficiently attractive and having sufficient capacity. We discuss this further in Section 3.7.
- 3.2.3 In addition to changes in mode, there will be other impacts on travel patterns, including changes in the time at which journeys are made, changes in trip frequency, and changes in destination.
- 3.2.4 Evidence received and the ROCOL report indicate that there could well be a worsening of congestion in parts of inner London. However, evidence from TfL suggested that this might not be so. If traffic flows increase, which is particularly likely on the Inner Ring Road, there are likely to be adverse environmental and safety effects.
- 3.2.5 Concern has been expressed that charge might cause peaks in flow just before the beginning and after the end of the charged period, and the formation of queues before the end.
- 3.2.6 **The Panel accepts that the ROCOL forecasts of the likely effectiveness of the policy are the best currently available. However, it is evident that there may well be a difference between the immediate and longer term impacts of charging. It is also evident that considerable further work is required to determine the likely effects on traffic flows in inner London to inform the preparation of measures to at least control and at best to mitigate any adverse effects in the locality in which they occur, as well as the containment of peaks and queues caused by users timing their journeys to avoid incurring a charge. A report on all these matters is required by the end of April 2001.**
- #### **The Environment**
- 3.2.7 The introduction of congestion charging as currently proposed is expected to make a small contribution to improving the environment (air quality and noise) as well as road safety within the charged area, and

could facilitate the introduction of environmental improvement schemes, such as World Squares.

3.2.8 One of objectives set out by the Mayor is to improve the quality of life in London. Yet we note that one of the intentions of the congestion charge is to encourage greater use of buses and taxis, the diesel engines of which contribute to emissions which are most critical to the achievement of air quality standards.

3.2.9 Where there are local increases in traffic, in areas outside the charged area, there would be adverse environmental and safety effects.

3.2.10 **The Panel considers it necessary that TfL gives further consideration to the effects of congestion charging on emissions in and around the charged area, particularly Nitrogen Oxide and particulates, and to the introduction of measures to contain them. These might include some form of preference for cleaner vehicles, such as declaring the charged area a Low Emission Zone.**

The Use of Roadspace

3.2.11 Evidence received included various suggestions for the use of the central London roadspace freed up by reducing traffic flow. These include bus priorities, improved conditions for pedestrians and cyclists, and facilitating such projects World Squares. Yet, the Mayor was emphatic in explaining that his primary concern is to increase journey time reliability for those who do business in central London.

3.2.12 **It will prove challenging to satisfy the Mayor's primary objective of improving the reliability of journey times in central London, while also providing benefits for bus users, pedestrians and cyclists. The Assembly will most probably wish to consider the Mayor's proposals for the re-allocation of roadspace.**

Social Impacts

3.2.13 From evidence based on an analysis of 1991 data from the London Area Transport Surveys (LATS), it would appear that for households with incomes less than the median, the charge is likely to be progressive, mainly because these households make little use of cars for journeys to central London (Appendix G). As a cost relative to income, the impact appears to peak for income groups close to the median, and to then be fairly flat. On the assumption that most lower income households are bus, rather than car, users, they would benefit from any improvement in bus service.

3.2.14 This evidence suggests that there is a possibility of a significant financial impact on lower and middle income residents of London who have to travel by car to from or within central London.

- 3.2.15 **The Panel considers that further, and thorough, studies must be undertaken on the effects of the charge on lower income households, particularly those who are dependent on the use of cars for necessary travel to central London. These studies should, *inter alia*, address the possible impacts on lower income shift workers, particularly those who may be just outside the scope of benefits.**

The Urban Economy

- 3.2.16 It would seem that there is little quantitative information on the likely effects of the charge on businesses. Such information as is available is based on desk research and judgement. However, evidence from the Mayor suggests that there is measured support from business interests such as London First and the London Chamber Commerce and Industry.
- 3.2.17 **Given the other demands for the use of roadspace, and the consequent possibility that commercial vehicle users may not obtain as much relief as might have been anticipated, and the possible effects of the charge on smaller businesses which depend on the use of vehicles in central London, we consider that further, and thorough, studies must be undertaken on the effects of the charge on the economy of central and inner London, particularly on those small businesses for which the use of vehicles in central London is essential.**

3.3 The Technology

- 3.3.1 The evidence we have heard strongly supports the view that the technology proposed by ROCOL (and which the Mayor is minded to adopt) is largely in existence, in its various components. No significant development work is required. However, no other system comparable with that proposed is already in use, and some of the evidence we have received suggests that there are appreciable risks associated with integrating the different components to provide the level of reliability required. Although not a "safety critical" system, it would have a very high public profile. We note that TfL considers the issues relating to integration are of lesser concern than our other witnesses.
- 3.3.2 **We record our views on integrating the various components of the system in Section 3.10.**
- 3.3.3 We are aware that certain fundamental decisions have yet to be taken. One of these is whether images are captured of the front or rear of vehicles. We were advised that a contract for tests to assess these options is due to be let shortly.

3.3.4 The Assembly may wish to examine the findings of the assessment of the options for using front or rear images.

Approvals

3.3.5 It was suggested to us that Home Office approval might be required for the equipment to be used, and that if this were necessary it could take many months. However, in his evidence, the Mayor explained that, as images captured by the system would not be used as primary evidence in any criminal proceedings, Home Office approval is not necessary.

3.3.6 We are also aware that the Secretary of State has the right to require that any equipment used for a London charging scheme is compatible with a national standard or, if is not, that any incompatibility is not detrimental to the interests of people outside London.

3.3.7 While noting the evidence provided by the Mayor, we consider it essential that, if it has not yet been done, TfL obtains written confirmation from the Home Office on the need, or lack thereof, for type approval for any part of the system as currently proposed, and subsequently as soon as any significant changes are planned.

3.3.8 We also consider it essential that written confirmation is obtained from the Secretary of State that the proposed system will not be deemed detrimental to the interests of people outside London, before any major commitment has been made to the detailed design and specification of the proposed system.

