

Fares from 1 March 2022
TfL Advice to the Mayor

11 January 2022

Executive Summary

This paper sets out TfL's advice to the Mayor on the implementation of the TfL fares increase in March 2022 which delivers an overall increase in fares of 4.8 per cent. This advice reflects the agreement made with Government in June 2021, which provides that TfL will continue with its existing plan to increase fares in line with its Business Planning assumption of an overall fares increase of RPI+1% on fares under the Mayor's control in 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); 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.

Having considered this, TfL proposes to deliver an overall fares increase of 4.8 per cent, which is consistent with the June 2021 agreement. 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.

All TfL fare concessions are protected and maintained. Temporary changes to the Older Person's Freedom Pass and 60+ Pass holders were introduced by MD2642 in response to the first government funding 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.

The Mayor froze the fares under his control at 2016 levels for the four years 2017 – 2020. TfL fares increased by RPI+1 per cent in March 2021 in order to meet a condition of the financial settlement made with Government in May 2020.

TfL's advice recognises the fare agreements with the Train Operating Companies (TOCs) and national government. These agreements determine the prices of Travelcards, the associated pay as you go (PAYG) caps and certain fares on TfL's rail services. As a result, Travelcard prices and the cost of the multi-modal pay as you go (PAYG) caps are set by agreement with the TOCs. The TOCs have been permitted by the Department for Transport (DfT) to increase their regulated fares in line with the increase in the RPI in the benchmark month of July 2021, which was 3.8 per cent. These increases reflect national government rail fares policy over which the Mayor has no control.

Introduction and background

- 1.1 This paper sets out TfL's advice to the Mayor on fares for 2022. This advice reflects the June 2021 funding agreement with Government in which the Mayor committed to increase TfL's fares overall by RPI + 1 per cent. As the increase in the RPI in the benchmark month of July 2021 was 3.8 per cent, this means an overall increase of 4.8 per cent.
- 1.2 Public transport usage remains significantly 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 Underground and 40 per cent below 2019 levels on buses.
- 1.3 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 budget passenger income scenario TfL submitted to the GLA on 8th December 2021.
- 1.4 Travelcard prices and the cost of the multi-modal pay as you go caps are set by agreement with the TOCs. The TOCs have been permitted by the Department for Transport to increase their regulated fares by 3.8 per cent, in line with the increase in the RPI in the benchmark month of July 2021.

Overview of proposed fare changes in March 2022

- 1.5 TfL fare proposals for 2022 are set out below. The proposals for bus and Tube fares reflect the commitment to an RPI+1 per cent increase in fares contained in the financial agreement with Government.
- 1.6 Due to the COVID-19 pandemic revenue in 2022 will be uncertain. An overall revenue yield has been calculated based on the core GLA budget passenger income scenario developed by TfL Finance and an RPI + 1 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 bus; and £15m for the DLR, trams, London Overground and TfL Rail.
- 1.7 Concessions and discounts for eligible groups are unchanged. Temporary changes to the Older Person's Freedom Pass and 60+ Pass holders were introduced by MD2642 in response to the first government funding 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.

Bus and Tram fares

- 1.8 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.
- 1.9 The One Day bus and tram cap is increased to £4.95, equal to the price of three single bus fares. The 7-day bus and tram season ticket is increased to £23.30.

1.10 The discounted adult and child fares for bus and tram will be 80p.

Table 1.1: Bus and Tram adult 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%

- 1.11 The multi-journey Hopper, which allows unlimited bus and tram transfers within one hour of the start of a bus or tram PAYG journey, is maintained.

Travelcard season tickets in Zones 1-6

- 1.12 Travelcard season ticket prices increase as shown in Table 1.2. The overall increase across all Travelcards is 3.8 per cent reflecting national Government rail fares policy.

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 and Overground fares in Zones 1-6

- 1.13 On the Underground and other TfL Rail services where Tube fares apply, PAYG fares are increased by 4.8 per cent overall. See Table 1.3.
- 1.14 Off-peak fares become more graduated according to the number of Zones travelled through.
- 1.15 The flat child off-peak PAYG fare which applies on both TfL rail services and National Rail (NR) 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.

