

GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION – MD2937

MD2937: March 2022 fare changes

Executive summary:

Since May 2020, there have been a series of funding agreements with the government to ensure that Transport for London (TfL) can continue to deliver an effective and efficient transport service to Londoners throughout the COVID-19 pandemic and beyond. A long-term objective of the funding agreements is that TfL obtains financial sustainability as soon as possible, with a target date of April 2023.

Further to a funding agreement with the government dated 1 June 2021, and an extension and amendments to that June 2021 agreement made on 17 December 2021, the Mayor proposes to implement an overall increase on fares of Retail Price Index (RPI) +1 per cent.

These changes are proposed so that TfL can reach financial sustainability in line with the long-term objective of the funding agreements, while ensuring the increase in fares is as affordable as possible for Londoners. It is proposed that the fares increase will be implemented from 1 March 2022.

A summary of the proposed fares revision is as follows: bus and tram single fares to increase by 10p to £1.65; and the daily bus and tram cap to be raised to £4.95. The Bus & Tram Pass season price is increased to £23.30 for a 7 Day ticket. The free Hopper transfer will remain in place, permitting multiple free bus and tram transfers within an hour.

On the Tube in Zones 1-6, and on other rail services in London where Tube fares apply, pay-as-you-go (PAYG) fares will typically increase by between 10p and 30p.

Travelcard prices and the associated PAYG caps will increase in line with RPI from 1 March. These increases reflect national government rail fares policy, over which the Mayor has no control. As a result, Travelcard season ticket prices and the associated all-day PAYG caps increase by 3.8 per cent overall.

Fares on TfL services for journeys from outside London are subject to guidance from the Department for Transport (DfT), with the same fares applying on Train Operating Company (TOC) and TfL services.

Decision:

The Mayor:

- i. approves the proposed revisions to fares to be implemented from 1 March 2022 as set out in this decision form
- ii. signs the attached Direction to TfL issued pursuant to the power in section 155 (1)(c) of the Greater London Authority Act 1999 to implement these fares on 1 March 2022.

Mayor of London

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

The above request has my approval.

Signature:



Date: 14/02/2022

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

Decision required – supporting report

1. Introduction and background

- 1.1. The June 2021 funding agreement between TfL and government contained a commitment that TfL would continue with its existing plan to increase fares, in line with its business-planning assumption of an overall fares increase of RPI+1 per cent in January 2022. On 17 December 2021, the June 2021 agreement was extended and amended to alter the above commitment to provide that, as a minimum, TfL must align its fares increase for 2022 with the fares changes on National Rail (NR) services; and that, should the Mayor choose to increase fares by less than the business-planning assumption of RPI+1 per cent for 2022, any reduction in income from April 2023 that impacts TfL reaching financial sustainability will not be met by government funding. Further to these agreements, the Mayor proposes to implement an overall fares increase of RPI+1 per cent.
- 1.2. These changes are proposed so that TfL can reach financial sustainability in line with the long-term objective of the funding agreements, while ensuring the increase in fares is as affordable as possible for Londoners. Additionally, these changes will support vital investment in public transport once TfL reaches financial sustainability.
- 1.3. The RPI benchmark used for fare-setting is the annual increase in the RPI in July 2021, which was 3.8 per cent. Therefore, the overall RPI+1 increase in March 2022 is 4.8 per cent. Subject to approval of this decision, this fare revision increase will take effect on 1 March 2022.
- 1.4. This is the second fares increase following four years of the fares set by the Mayor being frozen on buses, London Underground (LU), DLR, trams and the Emirates Airline. TfL fares increased by RPI+1 per cent in March 2021, in order to meet a condition of the financial settlement made with the government in May 2020.
- 1.5. Public transport usage remains substantially reduced as a result of the COVID-19 pandemic, which has significantly impacted the revenue collected by TfL. Overall, in 2021 demand has been around 60 per cent below 2019 levels on the LU; and 40 per cent below 2019 levels on buses.
- 1.6. The emergence of the Omicron variant and adoption of Plan B restrictions in late 2021 has demonstrated that the effects of the COVID-19 pandemic will continue to be felt in 2022, meaning that revenue in 2022 is uncertain. The overall revenue yield is based on the core GLA Group budget passenger income scenario TfL submitted to the GLA on 8th December 2021.
- 1.7. Travelcard prices and the cost of the multi-modal PAYG caps are set in agreement with the TOCs. The DfT has mandated an increase to regulated fares of no more than the 3.8 per cent increase in the RPI in the benchmark month of July.