3.4 Enforcement and Compliance

Enforcement

3.4.1 We were advised that computer recognition systems can correctly interpret about 80% of digital images of licence plates captured in normal traffic conditions. We understand that this proportion can be increased with manual intervention. However, about 10% cannot be interpreted. It was not clear to us whether the 90% applies to slow moving traffic, with vehicles very close together.

3.4.2 We were told that it is not easy to treat a licence plate to prevent its interpretation, although it would appear that mud and damage must present some problems.

3.4.3 We note that enforcement depends on being able to trace the keeper of violating vehicles. We understand that DVLA do not have valid keeper records for some 20% of vehicles in parts of inner London. The users of such vehicles might be expected to among those most likely not to comply with the charge.

3.4.4 **We consider that, if the charge is to be introduced, further work is required to seek to ensure that the proportion of the keepers of violating vehicles who cannot be traced is low, and that further work is also required to ensure that most persistent offenders can be successfully pursued.**

Compliance

3.4.5 The ROCOL work on compliance currently forms the basis of the estimates of TfL's work. This suggested that there would be a violation rate of less than 10% and that 80% of violators would be traced and served with a penalty notice. It is not clear to us whether the ROCOL work takes due account of the particular circumstances of parts of inner London.

3.4.6 Evidence we received stressed the need to present congestion charging in the context of a comprehensive policy for improving London's transport, and with clear statements about the use of the net revenues. This is required if the charge is to be seen as reasonable, and thus widely accepted.

3.4.7 **We consider it crucial to the success of the congestion charging scheme that it is designed and presented within the context of the Mayor's Transport Strategy as being both a reasonable and effective policy measure. It is also essential that all the other elements of the Strategy are progressed, on schedule, in parallel with congestion charging.**

3.4.8 We were also told that the scheme has to be well publicised and easy to understand and comply with.

3.4.9 **In due course, very careful consideration will have to be given to the design and management of arrangements to inform drivers and vehicle operators about the charging arrangements, and to monitoring the effectiveness of those arrangements on a continuing basis. It is probable that the Assembly will wish to scrutinise these matters.**

3.4.10 It was suggested to us that compliance might be improved, certainly that unintended violation might be reduced, if there were common starting and ending times for measures such as the charge, parking regulations, and the lorry ban.

3.4.11 **We consider it highly desirable that the starting and finishing times are aligned for as many traffic measures, both TfL and borough, as reasonably possible. The Mayor should do his very best to ensure that traffic and parking measures are mutually consistent, and readily understood by users.**

3.4.12 It has been argued that the appeals procedure should be independent of the charge authority.

3.4.13 **We see much merit in the appeals procedure being managed by an agency separate to the charging authority, given that the latter would be responsible for enforcement. The Mayor should give careful consideration to the best way of achieving this.**

3.5 Exemptions and Discounts

The Basis for the Licence

3.5.1 Our attention was drawn to the fact that the proposed system operates on the basis of licensed vehicles, and that there is no way of directly identifying individual persons to whom an exemption or a discount might apply. Indeed, we understand that even if individuals were licensed to use a specific vehicle on a specific day, it would not be practical to check whether that privilege was being abused.

3.5.2 This presents particularly problems with arrangements for providing exemptions or discounts for those with mobility impairments who benefit from the Orange (or Blue) Label scheme, which are issued to individuals. However, for those with serious disabilities and who benefit from Vehicle Excise Duty exemption, there is no such difficulty, as the exemption is vehicle specific.

3.5.3 It also presents problems with providing special arrangements for particular individuals for specific trips, such as emergency service workers travelling to and from work within the charged area.

3.5.4 **It is evident that the need to relate exemptions and discounts to specific vehicles, rather than individual persons, will act as a restriction on their provision. However, the Mayor must give further consideration to how individual privileges, exemptions or discounts, might be provided, and how such arrangements could be operated, within clear, published, principles.**

Exemptions and Discounts

3.5.5 We understand that the Secretary of State intends to establish national requirements for certain exemptions, and that these will include all emergency vehicles. We also understand that the Mayor intends to exempt stage service buses and licensed hackney carriages.

3.5.6 In his discussion document, the Mayor invited comments on exemptions for those with disabilities who could face real difficulties in switching from the car to other modes. He also invited comments on charges for powered two wheelers and residents of the charged area.

- 3.5.7 In his evidence to us, the Mayor reported that he had had discussions with the NHS about special arrangements to accommodate Health Service staff.
- 3.5.8 Evidence we received indicates that the introduction of congestion charging could be eased through reducing the cost of the charge to various interest groups. However, the evidence also recognised that the greater the number of those with exemptions or discounts, the greater the pressure to include others.
- 3.5.9 It was also explained that the greater the number of exemptions, or discounts, the less the impact of the scheme on the relief of congestion, the Mayor's primary objective. With increasing numbers of privileges, the risk of abuse and the difficulties of effective enforcement are also likely to increase.
- 3.5.10 **We recognise the need to balance what might be considered fair treatment of specific groups of individuals with the need to have a scheme which is effective in meeting the objectives of the charging policy, and which is seen to be fair by all users, and which will not have an adverse effect on compliance. We therefore see benefits in restricting the extent to which exemptions and discounts are provided.**
- 3.5.11 **It is probable that the Assembly will wish to scrutinise the Mayor's proposals for the provision of charge privileges, including both exemptions and discounts.**

Season Tickets

- 3.5.11 Evidence was also received which stressed that if the charge is to be effective in reducing congestion, it should have an impact on travel decisions day-by-day. Thus, season tickets, whether purchased at a discount or at full price, are likely to reduce the impact of the charge relative to a daily purchase. A highly discounted season ticket might be expected to have little effect on travel decisions, and thus on congestion. However, there might be an argument in providing season ticket facilities to operators of commercial vehicles.
- 3.5.12 **Given the Mayor's objectives, we have definite reservations about the merits of providing season tickets, since their provision to vehicle users, other than commercial vehicle operators, could undermine the efficiency of the charge. Any proposal for such arrangements would require very strong reasoning.**

3.6 Associated Engineering Works

3.6.1 It is clear from the evidence from both experts and the ALG that the congestion charging scheme will require extensive traffic engineering, control and signing works, particularly in inner London, to manage the effects of displaced traffic. Although the Mayor stated that most of these works will be on GLA roads, evidence from the ALG is that many of them will necessarily involve the boroughs. This involvement might well include requiring boroughs to make traffic orders.