Table 1.3: Adult PAYG fares on TfL rail services 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

- 1.16 To streamline cash fares, also known as paper single and return tickets, the £5.50 adult Tube cash fare for travel in up to 3 zones will be removed, with the £6.00 fare for Zones 1-6 increasing by 30p to £6.30. Child cash fares for the 11s to 15s remain at half the adult rate. Accompanied under 11s will continue to travel free.
- 1.17 Fewer than 1 per cent of Tube journeys are now made with Tube cash fares.
- 1.18 NR cash through fares in Zones 1-6 increase in line with the 3.8% NR fares target

One day PAYG price caps in Zones 1-6

- 1.19 Tables 1.4.1 and 1.4.2 below set out the proposed all day PAYG Travelcard caps and one day Travelcard ticket prices.
- 1.20 The daily 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, commensurate with the increases in Travelcard season ticket prices.

Table 1.4.1: All Day Travelcard 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

- 1.21 The prices of both the Zones 1-6 off-peak Travelcard ticket and the Zones 1-4 all day Travelcard increase by 50p to £14.40. The Zones 1-6 all day Travelcard ticket price increases by 70p to £20.30. These increases are set by agreement with the TOCs and reflect national government rail fares policy

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%

Concessions and discounts on TfL rail services

- 1.22 For the under 16s, all day Travelcard prices and daily PAYG 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.
- 1.23 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.
- 1.24 Concessions and discounts for eligible groups are unchanged. Temporary restrictions remain in place on the use of the 60+ and Older Person's Freedom Pass concessions between 0430 and 0900 on weekdays.

Tube fares for travel beyond Zone 6

- 1.25 Beyond the Greater London area, PAYG and cash single fares involving Zones 7 to 9 applying on the Tube and on certain other rail services will increase in line with the general NR increase of 3.8 per cent.
- 1.26 Travelcard prices and the associated PAYG caps with coverage in Zones 7 to 9 increase by an average of 3.8 per cent, as set by agreement with the TOCs and reflect national government rail fares policy.

Fares on services transferred to TfL in May 2015

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

Fares on services transferred to TfL in May 2018

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

Fares on the TfL Rail service to Reading

- 1.30 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 TOC and TfL services.
- 1.31 On these services, NR cash single fares and point-to-point season prices were retained as part of the transfer arrangements. These NR fares will increase in line with the general NR increase of 3.8 per cent.

Emirates Air Line

- 1.32 On the Emirates Air Line, all fares will be increasing overall by 9.2 per cent, including child fares and cash fares. This is forecast to generate an increase in revenue of around £1.4m in FY 2022/23. Table 1.5 below sets out the proposed changes in fares.
- 1.33 The Single 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.

Table 1.5: Emirates Air Line fares in 2021 and 2022

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

2. Expected outcomes

- 2.1 The Mayor is under a statutory duty to develop and implement policies for the promotion and encouragement of safe, integrated, efficient and economic transport facilities and services to, from and within Greater London. The proposal to implement an overall fares increase of RPI+1 per cent is in line with a commitment made by the Mayor of London – as part of the June 2021 funding agreement with Government – in order to secure funding to ensure that TfL is able to continue operating, given the impact of the pandemic.
- 2.2 It is therefore key to supporting and enabling the delivery of the Mayor’s Transport Strategy, and the continued delivery TfL’s transport investment programme - while also supporting the transport objectives of the London Plan and the Transport Strategy.
- 2.3 The 3.8 per cent increase in London Travelcard prices and the associated PAYG caps have been agreed by TfL and the TOCs and reflect national government fares regulation.

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.

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

- 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 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).

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

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

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

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

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

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

- 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.*
 - *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. Links to strategies

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

5. Fares revenue

- 5.1 TfL will manage the income from fares. Table 5 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.
- 5.2 Due to the pandemic we expect journey numbers to be lower in 2022 than in 2019.
- 5.3 If instead the yield calculation is based on the core GLA Group 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 £61 on buses, £102m on the Tube and £15m on TfL's other rail services.
- 5.4 As the 2022 fares increase has been delayed by two months, the total yield projected in the ten months of 2022 to which it applies falls to around £151m.

Table 5: Annual revenue yields from 1 March 2022 fare changes based on 2019 Revenue and an overall increase of 4.8 per cent - £m pa

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

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

- 5.5 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.