Overview of proposed fare changes in March 2022

- 1.8. Due to the COVID-19 pandemic, revenue in 2022 will be uncertain. An overall revenue yield has been calculated based on the core GLA Group budget passenger income scenario developed by TfL Finance, and an RPI+1 per cent increase across all TfL fares and prices. These increases are projected to produce an annualised revenue yield of £178m overall in 2022, comprising £102m for LU; £61m for buses; and £15m for the DLR, trams, London Overground and TfL Rail. As the 2022 fares increase has been delayed by two months at the request of DfT to align to fare changes on NR services, the total yield expected in the 10 months of 2022 to which it applies falls to around £151m.
- 1.9. The Annex to this Decision Form includes summary fare tables. Fuller details are set out in the Schedules to the Mayoral Direction to TfL.

Bus and tram fares

- 1.10. On buses and trams, fares are increased as shown in Table 1.1. The adult PAYG single fare is increased by 10p to £1.65. This is the second increase to the bus and tram fare since 2014.
- 1.11. The daily bus and tram cap is increased to £4.95, equal to the price of three single bus fares. The 7 Day Bus & Tram Pass season ticket is increased to £23.30.
- 1.12. The free Hopper transfer is maintained and will continue to permit unlimited free transfers within an hour of a first-paid-for bus or tram PAYG journey.
- 1.13. All TfL fare concessions are protected and maintained. Temporary changes to the Older Person's Freedom Pass and 60+ Pass were introduced by MD2642 in response to the first government financial settlement agreed in May 2020, and as part of TfL's response to the pandemic. These temporary changes remain in place but are being reviewed and may be subject to change later this year.
- 1.14. The half-adult and child fares for bus and tram will be 80p.

Table 1.1: Bus and tram fares in March 2022

	Current	March 2022	Increase
PAYG – single	£1.55	£1.65	6.5%
PAYG – daily cap	£4.65	£4.95	6.5%
7 Day Bus & Tram Pass	£21.90	£23.30	6.4%
1 Day Bus & Tram Pass	£5.20	£5.50	5.8%

Travelcard season tickets in Zones 1-6

- 1.15. Travelcard season ticket prices increase as shown in Table 1.2, below, and Table A3 in the Annex. The overall increase across all Travelcards is 3.8 per cent. This reflects the DfT guidance to the TOCs in line with national government rail fares policy. These prices also apply to the equivalent 7 Day PAYG caps. Monthly Travelcard season prices are 3.84 times the 7-Day price (rounded up to 10p multiples). Annual Travelcard season prices are 40 times the 7-Day price.

Table 1.2: Travelcard seasons – 7 Day ticket prices

Number of zones	Current	March 2022	Change
Including Zone 1			
2	£37.00	£38.40	3.8%
3	£43.50	£45.20	3.9%
4	£53.20	£55.20	3.8%
5	£63.30	£65.70	3.8%
6	£67.70	£70.30	3.8%
Excluding Zone 1			
2	£27.70	£28.80	4.0%
3	£30.70	£31.90	3.9%
4	£36.80	£38.20	3.8%
5	£46.30	£48.10	3.9%

Tube, DLR, Elizabeth Line and Overground fares in Zones 1-6

- 1.16. On the LU and other TfL Rail services where Tube fares apply, PAYG fares increase by 4.8 per cent overall. See Table 1.3.
- 1.17. Off-peak fares become more graduated according to the number of Zones travelled through.
- 1.18. The flat child off-peak PAYG fare, which applies on both TfL Rail and NR services, increases by 5p to 80p. The child peak LU PAYG fare increases by 5p to 90p – half the minimum adult peak fare. The off-peak child cap increases by 5p to £1.60 in 2022.
- 1.19. On the Elizabeth line, TfL PAYG fares will apply in zones 1-6, with special single fares applying for journeys to and from Heathrow as specified in Annex A1.