3.6.2 It has also been explained to us that if kerbs require realigning, this might also involve any of the very many statutory undertakings whose services run below London's streets and footways. We have been told that the relocation of their facilities can be both time consuming and costly.

3.6.3 We understand from the Mayor that all costs incurred by boroughs for works necessitated by the introduction of congestion charging will be met in full by TfL. TfL will also provide such additional staff resources as may be required to complete the programme on time.

3.6.4 Evidence we have heard from a number of witnesses, including the ALG, is that so as to reduce difficulties in the early months of congestion charging, all the major traffic management measures should be complete before the charge is introduced. However, it has been suggested that some local environmental measures might best be left until after the charge has been introduced and designs can take account of the new traffic flow patterns.

3.6.5 **The Panel considers it absolutely essential to the successful implementation of congestion charging, should it be introduced, that the Mayor and TfL ensure that the necessary traffic works on both GLA and borough roads are completed before the charge is introduced.**

Tower Bridge

3.6.6 A member of the Common Council of the City informed us that there are serious difficulties in the use of Tower Bridge, which forms part of the Inner Ring Road, as the primary diversion route across the river in the east. It has weight restrictions, and opens up regularly. It also has a limited life as a bridge for vehicular traffic, and is likely to be closed for maintenance for significant period. In his evidence, the Mayor acknowledged these difficulties.

3.6.7 **Careful consideration must be given to the definition of routes around the charge area in the east, due to restrictions on the use of Tower Bridge.**

3.7 Complementary Transport Measures

Improving Public Transport

- 3.7.1 There is a consensus among all those who have given relevant evidence that if congestion charging is to be effective, there is a need for a significant improvement in public transport, and that much of that improvement must be in place before charging is introduced.
- 3.7.2 It is also widely accepted that in the short to medium term the focus of the improvements will have to be the bus services. The evidence is that there is little opportunity in the short term for improvements in rail services, whether Underground or the former BR services. Although suburban and main line rail services are not under the Mayor's control, we were informed that he is in discussion with the shadow Strategic Rail Authority on achieving improvements. The position on the Underground is not clear, pending final decisions on the PPP. However, the Mayor made it clear in his evidence that he will not be willing to tolerate the inconvenience caused to passengers by some of LT's current engineering arrangements.
- 3.7.3 In his evidence, the Mayor explained that there must be clear improvements in public transport, which he and "Joe and Josephine public" must notice, before charging commences. He stated that the introduction of charging will be delayed if such improvements are not achieved by his target date for the introduction of charging. However, he was not able to offer any definite proposals for ways in which such improvements might be measured
- 3.7.4 **We are agreed that congestion charging must not be introduced until there has been a real improvement in the reliability and journey times of the vast majority of bus services serving or feeding central London.**
- 3.7.5 **We consider it essential that clear, and widely understood, targets are set for the level of improvement in bus service deemed necessary before charging is introduced, and that in the lead-up to charging performance is monitored independently and the findings published.**
- 3.7.6 **A report to the Assembly on the precise proposals, and programming, for all the bus improvements to be introduced to complement congestion charging, and on proposals for the independent monitoring of these changes, is required by the end of March 2001.**
- 3.7.7 **We also consider it essential that the Underground system, lines and stations, is operating normally at the time the charge is introduced, and that a trend of discernible improvement in the quality and reliability of services has been firmly established. It is**

probable that the Assembly will to scrutinise proposals for improving Underground services, once they come under the Mayor's control.

3.7.8 **We expect the London Transport Users Committee to have a particular interest in the monitoring of changes in London's public transport.**

Improving Bus Services

3.7.9 Evidence was presented that it can take about two years between planning a new bus service and the commencement of services, and that if any new services were to form part of the complementary measures operating by late 2002, planning should now be underway.

3.7.10 Evidence we heard from TfL was that an extensive programme of measures to improve bus services has been initiated. This includes:

- the London Bus initiative, Stages 1 and 2.
- further bus priority measures, including camera-based enforcement on all bus lanes.
- the extension of Countdown to a further 1,000 stops
- automatic vehicle location on all London buses.

In addition TfL is studying possibilities for simpler fare collection, and alternative contract terms for the provision of bus services.

3.7.11 We were assured that all these bus improvement measures are committed, and will proceed even if congestion charging is delayed or is not implemented.

3.7.12 The Mayor stressed his view that many of the delays to buses are caused by fare collection, and his intention to re-introduce conductors on all buses serving central London.

3.7.13 In his evidence, the Mayor said that a new bus fare structure, which would be "a step change", would be introduced at the same time as congestion charging. He also said that he was determined to have bus service contracts which provided greater incentives to the operators whilst also reducing the rate of return on assets they achieve.

3.7.14 Evidence from operators stressed the importance of improving the morale of bus operating staff. They have a key role in defining the image of buses, yet they are working in difficult conditions and are not well remunerated.

3.7.15 **We consider it essential that all of the present initiatives to improve bus services throughout London must be pursued with total determination.**

- 3.7.16 **It is probable that the Assembly will wish to examine any proposals for a major change in the structure and level of bus fares.**

The Effects of Congestion on Bus Services

- 3.7.17 Evidence we received from operators was that while congestion charging is intended to reduce congestion in central London, congestion outside central London causes greater disruption to bus services. Further, only a limited part of London's road network is suited to the provision of continuous bus priorities. It was suggested that there is little benefit in providing priorities over short sections of relatively high capacity road, such as Whitehall.

- 3.7.18 At present, the enforcement of bus priorities is much less effective than is necessary, particularly if such measures are to contribute to improved bus service performance. The Mayor explained that he had been in discussion with the Metropolitan Police about increasing the level of bus priority enforcement. He recognised that change is necessary.

