

Date: 14 December 2022

Title: Road User Charging

This paper will be considered in public

1 Summary

Road User Charging (RUC)				
Existing Financial Authority	Estimated Final Cost 2017/18 - 2025/26	Existing Programme and Project Authority	Additional Authority Requested	Total Authority
£808m ¹	£809.4m	£523.2m	£173.5m	£696.7m

Table 1: Summary of RUC Authority

- 1.1 This paper provides key updates on the London-wide Ultra Low Emission Zone (London-wide ULEZ), its associated vehicle scrappage scheme and the Blackwall and Silvertown Tunnel User Charging (TUC), along with requests for additional Programme and Project Authority totalling £173.5m. The value requested is for: receipt of the scrappage scheme grant funding, which will be administered to successful applicants; the full contract value with Capita Business Services Limited (Capita) for delivery of system elements of London-wide ULEZ and TUC; and full contract values for external technical resource to develop these schemes in addition to commencing development of Direct Vision Standard Phase 2 (DVS2).
- 1.2 Approval will enable the new London-wide ULEZ related scrappage scheme to be launched on 30 January 2023 and activate a time limited opportunity to realise a potential discount by committing the full contract value for the delivery of London-wide ULEZ and TUC before the end of the 2022 calendar year.
- 1.3 A paper is included on Part 2 of the agenda which contains exempt supplemental information that is exempt from publication 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 TfL. Any discussion of that exempt information must take place after the press and public have been excluded from this meeting.

¹ Financial authority will be reset as part of the current budget and Business Plan process. £808m includes prior years plus five years financial authority based on 2023 Business Plan

2 Recommendations

2.1 The Committee is asked to note the paper and the exempt supplementary information on Part 2 of the agenda and approve:

- (a) additional Programme and Project Authority of £173.5m to support the delivery of the following Road User Charging (RUC) projects: London-wide ULEZ, scrappage scheme, Tunnel User Charging (TUC) and Direct Vision Standard Phase 2 (DVS2) giving a total Programme and Project Authority of £696.7m for RUC;**
- (b) additional Procurement Authority in the sums requested in the exempt supplementary information on Part 2 of the agenda to extend the contracts with Capita Business Services Limited to continue activities to deliver system elements of the London-wide ULEZ and TUC.**

3 Background

3.1 In September 2022, the Committee approved additional Programme and Project Authority of £177.2m for RUC projects, increasing the total Programme and Project Authority to £523.2m. The £177.2m Programme and Project Authority was to support the continued development of the following proposed RUC projects: London-wide ULEZ, scrappage scheme, TUC, Future RUC and Business Operations in-house.

3.2 It was planned to make the next RUC Programme and Project Authority request in March 2023, as part of the wider Air Quality and Environment (AQE) Programme annual submission. However, this request has been brought forward to:

- (a) launch the London-wide ULEZ related vehicle scrappage scheme at the start of 2023 so grant payments can start to be administered to successful applicants in advance of the expansion coming into operation on 29 August 2023;**
- (b) realise a potential discount detailed in the exempt paper on Part 2 of the agenda; and**
- (c) provide an attractive offer to suitable external technical suppliers in a very competitive market, enabling development of customer facing webpages across London-wide ULEZ, TUC and system development for DVS2.**

4 RUC Progress Update

London-wide ULEZ

4.1 Following submission to the Committee in September 2022, work has continued on the London-wide ULEZ scheme. In March 2022, the Mayor announced that TfL was to consult on the proposal of expanding the ULEZ London-wide in 2023. The public and stakeholder consultation ran from 20 May to 29 July 2022. A comprehensive report was prepared to allow the Mayor to make a decision on the proposed expansion of the ULEZ to outer London (to the Low Emission Zone (LEZ) boundary). The report included analysis of the responses received, the Integrated Impact Assessment and other material relevant to the decision. On 25

November 2022, the Mayor announced his decision to expand ULEZ London-wide to the LEZ boundary from 29 August 2023.

- 4.2 The previous submission to the Committee, in September 2022, highlighted the urgency of addressing the triple challenges of improving air quality and public health, tackling the climate emergency and reducing traffic congestions across Greater London. To reflect this urgency it noted that, while previous submissions had assumed a delivery date of no later than May 2024, a proposed delivery date of 29 August 2023 was now being targeted, subject to consultation.
- 4.3 The Mayor also announced on 25 November 2022 the decision to launch a large-scale and targeted scrappage scheme for certain non-ULEZ compliant vehicles on 30 January 2023. The scrappage scheme will help certain disabled and low-income Londoners, charities, micro businesses and sole traders replace or retrofit an existing, non-compliant vehicle.

Tunnel User Charging

- 4.4 The Blackwall and Silvertown TUC system must be in place prior to the opening of Silvertown Tunnel, as required in the Development Consent Order granted by the Secretary of State for Transport in May 2018.
- 4.5 Following confirmation of the delivery route for TUC, noted in the paper submitted to the Committee in September 2022, discussions have commenced with Capita and are outlined in the exempt paper on Part 2 of the agenda.

