

**Programmes and Investment Committee
Chair's Action**



Date: 22 October 2021

Title: Congestion Charge Changes Review

This paper will be published with the papers for the next meeting of the Programmes and Investment Committee.

1 Summary

Congestion Charge Changes Review				
Existing Financial Authority	Estimated Final Cost (EFC)	Existing Procurement Authority	Additional Procurement Authority Requested	Total Authority
£6.2m*	£7.1m**	As shown in Appendix 1	As shown in Appendix 1	As shown in Appendix 1

*Revised budget July 2021.

** EFC taken at Period 6 2021/22. The increase in EFC can be funded from within the Air Quality and Environment Programme Financial Authority.

1.1 The focus of this paper is to:

- (a) provide an update on the Congestion Charge Changes Review; and
- (b) request additional Procurement Authority to enable development and delivery of any required changes, following public consultation, as outlined in Appendix 1.

1.2 This paper provides an update on the Congestion Charge Changes Review project which sits within the Air Quality and Environment (AQE) Programme.

1.3 Appendix 1 contains exempt supplementary information. The information is exempt by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972 in that it contains information relating to the business affairs of Transport for London (TfL).

1.4 The use of Chair's Action is considered appropriate as additional Procurement Authority is needed to enable the delivery of the proposed Congestion Charge changes outside of the planned meeting cycle; it was not practicable to submit this paper until the consultation was launched and an understanding of the proposed accelerated delivery timelines were confirmed.

- 1.5 The members of the Committee are asked to consider the proposal and provide Prof. Greg Clark CBE, as Chair, with their views on or before 12 noon on Wednesday 27 October 2021. The contents of this paper and the exercise of Chair's Action will be reported to the next meeting of the Committee.

2 Recommendations

- 2.1 **The Chair of the Committee, in consultation with available Members, is asked to note the paper and the related information in Appendix 1, which is exempt from publication, and approve additional Procurement Authority in the sums requested in Appendix 1 to extend the contracts with Capita Business Services Ltd to develop the potential Congestion Charge changes.**

3 Background

- 3.1 The Mayor's Transport Strategy (MTS) sets out two policies to reduce emissions from transport in London.
- (a) Policy 6 states: The Mayor, through TfL and the boroughs, and working with stakeholders, will take action to reduce emissions – in particular diesel emissions – from vehicles on London's streets, to improve air quality and support London reaching compliance with UK and EU legal limits as soon as possible; and
 - (b) Policy 7 states: The Mayor, through TfL and the boroughs, and working with stakeholders, will seek to make London's transport network zero emission by 2050, contributing towards the creation of a zero carbon city, and also to deliver further improvements in air quality to help meet tighter air quality standards, including achieving a health-based target of 10µg/m³ for PM_{2.5} by 2030. In his 2021 election manifesto the Mayor made a further commitment to accelerate the zero carbon target; aiming for London to be carbon neutral by 2030.
- 3.2 TfL is also under a legal duty to take appropriate action to minimise road traffic accidents. This is supported by the Mayor's Vision Zero ambition to eliminate all death and serious injuries from London's transport network by 2014 (MTS Policy 11).
- 3.3 The Congestion Charge is one of the tools available to help manage demand for road space in central London. The MTS commits that TfL will keep the Congestion Charge under review to ensure its continued effectiveness in delivering the MTS.
- 3.4 In accordance with the condition in the May 2020 Government funding agreement and to address the transport challenges arising from the coronavirus pandemic, proposals for temporary changes to widen the scope and level of the Congestion Charge were taken forward and introduced on 22 June 2020. The temporary changes included increasing the charge level to £15, introducing evening, weekend and bank holiday charging and expanding reimbursements to protect vulnerable people from the risk of Covid-19.

- 3.5 Following the Government's announcement of the progression to Step 4 of the 'Roadmap out of lockdown' on 19 July 2021, TfL reviewed the transport challenges arising from the pandemic and identified that they were likely to persist beyond Step 4. The temporary changes to the Congestion Charge scheme remain a necessary response to these persistent challenges. They remain in place but continue to be kept under review.
- 3.6 Proposals to change the Congestion Charge on a permanent basis to achieve long-term MTS objectives and to ensure that the Congestion Charge continues to be effective in reducing traffic and congestion in central London have separately been developed and have recently been consulted on (consultation closed 6 October 2021). These proposed changes, if implemented, would replace the temporary changes should they still be in place at the time of proposed implementation (later this year for most of the proposed changes except charging hours and days which are proposed to come into effect on 28 February 2022).
- 3.7 The proposed changes being consulted upon are:
- (a) a daily charge of £15;
 - (b) reducing the hours of operation from 07:00-22:00 each day, to between 07:00-18:00 Monday to Friday and between 12:00-18:00 at weekends and on bank holidays;
 - (c) there would be no charge between Christmas and the New Year's Day bank holiday;
 - (d) opening the 90 per cent discount for residents living in the Congestion Charge zone to new applicants;
 - (e) a deferred payment charge of £17.50 with the deadline for making payment three days after the day of travel;
 - (f) no discount for payments made by Auto Pay or Fleet Auto Pay; and
 - (g) retaining reimbursement arrangements which would apply in exceptional circumstances.