- 3.7.19 **We consider it essential that the level of enforcement of bus priorities is increased substantially, and quickly. As we are not convinced that the Metropolitan Police have sufficient capacity to achieve effective enforcement, there would appear to be considerable benefits in de-criminalising the basic offence so that violators can be pursued without a need for the involvement of either the police or the criminal justice system. We consider that the Government should be pressed to introduce the necessary changes as a high priority.**

- 3.7.20 **Careful consideration must be given to improving the reliability of bus services through "pinch points", where the effect of congestion is particularly detrimental to performance, without exacerbating congestion, and its effects, for others.**

Pedestrians and Cyclists

- 3.7.21 Some car users will decide to switch to cycle, or to walk, for shorter journeys, either rather than pay the charge or as an indirect result of its introduction. The Mayor made it clear that he attaches great importance to providing improved facilities and a better environment for these modes.

- 3.7.22 We were reminded of how the City's Ring of Steel has made the City a more pleasant place in which to walk.

- 3.7.23 **We consider it important that due attention is paid to improving conditions for cyclists within and on the approaches to the charged area, and for pedestrians within it.**

Achieving Travel Changes

3.7.24 Evidence from TfL was that congestion charging would cause shifts from car to both rail and bus. With improvements in bus services, there will also be a shift from rail to bus. Although rail is congested in Central London, there is spare capacity outside the centre, and a shift to bus in the centre will help accommodate those travelling longer distances into London who switch to rail.

3.7.25 **Since passengers transferring from car, or rail, to bus can be expected to use the bus from some distance out of the centre, the improvements to bus services must relate to the journey as a whole (outer, inner and central London) rather than just the section by bus within the charged area.**

3.7.26 The Panel has requested GLA and TfL for information relating to:

- the potential for London rail passengers to transfer to bus if the quality of bus services is improved.
- the extent to which the removal of cars from Oxford Street has led to an increase in bus journey speeds.
- the scale and nature of any changes in bus passenger traffic, and increases in bus journey times and reliability, consequent upon the introduction of Red Routes.
- the expected basis of any objective measures of improvement to bus services to determine whether the improvements are sufficient to provide an adequate complement to the congestion charge.
- the targeting of improvements in bus services to ensure they reasonably match the main corridors within which car users or rail users are likely to switch to bus.

All of this information is still awaited.

3.7.27 **We recognise that the expectation is that, with improved bus services and congestion charging, some car users will transfer to rail, as well as bus, and that some rail users will transfer to bus, thereby providing the rail capacity required. However, while we have asked TfL for documents that support this expectation, we have not yet received them. We must therefore question the reality of this, and ask what the consequences for the Mayor's proposals would be if the double transfer did not occur.**

3.8 Costs and Revenues

Costs

3.8.1 ROCOL estimated the costs of implementing the scheme they proposed as being between £30 and £50 million, excluding the costs of associated and complementary measures. We understand from the evidence we have received that this is very much an initial, broad, estimate. The

same *caveat* applies to the ROCOL estimates of annual operating and enforcement costs, which were also in the range £30 to £50 million.

- 3.8.2 We understand that TfL has not yet completed any revisions to these estimates. However, under the transport expenditure plans announced by Government in July this year a total of £3.2 billion of transport grant was allocated to TfL for the period 2001/02 to 2003/04, and TfL has provisionally budgeted £250M over this period for the design, implementation and initial operation of the scheme and associated traffic management and transport measures.
- 3.8.3 In addition, TfL has advised us that other, substantial, funds are being considered for measures which would in particular improve enforcement and assist buses and encourage the use of public transport in London generally, to complement a congestion charging scheme.
- 3.8.4 TfL informed us that it is premature to provide further details in advance of the publication of the draft Transport Strategy.
- 3.8.5 **We have to accept that TfL does not yet have more refined costings for either implementation or operation. However, given the tight programme for implementation which the Mayor has announced, we consider it essential that budgeting for the whole programme is progressed as a high priority so that all the proper controls can be put in place and exercised. Given the Mayor's proposed programme, the budget for the total scheme must be in place by January 2001 so that the necessary cost management procedures can be pursued with effect.**

Revenues

- 3.8.6 ROCOL estimated the annual charge revenues to be between £230 and £280 million a year. Again we understand that these estimates have not yet been developed further, although we were given to understand that further work has been initiated using the transport models on which these estimates were based.

Net Revenues

- 3.8.7 Witnesses pointed out to us that given the ratio of revenues to costs, the costs of implementing and/or operating the scheme would have to increase very considerably, or the revenues would have to be very much less than estimated by ROCOL, before the scheme would not be financially viable.
- 3.8.8 We are mindful of the Mayor's statement in his evidence to us that even if there were no net revenues, or if the net revenues were to go directly to the Exchequer, he would still consider the scheme to be an important part of his transport policy. He also made it clear that if he had to increase expenditure to ensure that the scheme was operational earlier

than would otherwise be the case, he would increase expenditure. In doing so, he noted that each week of delay equates to £4 million of net revenues foregone.

3.8.9 We are also mindful of evidence we received, which indicated that the public acceptability of charging in London is very closely related to its ability to increase the funds available for investment in improved transport for the city.

3.8.10 **While we understand the Mayor's arguments about the costs of delays in terms of potential economic benefits and net revenues foregone, we consider it absolutely essential that this is not used as a reason to avoid the management of the project to very high standards of cost control.**

3.9 The Formal Processes

The Department of the Environment, Transport and the Regions, and the Government Office for London

3.9.1 It had been hoped that representatives of the Department of the Environment, Transport and the Regions (DETR) would give evidence on the enabling procedures. However, following discussions between DETR and GOL, a decision was made that evidence would not be given in public, and GOL issued the following statement

- the Mayor's congestion charging proposals are a matter for the GLA. Therefore, Government should stand back from them.
- it is not appropriate for officials to give views on the merits on the proposals as the Secretary of State has statutory powers in relation to the Transport Strategy and proposals for the use of revenues raised by charging.
- GOL will do its best to provide responses to questions on factual matters put to it in writing.
- GOL is not resourced to prepare and service an oral debate.

3.9.2 The Panel subsequently put a series of questions to GOL in writing. The questions and responses are given in Appendix D.

The Principles of the Formal Processes

3.9.3 Although the ROCOL report suggests that a commitment to congestion charging in the Mayor's election manifesto would facilitate its passage through the formal enabling processes, evidence we received was that while a manifesto commitment is a political commitment, it does not short circuit any procedures under administrative law. It was explained that the political process by which a policy is implemented is quite distinct from the legal process.