Table 1.3: Adult PAYG fares on TfL Rail services increases in March 2022

Number of zones	Current		March 2022		Increase	
	Peak	Off-peak	Peak	Off-peak	Peak	Off-peak
Zones incl. Zone 1						
1	£2.40	£2.40	£2.50	£2.50	4.2%	4.2%
2	£3.00	£2.50	£3.20	£2.60	6.7%	4.0%
3	£3.40	£2.80	£3.60	£2.90	5.9%	3.6%
4	£4.00	£2.90	£4.30	£3.10	7.5%	6.9%
5	£4.80	£3.20	£5.00	£3.40	4.2%	6.3%
6	£5.30	£3.30	£5.50	£3.50	3.8%	6.1%
Zones excl. Zone 1						
1	£1.70	£1.50	£1.80	£1.60	5.9%	6.7%
2	£1.80	£1.60	£2.00	£1.70	11.1%	6.3%
3	£2.50	£1.70	£2.70	£1.80	8.0%	5.9%
4	£2.80	£1.70	£2.90	£1.90	3.6%	11.8%
5	£3.00	£1.70	£3.30	£1.90	10.0%	11.8%

LU cash fares in Zones 1-6

- 1.20. To streamline cash fares, also known as paper single and return tickets, the £5.50 adult Tube cash fare for travel on up to three zones will be removed, with the £6.00 fare for Zones 1-6 increasing by 30p to £6.30. Child cash fares for those aged 11 to 15 remain at half the adult rate. Accompanied under-11s will continue to travel free.
- 1.21. Fewer than 1 per cent of Tube journeys are now made with Tube cash fares.
- 1.22. NR cash through fares in Zones 1-6 increase in line with the 3.8 per cent NR fares target. Full details are set out in Annex Table A2.

One day PAYG price caps in Zones 1-6

- 1.23. Tables 1.4.1 and 1.4.2, below, set out the all day PAYG caps and Day Travelcard prices.
- 1.24. The all-day PAYG caps are set by agreement with the TOCs to be 20 per cent of 7 Day Travelcard prices. The caps increase by between 30p and 60p in proportion to the increases in Travelcard season ticket prices.

Table 1.4.1: All-day PAYG caps in 2021 and 2022

Zones	All day caps		
	Current	March 2022	Change
1-2	£7.40	£7.70	4.1%
1-3	£8.70	£9.00	3.4%
1-4	£10.60	£11.00	3.8%
1-5	£12.70	£13.10	3.1%
1-6	£13.50	£14.10	4.4%

One Day Travelcard tickets

- 1.25. The prices of both the Zones 1-6 off-peak Day Travelcard and the Zones 1-4 Anytime Day Travelcard increase by 50p to £14.40. The Zones 1-6 All Day Travelcard ticket price increases by 70p to £20.30.

Table 1.4.2: Day Travelcard tickets in 2021 and 2022

	Day Travelcards		
	Current	March 2022	Change
All day 1-4	£13.90	£14.40	3.6%
All day 1-6	£19.60	£20.30	3.6%
Off-peak 1-6	£13.90	£14.40	3.6%

- 1.26. Overall the prices of Day Travelcards and PAYG daily caps increase by 3.8 per cent. These increases are set by agreement with the TOCs and reflect the national government's rail fares policy.