Benefits of the proposals

- 3.8 The new proposals are part of the commitment by the Mayor of London and TfL to reduce traffic and congestion in central London. This would improve London's air quality and encourage more journeys to be made by walking, cycling or public transport.
- 3.9 A £15 charge level is expected to reduce car kilometres in the Congestion Charge zone by around four per cent in the newly charged hours on weekdays and 15 per cent on weekends and bank holidays, compared to a situation where no changes were made to the pre-pandemic scheme. This is a significant reduction in an area where road space is heavily constrained, and demand is high.
- 3.10 The reduction in car usage is expected to result in an increase in sustainable travel to, within and from the Congestion Charge zone with around 6,000 new

trips made by public transport and 2,000 new walking and cycling trips made each weekday and around 8,000 new public transport trips and 3,000 walking and cycling trips each day on the weekend.

4 Summary of delivery progress in 2021/22

- 4.1 On 11 December 2020 the Committee granted £1.0m Programme and Project Authority to undertake consultation and engagement work for the Congestion Charge Changes Review in 2021/22, with the design and implementation of the proposed changes planned for the following financial years. The project has since been accelerated with the consultation running from 28 July 2021 to 6 October 2021.

5 Planned progress during this submission

- 5.1 The consultation responses will be analysed, and a report on the consultation and a decision document will be prepared and submitted to the Mayor later this year. Should he wish to proceed, some of the changes such as the charge level, reintroduction of the resident's discount, charge free period from Christmas Day to New Year's Day bank holiday (inclusive) and reimbursements would be introduced immediately following the decision (expected to be made in December 2021). This would be followed by a second phase of launch for the proposed changes to the charging hours on 28 February 2022, due to the need for more significant back-office and signage changes to support these elements.
- 5.2 This Procurement Authority request will allow Capita Business Services Ltd to design and deliver the back-office functionality changes to their system for the proposed Congestion Charge changes, allow for system testing and to provide back-office support to the scheme to support enforcement.

6 Key challenges, opportunities and lessons learnt

Key challenges

- 6.1 The public consultation on the proposed changes ended on 6 October 2021. A consultation report is being prepared which will inform the Mayor's decision in December 2021 on whether some or all of these proposals are taken forward, with or without modifications.
- 6.2 Due to the closely followed proposed launch dates, TfL must be ready to implement certain proposals almost immediately and prepare for implementation of the remainder in February 2022 if the Mayor decides to confirm the proposed changes or a modified version of them. The proposed changes remain subject to the consultation and Mayoral decision irrespective of this request for Procurement Authority being granted.
- 6.3 Should the Mayor decide not to give legal effect to all or some of the proposed changes, the costs of some of the preparatory work are at risk and likely to be wasted. Only costs which are reasonable and necessary to the establishment of the amended Congestion Charge scheme may be incurred.

- 6.4 It is considered necessary to undertake certain preparatory activities prior to Mayoral decision so that the proposed implementation timetable may be met. This timetable has been set having regard to factors such as the scheme's objectives, the impact of the changes on certain groups (for example, re-opening the residents' discount to new applicants) and operational requirements. Considered within the context of the net proceeds of the Congestion Charge scheme and proposed timetable for implementation, it is likely that the 'at risk' costs will be incurred reasonably and by necessity.
- 6.5 We will ensure that any specific activity for which Procurement Authority is given falls within the scope of TfL's powers to undertake preparatory work and that it is reasonable and necessary to incur costs in doing so.

7 Equality Implications

- 7.1 Section 149 of the Equality Act 2010 (the Public Sector Equality Duty) provides that, in the exercise of their functions, public authorities must have due regard to the need to:
- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- 7.2 An Integrated Impact Assessment has been prepared in respect of the proposed changes and forms part of the consultation materials. It will be taken into account by the Mayor when deciding whether to proceed with the proposals.
- 7.3 In addition, TfL will comply with Section 17 of the Crime and Disorder Act 1998 and will consider how to reduce the risk of crime, including acts of terrorism, in their plans, projects and activities.

8 Financial Implications

- 8.1 On 11 December 2020 the Committee granted delegated Programme and Project Authority of £1.0m to undertake consultation and engagement work for the Congestion Charge Changes Review in 2021/22, with the design and implementation of the proposed changes planned for the following financial years.
- 8.2 A total of £6.2m is included in the Budget, as approved by the Board on 28 July 2021, for spend in 2021/22. Due to the project acceleration this expenditure was not included in the submission to the Committee in December 2020, however, the change to a bus operator financed model for the 'Grid to Gate' bus electrification project allows for a transfer of authority within the portfolio for this financial year.
- 8.3 In July 2020, the Committee approved additional Procurement Authority to extend and vary the contract with Capita Business Services Ltd for the development of the back-office system elements for the existing and planned air quality projects to 2025/26.

- 8.4 It is proposed to return to the Committee in March 2022 to provide a full update as part of the Air Quality and Environment Programme annual submission.
- 8.5 In December 2020, the Committee approved additional Programme and Project Authority of £16.8m to bring the total Programme and Project Authority for the AQE Programme to £457.1m.
- 8.6 Procurement Authority for the AQE Programme was granted by the Committee in July 2020 allowing the continuation of the air quality charging schemes until 2025/26.
- 8.7 This paper requests further Procurement Authority to allow for development, delivery and operation of any changes required following the Congestion Charge Changes Review, which is subject to consultation and Mayoral decision.

9 Assurance

- 9.1 The Congestion Charge Changes Review project is monitored by Continuous Assurance, with no issues at present. A full AQE Programme assurance review will be carried out by the TfL Project Assurance Team and the Independent Investment Programme Advisory Group to support the annual submission to the Committee in March 2022.

List of appendices to this report:

Appendix 1: Exempt supplemental information (not for publication)

List of Background Papers:

Papers on Air Quality Management submitted to the Committee July 2020

Paper on Air Quality Management submitted to the Committee on 10 December 2020

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