- 3.9.4 Our understanding of the procedures, based on the evidence we have heard, is that the Mayor must first publish a draft Transport Strategy in which he defines the role of congestion charging in the context of the Transport Strategy as a whole.
- 3.9.5 We were reminded that to comply with the GLA Act, the Transport Strategy must promote and encourage safe, integrated, efficient and economic transport facilities and services to, from and within Greater London. The Act also requires that the Strategy contains proposals for the provision of transport accessible to those with mobility problems.
- 3.9.6 The GLA Act lays down those bodies with whom the Mayor is required to consult on the Transport Strategy, but the Mayor has made it clear that he plans to consult widely.
- 3.9.7 The Strategy could contain a considerable level of detail on the proposed congestion charging scheme, including the charged area, the charging structure and level of charges, the hours of operation and the arrangements for exemptions and discounts.
- 3.9.8 Following a period of consultation on the Strategy, the Mayor will consider representations received, amend the Strategy as he sees fit and publish a final Strategy as a statement of his policies.
- 3.9.9 The evidence we have received suggests that, having properly consulted on a draft Strategy and taken due note of representations received, it would be difficult for a legal challenge to the Strategy to be mounted. The argument was that any challenge would need to be on the basis that the Strategy does not satisfy the statutory requirements, including the promotion of safe, integrated, efficient or economic transport facilities and services, and that it would most probably be difficult to provide sufficient evidence that it failed to satisfy these requirements.
- 3.9.10 We were reminded that the GLA Act is specific, and somewhat unusual, in that it specifies that the Mayor "may" consult and that the Mayor "may" hold a public inquiry on a congestion charging order. There is no obligation to do so. However, evidence we have received suggests that although the language of the Act is permissive, under case law, there is a duty to provide a fair procedure.
- 3.9.11 The evidence we have received also suggests that any consultation, or inquiry, on the congestion charging order need not consider those features set out in the Transport Strategy. The analogy was drawn with County Structure Plans and Local Development Plans.
- 3.9.12 From other evidence, it is our understanding that the question the Mayor will need to address is whether the representations he has received are of a sufficiently serious of character that they can only properly

investigated and considered through some form of inquiry. If the Mayor chose not to hold an inquiry, case law indicates that he would have to be able to give cogent reasons, demonstrating that his discretion had been properly exercised.

3.9.13 The form of any public inquiry the Mayor may choose to hold is not prescribed by law. It was suggested to us that an appropriate form might be to invite a Panel to consider the key issues that the Mayor has concluded need to be examined further, taking evidence from parties invited to participate on each of particular issue. As with Structure Plan inquiries, the idea would be to have a round table discussion between the Panel and the invited parties.

3.9.14 It might be desirable to hold some form of structured hearing in parallel with the consultations on the congestion charging scheme.

The Mayor's Proposed Arrangements

3.9.15 We understand from the Mayor's evidence that he is minded to include much of the detail of the proposed congestion charging scheme in his draft Transport Strategy. In his evidence the Mayor said that he would be as specific as he possibly could be so people know what they are being consulted on. He expected to be precise on the area and charge levels, and preferably the times. However, he expected discussions on exemptions to continue for some time.

3.9.16 It is our understanding from the evidence we have received that the Mayor does not intend to publish the congestion charging order, which he is required to do before charging can be implemented, until July 2001. It is also our understanding the Mayor intends to consult widely on the order, allowing three months for this.

3.9.17 The Mayor stated in his evidence that no decision has yet been made on whether a public inquiry will be held, or if one were to be held what form it would take. When taken, it would be on clear and specific legal advice.

3.9.18 The Mayor made it clear that he found little merit in the traditional form of adversarial public inquiry, such as that for Heathrow Terminal 5. He considers that public opinion polling is the most effective way of gauging views.

3.9.19 **It is clear from the evidence that the Mayor may choose to use the Transport Strategy to define much of the detail of his proposed congestion charging scheme. We note that by so doing, the scope of the consultation on the congestion charging order is likely to be limited.**

3.9.20 **If the Mayor were to choose to do this, we consider it essential that he ensures that there is proper opportunity for full consultation on the proposed congestion charging scheme, based on adequate and balanced information. That consultation must allow for proper debate and discussion among all interested parties and must not be limited to the statutory consultees. It should also include public meetings. This programme should form part of but be separate from the consultation on the other aspects of the Strategy.**

3.9.21 **We note the Mayor's reservations about the adversarial style of public inquiry, and see merit in a form which focuses on the resolution of key issues.**

3.10 Managing Implementation

Management Arrangements

3.10.1 Our witnesses on project management considered the proposed TfL management structure (Appendix C) fairly conventional. However, they stated that it is crucial that all, or a large proportion of, the members of the (management) team have worked on similar projects elsewhere, explaining that there is no substitute in this kind of situation for people who have managed projects of a similar kind before.

3.10.2 TfL have explained that the team they are putting in place is highly experienced, particularly in major traffic and transport projects.

3.10.3 Our attention has been drawn to the Cabinet Office Report *Successful IT: Modernising Government in Action*. This report, which is a review of major Government Information Technology (IT) projects, contains much of relevance to the management of the core IT component of the proposed scheme.

3.10.4 It has been suggested that, as recommended in the Cabinet Office report, there is a need to build and test prototypes of components of the charge collection and enforcement system, to demonstrate and refine the functional definitions before these are finalised and contract documents prepared.