Concessions and discounts on TfL Rail services

- 1.27. For the under-16s, all day Travelcard prices and peak PAYG daily caps are set at half the adult rate and increase in line with adult prices. These increases are set by agreement with the TOCs and reflect national government rail fares policy.
- 1.28. The under-16s off-peak cap available through the Zip card is increased by 5p to £1.60. Accompanied under-11s continue to travel free on all TfL services; and on TOC services provided a valid Zip card is held.
- 1.29. As outlined in section 1.13, the temporary changes to the Older Person's Freedom Pass and 60+ Pass will remain but are being reviewed and may be subject to further changes later this year.

Tube fares for travel beyond Zone 6

- 1.30. Beyond the Greater London area, PAYG and cash single fares involving Zones 7 to 9 applying on the Tube and on certain other rail services will increase in line with the general NR increase of 3.8 per cent. Full details are given in Table A4 in the Annex.
- 1.31. Travelcard prices and the associated PAYG caps with coverage in Zones 7 to 9 increase by an average of 3.8 per cent. Full details are given in Tables A6 and A7 in the Annex.

Fares on services transferred to TfL in May 2015

- 1.32. On the Greater Anglia to Liverpool Street services transferred to TfL in May 2015, NR cash single fares and point-to-point season prices were retained as part of the transfer arrangements. These NR fares will increase in line with the general NR increase of 3.8 per cent.

Fares on services transferred to TfL in May 2018

- 1.33. On the Great Western and Heathrow Connect services transferred to TfL in May 2018, NR cash single fares and point-to-point season prices were retained as part of the transfer arrangements. These NR fares will increase in line with the general NR increase of 3.8 per cent.
- 1.34. The TfL-set additional fare supplements to the Heathrow fares will increase by 10p.

Fares on the TfL Rail service to Reading

- 1.35. Since 15 December 2019, a TfL Rail service has run between Reading and Paddington. Under agreements reached over 10 years ago between the DfT and TfL, common fares will apply on the TOC and TfL services.
- 1.36. On these services, NR cash single fares and point-to-point season prices were retained as part of the transfer arrangements. These NR fares will increase in line with the general NR increase of 3.8 per cent.

Emirates Air Line

- 1.37. On the Emirates Air Line, fares will be increasing overall by 9.2 per cent.
- 1.38. The one-way adult PAYG fare (Oyster/contactless) will increase by £1 (25 per cent) to £5. The child fare will remain at 50 per cent of the adult fare. Return tickets will be removed to simplify the ticket offering. The carnet ticket price will stay the same so that it remains equal to £1.70 per journey, which will continue to support local and regular users of the service.

Table 1.5: Emirates Air Line fares in 2021 and 2022

	Current	March 2022	Change
Adult			
One-way	£5.00	£6.00	20.0%
Discount one-way	£4.00	£5.00	25.0%
Discovery Experience	£11.70	£12.00	2.6%
Discount Discovery Experience	£9.40	£10.00	6.4%
Child			
One-way	£2.50	£3.00	20.0%
Discount one-way	£2.00	£2.50	25.0%
Discovery Experience	£7.00	£6.00	-14.3%
Discount Discovery Experience	£5.60	£5.00	-10.7%

2. Objectives and expected outcomes

- 2.1. The Mayor is under a statutory duty to develop and implement policies for the promotion and encouragement of safe, integrated, efficient and economic transport facilities and services to, from and within Greater London. It is proposed to implement an overall fares increase of RPI+1 per cent so that TfL can reach financial sustainability in line with the long-term objective of its funding agreements with government, while ensuring the increase in fares is as affordable as possible for Londoners. The proposals will also support vital investment in public transport once TfL reaches financial sustainability. The funding provided under the funding agreements is also necessary to ensure that TfL is able to continue operating, given the impact of the pandemic.
- 2.2. The government funding and the proposal to increase fares as set out in this decision are therefore key to supporting and enabling the delivery of the Mayor's Transport Strategy, and the continued

delivery of TfL's transport investment programme – while also supporting the transport objectives of the London Plan and the Transport Strategy.