5 Road User Charging Delivery for this submission

London-wide ULEZ and TUC

- 5.1 Programme and Project Authority had previously been secured from the Committee to progress London-wide ULEZ to the end of March 2023 and for TUC further into the 2023/24 financial year. However, following discussions with suppliers on activities required to deliver these schemes, Capita have offered a potential discount if TfL can commit to the delivery value before the end of 2022.
- 5.2 Making this commitment means that Capita will undertake design, development and testing activities to develop the existing system that is currently used to operate the existing ULEZ, Congestion Charge and LEZ schemes, to deliver the systems element of London-wide ULEZ and TUC.

Vehicle Scrappage Scheme

- 5.3 As part of the Mayor's decisions to proceed with the London-wide ULEZ and scrappage scheme, the GLA will provide a grant of £110m, for TfL to establish, administer and operate a scrappage scheme for certain low-income and disabled Londoners, micro businesses, sole traders and charities to scrap or retrofit non-compliant vehicles and encourage take up of cleaner vehicles or alternative travel modes. TfL operates ULEZ scrappage schemes under an ongoing direction and delegation from the Mayor. To ensure the scheme can launch on 30 January 2023, Programme and Project Authority is needed for the receipt of grant funding so that it can be distributed to successful applicants ahead of the London-wide ULEZ scheme introduction on 29 August 2023.
- 5.4 The scrappage scheme will consist of a scheme for non-compliant cars and motorcycles, to support Londoners on certain means-tested benefits or non-means tested disability benefits and one for non-compliant vans and minibuses, to support eligible micro businesses, sole traders and charities.

External Technical Resource

- 5.5 Securing necessary technical resources is critical to undertake early development of functionalities on which a number of RUC schemes would rely. Authority was previously approved by the Committee for the Business Operations in-house and Next Generation projects in September 2022. Additional Programme and Project Authority of £6.5m is now requested to enable onboarding of resource via the same approach for the other RUC schemes in the Programme: London-wide ULEZ, the scrappage scheme, TUC and DVS2, which will be used for website development and system testing. Due to the limited availability of experienced technical resource in the market, authority for the full contract duration of individual and team resource is being sought now to increase the attractiveness of the contract to potential bidders from the relevant Crown Commercial Services procurement frameworks. The contracts will use fixed rates that have been benchmarked to the market and include suitable break clauses. Use of this approved framework approach will enable resource to be onboarded in the volume and speed required.

6 Challenges and Opportunities

- 6.1 There continues to be an opportunity for RUC to play an important role in addressing the triple challenges of toxic air pollution, the climate emergency and congestion. This is reflected in the ambitious delivery date for the London-wide ULEZ of August 2023, that was announced by the Mayor on 25 November 2022.
- 6.2 In times of financial constraint, we have an opportunity to realise a discount for the development of the operating system for the London-wide ULEZ and TUC if we can commit to delivering the system enhancement by the end of 2022.
- 6.3 Availability of specialist technical resource remains a key risk for RUC, due to the scale of resource needed combined with the limited market availability. The use of TfL procurement frameworks to secure resource at a benchmarked rate and with longer contract duration intends to help manage and mitigate this risk. The authorities for this approach form part of this submission.

7 Financial Implications

- 7.1 Following agreement of a financing facility with the GLA, the London-wide ULEZ and scrappage scheme are included in the 2022/23 revised budget and Business Plan, for which the Board's approval will be sought on 7 December 2022. TUC was already reflected in the previous budget and remains in the revised budget and Business Plan. The sums for which Programme and Project Authority is being sought are set out below.

Activity Areas	Financial Authority to 25/26	Current P&PA Authority	Additional Proposed P&PA Authority	Authority Request (£m)						
	£m	£m	£m	Previous Years 2017/ 18 to 2021/22	2022/23	2023/24	2024/ 25	2025/26	2026/27	Total Authority Requested
Road User Charging (Submission noted at 12 September meeting)	808	523.2	-	275	132.8	36.0	41.7	32.7	5.0	523.2
Road User Charging (Additional request December 2022)	-	-	173.5	-	31.0	116.2	22.5	3.7	-	173.4
Total Road User Charging	808	523.2	173.5	275	163.8	152.2	64.2	36.4	5.0	696.6

Table 2: RUC Authority Request

8 Assurance

- 8.1 An Integrated Assurance Review on the proposed London-wide ULEZ project was carried out in May and June 2022 by TfL Project Assurance and the Independent Investment Programme Advisory Group. One critical issue was identified due to the continued uncertainty of full funding for the proposed London-wide ULEZ project. Other recommendations focus on ensuring that, despite the pressing time scales for implementation, the business case and supporting project documentation is robust for the design of the proposed expansion. All these recommendations were accepted by the project team.
- 8.2 The Integrated Assurance Plan was updated in July 2022 and sets out the proposed reviews for projects within the wider AQE Programme for the next 12 months. These include ongoing reviews of the London-wide ULEZ project and Road User Charging Business Operations in-housing and preparation for review to support the annual update to the Committee in March 2023.

List of appendices to this report:

Exempt supplementary information is included in a paper on Part 2 of the agenda.

List of Background Papers:

Programme and Investment Committee papers 2 March, 20 July and 12 September 2022

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