3.10.5 **We have concluded that there is a serious difference of perception between the TfL management and this Panel. It seems that TfL see the implementation of the total scheme as largely an engineering project. We acknowledge that in terms of costs that is so; the greater part of the £250 million budgeted will be spent on traffic management and bus service improvements. However, the core of the total scheme is essentially an IT project with a value of between £30 and £50 million.**

- 3.10.6 **While not large by some measures, designing and implementing the charging and enforcement elements of the scheme is a significant project in its own right. We feel sure it falls within the definition of a "major IT project", and we are mindful of the public sector's track record with IT projects. We are not yet convinced that TfL are according this part of the total scheme adequate appropriately skilled and experienced management.**
- 3.10.7 **We consider that there should be a clear distinction, within the overall congestion charging management arrangements, between the transport and traffic functions (ie, those relating to traffic engineering, public transport improvements and the like) and the functions relating to the design, procurement and implementation of the IT components of the scheme (ie, the charge collection and enforcement system).**
- 3.10.8 **These comments must be taken together with those on cost control recorded in paragraph 3.8.10.**
- 3.10.9 **We consider it essential that due consideration is given by TfL to the relevant recommendations in the Cabinet Office report on managing major IT projects.**
- 3.10.10 We have been informed by TfL that the role of Assistant Director Congestion Charging, a function which reports directly to Director of Street Management, is being filled by two experienced transport planning/traffic engineering specialists on a job share basis. Evidence we have received questioned whether such an arrangement is appropriate, given the need for rapid and consistent decision making. It was suggested that such an arrangement could cause delay and duplication. In his evidence the Mayor stated that the two persons have different skills, thereby benefiting the project.
- 3.10.11 **While noting the Mayor's views on the benefits of this key role being filled on a job share, we have the gravest doubts about its efficiency given the particular demands of the Mayor's proposed scheme.**
- 3.10.12 **We are also concerned that neither party appears to have experience in managing large IT projects. Given TfL's current proposals for management structure, the yet to be appointed Project Manager will need to have very strong credentials in the management of large IT projects. It is also essential that the Project Manager's advice is properly respected by those to whom he or she reports. However, as explained in paragraph 3.10.7, we consider that the proposed structure should be revised.**

- 3.10.13 Our witnesses noted that they would expect the Project Board to include stakeholder representation, explaining if such members are drawn from senior levels, with short escalation routes, they can facilitate the rapid resolution of difficulties involving any of the parties associated with the total project. The Mayor responded by saying that there is a need to have clear responsibility and proper, focused, decision making.
- 3.10.14 **Given the important role which stakeholders, such as the boroughs, the statutory undertakings, the bus operators and the Metropolitan Police, will have in ensuring the successful implementation of the total policy, we see much merit in TfL establishing some formal organisation through which their views can be heard. We strongly recommend that TfL give consideration to how this might be best achieved.**
- 3.10.15 The TfL Project Overview document (Appendix E) includes a statement that the first management priority is to inaugurate the scheme by the end of December 2002. Quality, obtaining performance to the required level of performance, is the second priority. Cost is the third priority. Evidence we have received indicates that having all the various components of the policy, including traffic management measures and bus service improvements, in place, as well as ensuring a very high level of reliability for the charging and enforcement system is paramount to success, including public acceptance.
- 3.10.16 In response to a question as to whether that the priorities as set out by TfL are the most appropriate, the Mayor stated they were. Delay in implementing the scheme has real costs in terms of both the economic benefits and net revenues foregone.
- 3.10.17 **We re-iterate the views we expressed in paragraph 3.8.10, that these arguments must not be used as a reason to avoid the management of the project to very high standards of cost control. We consider it essential that a detailed budget and effective cost management procedures are in place no later than the end of January 2001.**

Procuring the Charging and Enforcement System

- 3.10.18 Evidence we have received from both project management consultants and suppliers of systems is that it would be most efficient to let the contract for the supply of the charging and enforcement system on the basis of a performance specification⁹. This has the benefit of permitting suppliers to use existing systems rather than having to develop systems to meet the demands of detailed specifications. We understand from the TfL Project Overview that it is currently the intention of TfL to do this.

⁹ TfL documentation refers to an "output specification". It is our understanding that this is the same as a "performance specification".

- 3.10.19 There was also consensus in the evidence from the same technical witnesses that the supply contract should be let as a single contract. The principal reasons for this relate to risk management. Although the various components of the total system exist, and are in use in other contexts, they have not previously been brought together in a system like that proposed. Ensuring reliable integration of the various components is one of the major project risks.
- 3.10.20 We were advised that the use of a single main contractor who takes responsibility for obtaining all the sub-systems and their integration considerably reduces the risks, which TfL would otherwise have to carry. Further, the structure of a main contractor with his own sub-contractors would provide for faster decision making and easier resolution of detailed technical issues. It was suggested that if there were a number of main contractors, each reporting to TfL, then TfL, as the client, would often be involved in very detailed technical issues for which it might not be resourced to properly understand and resolve. The witnesses noted that on the Jubilee Line Extension there were a number of separate systems contracts, with LT having to resolve integration issues, resulting in serious delays and cost overruns.
- 3.10.21 TfL are currently planning to let a series of supply contracts, and to manage the interfaces between contracts themselves. Indeed, in his evidence, the Mayor said that the use of a single contract could lead to TfL abdicating rather than managing the risk. He stated that the strategy they have devised places a requirement on each supplier to deliver their particular element with one supplier having the responsibility to ensure systems integration across all elements.
- 3.10.22 By way of explanation for the proposed contract structure, it was also stated that TfL has to retain ownership of key assets such as the cameras and the databases.
- 3.10.23 **Despite the confidence which the Mayor and TfL have in their current proposals, we cannot ignore the independent evidence we have received on risk management. The notion of one supplier having overall responsibility for integration, when he would appear to have no direct contractual relationship with the others, seems surprising. Neither can we ignore the need to ensure that a project with such a high public profile as this would have is well managed, on time, within budget and to specification. There can be no "nearly good enough". We therefore feel obliged to record our very serious reservations about the current intentions of TfL for managing the supply of the system with a series of separate contractors.**

- 3.10.24 **It is clearly necessary that the approach to contracting is very thoroughly reviewed in the light of our evidence. A report on the approach to be taken to the procurement and supply of the charge collection and enforcement system is required by the end of January 2001.**
- 3.10.25 **While we agree that TfL should retain ownership of key assets, we see no connection between satisfying that need and whether the system is procured through a single contract or a series of contracts. Ownership of assets provided under a contract depends on the contract terms on which they are supplied, not on the principle of whether that supply is through a main or sub contractor.**

3.11 Time Scales

Secondary Legislation

- 3.11.1 Under the GLA Act, the Secretary of State is required to arrange for secondary legislation on matters relating to exemptions, maximum charges and penalties. The Mayor assured us that this will be complete in time for consultation on the charge orders.