3. Equality comments

- 3.1. Under section 149 of the Equality Act 2010, as public authorities, the Mayor and TfL are subject to a public sector equality duty and must have 'due regard' to the need to (i) eliminate unlawful discrimination, harassment and victimisation; (ii) advance equality of opportunity between people who share a relevant protected characteristic and those who do not; and (iii) foster good relations between people who share a relevant protected characteristic and those who do not. Relevant protected characteristics under section 149 of the Equality Act are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, and sexual orientation.
- 3.2. The duty above applies to the Mayor's duty to direct TfL as to the general level and structure of fares under the Greater London Authority Act 1999 (GLA Act 1999). The Mayor is not required to conduct a consultation in relation to the fares proposals.
- 3.3. TfL has identified seven groups of Londoners (highlighted below) who typically face barriers to public transport use. Among the key issues for these groups is the cost of fares.
- 3.4. Londoners with protected characteristics are likely to be affected by increases in fares, such as those on low incomes or who rely on public transport. Increases to Travelcard prices, etc, may have an adverse impact. The potential impacts are considered further below.
- 3.5. **Black, Asian and Minority Ethnic Londoners** are more likely to live in low-income households and are likely to cite affordability as a barrier to transport and more likely to use buses than the Tube.¹ The proposed increase in TfL bus and Tube fares in the March 2022 fares package may therefore have a negative impact on Black, Asian and Minority Ethnic Londoners, compared with a scenario in which fares are not increased, especially as bus fares will increase by a larger percentage amount than Tube fares (though by the same or a smaller amount in cash terms).
- 3.6. **Women** are more likely to be the primary carer at home so are less likely to be in full-time employment, and more frequently cite affordability as a barrier to transport. Women are also more likely to use buses than the Tube.¹ The proposed increase in TfL bus and Tube fares in the March 2022 fares package may therefore have a negative impact on women, compared with a scenario in which fares are not increased, especially as bus fares will increase by a larger percentage amount than Tube fares (though by the same or a smaller amount in cash terms).
- 3.7. **Older Londoners** are more likely to be retired, and many live on low incomes. The 60+ concession, and the Freedom Pass for older and disabled people, mean that the proposed March 2022 fares will have only limited impacts on older people, as the concessionary scheme will remain unchanged by this fares revision. The equality impacts of the temporary changes to the Older Person's Freedom Pass and the 60+ Pass, introduced by MD2642, were considered in MD2642 when the decision to implement the changes was made.
- 3.8. **Disabled Londoners** are more likely to live in low-income households. One in three families in London with a disabled child live in poverty.² One of the reasons for this is the higher costs of supporting a disabled child. In some cases, it can be three times more expensive to bring up a child with an impairment.³ Carers are also likely to experience financial hardships as a knock-on effect of the need to take lower-paid and part-time work.
- 3.9. While the Freedom Pass means that the proposed March 2022 fares will not impact some disabled people, it is important to recognise that parents of disabled children, and some disabled Londoners

¹ Travel in London: Understanding our diverse communities 2019, TfL

² Poverty in London: 2015/16 Intelligence Update April 2017, GLA

³ Paying to care: The cost of childhood disability, Joseph Rowntree Foundation, 1998

whose income is impacted by the barriers to employment, are not eligible for a Freedom Pass. The discretionary nature of the eligibility criteria can mean that applications from some people for example adults with learning difficulties are not successful. This group are therefore especially vulnerable to the increase in fares.