Letting Contracts

- 3.11.2 TfL advised us that resources will not be spent on contracts to implement any particular scheme prior to publication of the Transport Strategy in June 2001. Yet it is evident, from both information provide through direct evidence and the TfL Project Overview, that a considerable amount of work is planned for completion between now and June 2001. This includes system design, specification, tender document preparation, pre-qualification of contractors, the issue of some invitations to tender, and bid evaluation. This work will be done by a combination of TfL's own staff and consultants. We have not been provided with a budget for these "preparatory" activities.
- 3.11.3 The Project Overview indicates that tenderers will be invited to start preparing their bids in May 2001, with the intention that TfL will commence letting contracts in August, in parallel with consultation on the congestion charging scheme orders. In his evidence, the Mayor confirmed these arrangements.
- 3.11.4 **While recognising the determination of the Mayor to press ahead with his policy, given the benefits he perceives it provides, we are concerned that progressing designs and contract arrangements before:**

- **he might have been able to fully consider all the representations he has received on his draft Transport Strategy, and**
 - **completion of the consultation on the congestion charging order,**
- could well give rise for concern about the validity of the consultation processes.**

Designing and Implementing the Scheme

- 3.11.5 Evidence we have gathered, from both project management experts and possible suppliers of the congestion charging and enforcement system, indicates that design, procurement and implementation is likely to take between 24 and 30 months or more. Completion within 24 months is, however, considered very risky. If completion could be achieved within 24 months, 18 months would be required for system supply, on the assumption that there is a single contractor.
- 3.11.6 The evidence also suggests that while the individual parts of the system exist, in some form, the main risks are in their integration to provide the highly reliable system required.
- 3.11.7 ROCOL concluded that the system could not be operational until September 2003.
- 3.11.8 Yet the TfL Project Overview suggests that all this work can be completed in a shorter period of time than either the independent witnesses we have heard from or the ROCOL Working Group considered necessary for a project of this nature, and the Mayor has stated that he intends to have the scheme functioning by December 2002.
- 3.11.9 In his evidence, the Mayor stressed the benefits of getting it operational as early as possible. He explained that he had asked his officers for the earliest realistic start date, and that is December 2002. However, in evidence the Mayor indicated that January 2003 might be a more appropriate start date, or even later. He stated that he will not allow the system to commence operating until it works.
- 3.11.10 Given that the Panel has received evidence that more time may be required, the Mayor undertook to study that evidence.
- 3.11.11 **The Panel respects the independent evidence it has received on the time required to design, procure, implement and properly test a system of the type envisaged, as well as all the other associated works and complementary measures. It also recognises that TfL has been reviewing ways of programming the total scheme in order to minimise the total elapsed time before it is operating. It is clear that there is a significant divergence of view between experts.**

Those differences must be understood, and resolved and a programme developed in which all significant risks are identified and duly accounted for. A full report which specifically addresses these matters is required by the end of January 2001.

3.11.12 It is important that if congestion charging is to be implemented, it must be done in a way which secures the confidence of all those affected by it, in whatever way. We are convinced that this is such a critical policy that, if it is to be introduced, it is better to introduce it later than currently planned (ie beyond the Mayor's published starting point) but with a very high probability of a fully successful implementation, than to keep to the published timetable and risk either that the system and/or the necessary associated and complementary measures are not ready, or that the system proves unreliable.

4 The Next Steps

- 4.1 We have received and considered a wide range of evidence and other material about congestion charging. This has proved very informative, and we now have a very much stronger appreciation of the key issues relating to the use of congestion charging in London. We are very grateful to all our witnesses, to the GLA/TfL staff and the Mayor for all the help they have given us.
- 4.2 It is now necessary to consider what should be done next. It is, of course, for the Mayor and his advisors to determine whether to proceed with the policy, and if so how. It is our role to scrutinise what is proposed, to make observations about the proposals, and to seek to ensure that whatever the Mayor decides to do, is done well with a good appreciation of all aspects of the policy.
- 4.3 We hope the Mayor will take full note of, and act on, the views contained in this report.
- 4.4 Under the GLA Act, the Mayor is required to respond to the Assembly on Proposals which it decides to put to him within three working days. However, given the nature of the proposals contained in this report, which are all the matters presented in emboldened text in Chapter 3 as well as our conclusions presented in Chapter 5, we consider it reasonable to allow the Mayor 20 working days to provide a full set of responses to the Assembly's agreed Proposals contained herein.
- 4.4 That will enable the Assembly to decide what further inquiries, if any, would be appropriate during the period due to be allowed in early 2001 for consultation on the draft Transport Strategy. Indeed, if the Mayor decides to continue with the implementation of congestion charging (as seems currently to be the case), we believe it highly likely that the Assembly will choose to undertake further examinations of his proposals for charging, in due course.
- 4.5 We hope that the evidence published with this report will be widely disseminated as part of the consultation process on the Strategy, and on the congestion charging order, should the Mayor proceed with this particular policy. London will need as much impartial and expert information as possible if its people and businesses are to be able to come to a balanced decision about such an important matter.
- 4.6 If congestion charging is to be implemented, we are convinced there will need to be thorough examination of a number of aspects. It will be essential that the Mayor commissions objective studies of issues such as the impact on areas just outside the cordon, the environment, improvements in public transport/other modes of travel and, most crucially, the actual effect on congestion.

- 4.7 We also consider it important that the Mayor ensures that independent arrangements are put in place to monitor the impacts of congestion charging on London, its people, its economy, its environment and its transport. Since these will need a sound "before" base, early action is necessary.
- 4.8 A key role of the Assembly will be to seek to ensure that GLA and TfL studies and projects are undertaken in a timely and efficient manner. The Assembly would expect to play its part in ensuring the objectivity of any such research. If it felt it necessary, the Assembly might itself commission some such studies.
- 4.9 Nothing should be pre-judged at this stage. London is an extraordinary city with an incredibly intricate and inter-dependent economy. Congestion charging will make a difference to that economy, and much more – indeed it is intended to. Members of the Assembly have varying views about what might happen if charging were introduced, though they have a common interest in alerting Londoners to any pitfalls, potential weaknesses or unexpected advantages. In the longer term, the Assembly commits itself to representing the views and needs of London if and when congestion charging is introduced to their city.