- 3.10. **Younger Londoners** are less likely to be physically disabled but more likely to be from a Black, Asian or Minority Ethnic community than the White community; and are therefore more likely to be experiencing the financial barriers discussed above.⁴ The Zip card concession limits the impact of the proposed March 2022 fare changes on younger Londoners.
- 3.11. **Londoners on low incomes** tend to be women; older, Black, Asian, Minority Ethnic and disabled people; and those not in work. A low income largely reflects working status, though the underlying causes may be tied to the cost of housing, childcare and transport, as well as access to education, qualifications and health. Among children living in poverty, more of them are part of low-income working families than of workless families.⁵ London has the highest poverty rates in the UK across all age groups.⁶ The combined impact of fares increases and an increased cost of living during the pandemic will have a negative impact on Londoners with low incomes. As well as this, Londoners on low incomes are more likely to use buses than the Tube.⁷ Therefore, the proposed March 2022 fare changes may have a negative impact on this group, compared with a scenario in which fares are not increased, especially as bus fares will increase by a larger percentage amount than Tube fares (though by the same or a smaller amount in cash terms).
- 3.12. **LGBTQ+ Londoners** have reported hate crime as their major concern in relation to transport. The March 2022 fare changes have no specific implications for the LGBTQ+ community.
- 3.13. Some of those who comprise the seven groups above are likely to benefit from free travel concessions or discounted fares related to age, disability status or receipt of income-related benefits. While temporarily amended times for the use of the over-60s concessions remain in place, other current concessionary fare schemes are being maintained in order to keep public transport accessible to people who face barriers to public transport use. These schemes thereby offset or mitigate any detrimental impacts resulting from the DfT-mandated fares increases, which could reduce the affordability of transport for people on low incomes.
- 3.14. The concessions available are set out below:
 - Children under 11 travel free on all TfL services (subject to a maximum of four accompanying an adult on TfL Rail services).
 - The 11-15 Oyster photocard provides free TfL bus and tram travel, and reduced fare rail travel, in London.
 - The 16+ Oyster photocard provides free TfL bus and tram travel, and half-fare rail travel, in London.
 - The 18+ Student Oyster photocard provides reduced-rate TfL Bus and Tram Pass, and Travelcard season travel.
 - The Jobcentre Plus Travel Discount Card provides half-price TfL bus, tram and rail travel.
 - The Bus & Tram Discount photocard provides half-price TfL bus and tram travel.
 - The Veterans Concessionary Travel photocard provides free travel in London.

⁴ <https://data.london.gov.uk/dataset/london-s-diverse-population->

⁵ www.londonspovertyprofile.org.uk/indicators/groups/children/

⁶ www.trustforlondon.org.uk/data/poverty-age/

⁷ Travel in London: Understanding our diverse communities 2019, TfL

- The 60+ London Oyster photocard (over-60s up to state-pension age) provides free travel in London. Temporary restrictions on the use of these concessions between 04:30 and 09:00 on weekdays remain in place.
 - The London Freedom Pass (for people above state-pension age, and people with an eligible disability) provides free travel in London. Temporary restrictions on the use of the older persons' Freedom Pass concessions between 04:30 and 09:00 on weekdays remain in place.
- 3.15. The proposal to increase fares has been made further to the funding agreements made to ensure that TfL is able to continue operating and delivering its services during the COVID-19 pandemic and beyond. The changes in fares are also proposed so that TfL can reach financial sustainability in line with those agreements. The potential consequences to the groups identified above of not securing adequate funding for TfL to continue to provide an effective service, and not achieving financial sustainability, are likely to outweigh any of the potential negative impacts of the fares increase identified above.
- 3.16. The Mayor is required to consider the potential equalities impacts discussed above, and any mitigations in place, at the time a decision to direct is made in relation to the fare proposals in this paper. The proposals will not have an adverse impact on TfL's ability to run and invest in transport services; and have been prepared having due regard to the Mayor's public sector equality duty.

4. Other considerations

Key risks and issues

- 4.1. The funding agreements with government have been necessary to ensure TfL has sufficient funding to continue operating its services. This followed the near-collapse of its income during the COVID-19 pandemic. Restrictions that were put in place due to the pandemic significantly impacted the revenue collected by TfL. Overall, in 2021 demand has been around 60 per cent below 2019 levels on the LU and 40 per cent below 2019 levels on buses.

Links to Mayoral strategies and priorities

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

Consultations and impact assessments

- 4.3. The Mayor is not required to undertake a consultation in relation to the fares proposals in this decision.

Risks

- 4.4. GLA officers consider that implementation risks are minimal.
- 4.5. Failure to comply with the provisions of the funding agreements could have financial consequences for the GLA/TfL.
- 4.6. The principal risk associated with fare rises on public transport is that there may be a resultant increase in fare evasion. Fare evasion also brings with it additional crime risks, in that where people evade fares their "visibility" to TfL is reduced, compromising detection capability. Thus, the ability to detect crimes that are committed on the system, and thereby to bring offenders to justice, could be reduced if fare evasion increases. Any increased engagement, particularly in relation to enforcement activity, can also increase the risk of staff assault.
- 4.7. Fare evasion is managed through a number of methods:

- Deterrence – TfL operates an extensive communication campaign to engage with customers in order to encourage proper fare payment and discourage evasion.
- Face-to-face engagement – staff across the transport modes encourage proper payment, and assist with any problems that customers may have with paying their proper fares using the cash-free methods available.
- Checking and application of penalties – a range of operational staff operate across the TfL modes and are enabled via statutory powers to carry out engagement and to apply penalty fares where first-time fare evaders are encountered. Intelligence-led deployment assists with the effectiveness of these staff resources.
- Checking and enforcement – the same operational staff are empowered to initiate enforcement action on repeat evaders where appropriate.
- Debt recovery and prosecution – as a prosecuting authority TfL is empowered to recover fares and costs, and to prosecute where required.

4.8. It should also be noted that a fares increase can contribute positively to TfL's ability to create the necessary enhancements to staffing and intelligence-gathering that, in turn, assist in reducing evasion and other crime on the transport network in London. Operational staff contribute positively to a wide range of crime reduction areas through their presence and their vigilance whilst deployed on the network, including counter terrorism and security.

4.9. GLA officers involved in the drafting or clearing of this Mayoral Decision are likely to be affected by the change in fares when travelling on public transport. There are no other interests to declare.

5. Financial comments

5.1. TfL's Business Plan in December 2019 set out an assumption that fares would rise by RPI+1 per cent to support TfL reaching financial sustainability. The pandemic has made achieving sustainability more challenging, making this fares assumption more critical. This fares rise will also contribute towards the goal of achieving financial sustainability by the target date of April 2023, as set out in the funding agreements with government.

5.2. Each additional percentage above RPI+1 per cent could generate around £35m per annum (based on pre-pandemic TfL passenger demand forecasts – actual values will be lower with lower levels of demand). However, a higher RPI increase would reduce ridership and the attractiveness of public transport. This would make it more difficult to deliver the Mayor's Transport Strategy, which includes the central aim for 80 per cent of all trips in London to be made on foot, by cycle or using public transport by 2041.

5.3. Pre-pandemic, 72 per cent of TfL's revenue came from fares, which would remain the case without government funding. Therefore, the proposed RPI+1 per cent fares rise is proportional to ensure TfL obtains financial sustainability as soon as possible, in line with the funding agreements, while ensuring the affordability and attractiveness of public transport to Londoners.

5.4. TfL will manage the income from fares. Table 5.1 summarises the revenue yields for TfL based on 2019 demand, assuming that all fares and prices rise by 4.8 per cent overall. This gives an annualised total revenue yield of £208m.

5.5. Due to the pandemic, journey numbers are expected to be lower in 2022 than in 2019.

5.6. If, instead, the yield calculation is based on the core GLA budget passenger income scenario TfL submitted to the GLA on 8 December 2021, the annualised revenue yield from a 4.8 per cent overall fares increase is projected to be £178m. This comprises £61m on buses, £102m on the Tube and £15m on TfL's other rail services.

- 5.7. As the 2022 fares increase has been delayed by two months, the total yield expected in the 10 months of 2022 to which it applies falls to around £151m.