5 In Conclusion

5.1 The Proposed Scheme and its Impacts

5.1.1 The evidence we have received suggests that:

- if congestion charging is implemented as part of an integrated transport strategy, and
- charging is not introduced until
 - real and sustained improvements in bus services have been achieved, and
 - all measures necessary to accommodate changes in traffic flows and patterns are in place,

the Mayor's proposed congestion charging scheme is likely to reduce traffic in central London. However, without prejudice to our particular views on whether or not the Mayor's proposals are sensible, as a Scrutiny Panel we do not think that the overall costs of pursuing them can be justified unless they achieve at least a 10% reduction in traffic in central London.

5.1.2 We are satisfied that the technology for collecting and enforcing the charge is based on components currently available and that no major development work is required. However, we are not convinced that the risks involved in creating a highly reliable system, within the current implementation programme, have been properly appreciated.

5.1.3 We have very real concerns about the possible impact of the proposed scheme on the area outside the charged area, in particular the immediately adjacent area. Insufficient work has been done to satisfy us that there will not be some serious adverse effects, due to displaced traffic and its effects on the local environment and safety. We are in no doubt that more work is required to ensure that arrangements can be made to contain and ameliorate any such effects. We have been made aware that there may well be a difference between the immediate and longer term impacts of charging. We have called for a report on all these matters, to be provided by April 2001.

5.1.4 Significant improvements in bus services prior to the introduction of congestion charging, and a discernible trend of improvement in the Underground are essential pre-requisites. However, we are not yet convinced that the necessary improvements in bus services will be achieved within the period currently planned by the Mayor for implementation of charging. We have called for a report, to detail the plans for bus service improvements, by April 2001.

5.1.5 A programme for objectively monitoring the quality and reliability of bus and underground services, traffic flow, traffic congestion and key environmental indicators, undertaken by an independent agency, must be established soon to provide a the base line against which change, and achievement of the Mayor's stated objectives, is measured. We have called for a report on these matters by April 2001

- 5.1.6 We are concerned that little is known about the possible impacts of the proposed scheme on the local economy, and, in particular, small businesses within and close to the charged area and who have to make extensive use of motor vehicles. Thorough research must be undertaken on the possible impacts and measures which might ameliorate any seriously adverse effects.
- 5.1.7 While the evidence suggest that the charge is likely to be progressive for households with incomes below the median, we are concerned that insufficient is known about its possible impacts on low income households who need to use a car in central London during the charged period, and how these might be ameliorated. Again, thorough research must be undertaken.

5.2 Implementing the Charge

- 5.2.1 If the Mayor chooses to use his Transport Strategy to define any characteristic of congestion charging, such as the charged area or the levels of charge, it is essential that there is proper consultation on these proposals. That consultation must provide adequate opportunity for all those who might be affected by the charge to first understand the scheme and its possible effects properly, and then to respond. We think it most desirable that public hearings form a part of the consultation process.
- 5.2.2 We are concerned that, in the drive to progress the scheme as quickly as possible, insufficient attention will be given to proper budgeting, and cost management. We consider it absolutely essential that the Mayor ensures that sound cost management procedures are in put in place for the total project by January 2001, and properly operated thereafter.
- 5.2.3 Although engineering is likely to represent the larger part of the £250 million budget which has been identified for the total scheme, the core of the scheme is a fairly complex IT project worth some £30 to £50 million. We are very far from convinced that the management needs of this crucial part of the scheme, which we consider must fall within the definition of a "major" IT project, have been properly recognised. We are also not convinced that a job share is appropriate for the key role of the Assistant Director responsible for developing and implementing this large and multi-faceted scheme, with its ambitious scheduling.
- 5.2.4 We have very serious doubts about the suitability of the proposed approach to the structure of contracts for the supply of the charge and enforcement system. We are very far from convinced that it is appropriate for TfL to take responsibility for managing the interfaces between contractors, and for ensuring the full and reliable integration of

the various components. Rather, we think that there are real advantages in letting a single contract, with the main contractor being responsible for all internal interfaces, and integration. We have therefore called for a report on these matters, by January 2001.

- 5.2.5 From the evidence we have received, we think it most likely that there will be real difficulties in satisfying all the various requirements for the total scheme - including a reliable and fully functional charge and enforcement system, traffic engineering works, and a much improved bus service - by late 2002 as currently planned by the Mayor, or even January 2003. We are absolutely certain that charging must not commence until each of the key elements of the total scheme is properly in place. We have asked for a report on the programming of the total scheme, by January 2001.

5.3 The Scrutiny Process

- 5.3.1 We are concerned TfL appeared to be reluctant to respond fully to a number of questions we put to them in writing.
- 5.3.2 We are aware that under Clause 10 of Section 61 of the GLA Act there is no requirement to disclose advice given to the Mayor. We consider it essential to the Assembly's scrutiny role that the intent of this Clause is clarified, quickly. In particular, we do not believe it should apply to advice given to the Chair of TfL, since that is not the Mayor, although the same person may fill both functions at present. Neither do we think that this Clause should be used to impede proper, objective, scrutiny.
- 5.3.3 We are also concerned by the position taken by GoL and, by implication, DETR, as set out in Section 3.9. We think it important to the scrutiny process that those responsible for drafting the legislation under which the Assembly and Authority operate should be willing to give evidence which will help ensure we are properly informed, as should those in Government who continue to have an influence over the administration and financing of the governance of London.

5.4 Response by the Mayor

- 5.4.1 In accordance with the GLA Act, the Mayor is required to respond to the Assembly on all Proposals which it decides to put to him. We have defined Proposals as all the emboldened text in Chapter 3 as well as the foregoing Sections of this Chapter. Given the nature of these proposals, we have decided to allow twenty working days for these responses, rather than the three provided for in the Act.

Appendices

Not included in this version