Table 5.1: Annual revenue yields from the 1 March 2022 fare changes based on 2019 Revenue and an overall increase of 4.8 per cent (figures are per annum)

Price effects	Bus yield	Tube yield	Rail yield	Total yield
Cash fares	£0	£0	£0	£0
PAYG (Incl. capping)	£55m	£94m	£13m	£161m
Off-peak day travelcards	£0	£3m	£0	£4m
Anytime day travelcards	£0	£1m	£0	£1m
Bus & Tram Pass season tickets	£8m	–	–	£8m
Travelcard season tickets	£7m	£24m	£2m	£33m
Total yield (based on 2019 demand)	£71m	£122m	£15m	£208m
	5.9%	4.4%	4.8%	4.8%
Total yield (per 2022 budget)	£61m	£102m	£15m	£178m

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

- 5.8. All existing concessions will be maintained and are funded in the TfL budget until the end of the current financial year, and in the TfL budget for 2022-23. The 60+ concession is being reviewed and may be subject to change later this year.

6. Legal comments

- 6.1. The June 2021 funding agreement contained a commitment that TfL would continue with its existing plan to increase fares in line with its business-planning assumption of an overall fares increase of RPI+1 per cent on fares under the Mayor’s control in January 2022. An extension and amendments to the June 2021 agreement made on 17 December 2021 amended this commitment providing that, as a minimum, TfL must align its fares increase for 2022 with the fares changes on NR; and that, should the Mayor choose to increase fares by lower than the business-planning assumption of RPI+1 per cent for 2022, any reduction in income from April 2023 that impacts TfL reaching financial sustainability will not be met by government funding. The fares changes that are detailed in this paper are proposed further to these funding agreements. In approving the proposed Fares Revision, the Mayor should have regard to the matters set out in this Mayoral Decision.
- 6.2. The Mayor may issue general directions, under section 155(1)(b) of the GLA Act, as to the manner in which TfL is to exercise its functions, as well as, under section 155(1)(c), specific directions as to the exercise of TfL’s functions. Under section 174(1) of the GLA Act, the Mayor is under a duty to exercise his powers under section 155(1), so as to ensure that the general level and structure of fares for public passenger transport services (provided by TfL or other persons who provide services under agreement with TfL) are determined. This decision is consistent with those statutory obligations.
- 6.3. Under section 149 of the Equality Act 2010, due regard must be had, when the Mayor exercises a function such as the making of this decision, to the equality obligations referred to in section 3 of this report, “Equality comments”. Consideration is given in this section to the likely effects of the fare proposals on protected groups.

7. Planned delivery approach and next steps

Activity	Timeline
Mayoral Decision and Direction to TfL	w/c 7 February 2022
Announcement	14 February 2022
Delivery start date	1 March 2022

Appendices and supporting papers:

Annex: Fares table

Appendix 1: Direction to TfL

Appendix 2: Fares advice to the Mayor (January 2022)

Public access to information

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

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

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

If YES, for what reason: To allow publication in line with the announcement of the changes.

Until what date: 14 February 2022

Part 2 – Sensitive information

Only the facts or advice that would be exempt from disclosure under the FoIA should be included in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a part 2 form – NO**ORIGINATING OFFICER DECLARATION:**

Drafting officer to confirm the following (✓)

Drafting officer:

Katherine Stretton has drafted this report in accordance with GLA procedures and confirms the following:

✓

Sponsoring Director:

Philip Graham has reviewed the request and is satisfied it is correct and consistent with the Mayor's plans and priorities.

✓

Mayoral Adviser:

Seb Dance has been consulted about the proposal and agrees the recommendations.

✓

Advice:

The Finance and Legal teams have commented on this proposal.

✓

Corporate Investment Board

This decision was agreed by the Corporate Investment Board on 7 February 2022.

EXECUTIVE DIRECTOR, RESOURCES:

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

Signature

Date

7 February 2022

CHIEF OF STAFF:

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

Signature

Date

7 February 2022