

Draft Mayor's Transport Strategy Revision: Central London Congestion Charging - westward extension

Response from the London Assembly

1 Background

- 1.1 Transport for London wrote to the London Assembly and GLA Functional Bodies on 31 October 2003 seeking a response to a revision of the Mayor's Transport Strategy that includes a proposal for the extension of the central London Congestion Charging Scheme westwards. This is the London Assembly's response to that consultation.
- 1.2 Under the GLA Act 1999 the Mayor is required consult the Assembly and the Functional Bodies before consulting other stakeholders or the public on any strategy or proposal to amend a Mayoral strategy.
- 1.3 On 12 November 2003, the London Assembly agreed that its Transport Committee should prepare a response.
- 1.4 The Transport Committee held two meetings to hear from invited witnesses on issues surrounding consultation on proposals for extending the Congestion Charge Scheme westwards. Details of the meetings and a list of those individuals and organisations that submitted evidence to the Committee are set out in Appendix 1 of this response.

2 The current Congestion Charging scheme

- 2.1 The current Congestion Charge scheme was introduced on 17 February 2003 as part of the Mayor's Transport Strategy and was intended to reduce congestion, improve bus services and to improve journey time reliability for car users.¹
- 2.2 In terms of transport impacts at least it seems to have been successful in reducing congestion. There has been:
 - A 10-15% reduction of total traffic within the charging zone (the target was 10-15% reduction);
 - A 17% increase in traffic speeds (the target was 10-15% increase);
 - A 30% reduction in congestion (the target was a reduction of 20-30% reduction).²
- 2.3 It appears to have achieved these aims without major impact on either the Inner Ring Road or roads around the edge of the zone. In general, traffic levels on roads in inner north and inner south London (Camden, Tower Hamlets, Wandsworth, Hackney and Lambeth) have decreased slightly whereas there has

¹ The Mayor's Transport Strategy, Annex 5: The Congestion Charging scheme for central London

² Congestion Charging: Six Months On. TfL, October 2003

been a small increase (between 1-5%) in Westminster, Kensington and Chelsea and Southwark.³

- 2.4 Figures from TfL also show there has been a dramatic effect on bus journey and reliability with "Excess Waiting Times" reduced by over one-third for bus routes servicing the charging zone as a result of Congestion Charging and additional bus capacity.
- 2.5 In other aspects the scheme has been less successful. The Central London scheme was expected to generate net revenue of £120 million in 2003/04 and £130 million in subsequent years. In line with the requirements of the Greater London Authority Act 1999, this revenue must be spent on proposals that conform to the Mayor's Transport Strategy.
- 2.6 Latest estimates from TfL are that net revenue will be some £68 million this year and £80 million to £100 million in subsequent years. This is due to, among other things, a lower than expected number of chargeable vehicles entering the zone, higher than expected numbers of exempt and discounted vehicles and higher than expected levels of evasion.
- 2.7 On a cost-benefit analysis, TfL believe that the Scheme is current delivering a net benefit of £50 million to London.⁴ This analysis does not assume any negative impacts on London businesses. Before the scheme was introduced, there was considerable concern that it may deter shoppers from visiting central London, that certain businesses may have to relocate and that smaller businesses, which are less able to absorb or pass on the daily charge, would suffer. TfL's own survey showed that London businesses did not expect that the scheme would boost London's economy.⁵
- 2.8 TfL concede however that the main monitoring work on the economic impacts will not be available until the Second Annual Monitoring Report is published in the spring of 2004.

3 The proposed extension to the scheme

- 3.1 The Mayor now proposes extending the existing zone westward to create a single central Congestion Charging Zone stretching from Tower Bridge in the east to the Chelsea Embankment in the west. Including more of the City of Westminster and adding most of the Royal Borough of Kensington and Chelsea (RBKC) will double the size of the current charging zone.
- 3.2 However, the elevated section of the A40 (Westway) and the western part of the Inner Ring Road (Edgware Road, Park Lane, Grosvenor Place and Vauxhall Bridge Road) would remain non-chargeable in order to 'reduce the impact of displaced traffic movements to other parts of the boundary route and on routes approaching the charging zone.'

³ Congestion Charging: Six Months On. TfL, October 2003

⁴ 'Table 3: Preliminary costs and benefits of the Central London Congestion Charging Scheme', 6 months

⁵ *Impacts monitoring- first annual report*, TfL, June 2003, figure 7.15

- 3.3 The Mayor anticipates that this extension will produce a 5-10% reduction in traffic volumes in the extended zone during charging hours leading to a 10-20% reduction in congestion. TfL acknowledge that 'there would be a slight increase in traffic volumes within the existing central London Congestion Charging zone.'⁶
- 3.4 To ensure consistency, the operational hours (7am-6.30pm weekdays), the £5 charge and the Scheme's current range of exemptions and discounts (including 90% discount for residents) will apply across the extended zone.
- 3.5 The rationale for extending the zone is to reduce congestion within a greater part of the Central Activities Zone (CAZ) which the Mayor's draft London Plan designates as 'the core location for London's financial and business services sector, for central government offices and embassies and for the arts, media, tourism and culture'.
- 3.6 The proposal would operate the same system of cameras on the entry points to the zone and within the zone. Just over half of all Penalty Charge Notices issued since the Scheme started have been paid; 27% have been disputed. Of those disputed, TfL has agreed that 68% in total were incorrectly issued.

The Committee is concerned at the continuing inefficiencies in the issuing of Penalty Charge Notices.

The Committee notes the proposal to extend the zone using the same system of cameras on entry points within the zone. The Committee also notes the likely availability of more effective tracking technologies such as Global Positioning Systems and smart cards in the near future.

The Committee would wish to see as part of the consultation a discussion of penalty notice processing and how this might be improved and of the potentials and risks of using new technologies with an explanation of how these might be used or of why they have been ruled out.

Profile of the proposed extension area

- 3.7 The proposed extended area comprises over 205,000 residents in over 103,000 households.⁷ This compares to some 130,000 residents in the existing Central London Congestion Charge zone.⁸ Car ownership levels vary considerably; in the present zone there are 5,000 residential cars per square mile while in RBKC there are 19,000. Representatives of residents of the proposed extended zone told the Committee that their area is more residential, has fewer businesses and congested roads compared with the existing zone.⁹

⁶ 'Annex 5: A Proposed Western Extension to the Central London Congestion Charging Scheme', TfL, October 2003

⁷ Figures from City of Westminster Council and the Royal Borough of Kensington and Chelsea

⁸ Ward figures, 2001 Census. National Statistics

⁹ Gordon Taylor, Chair of the West London Residents' Association. Evidentiary hearing 24 November 2003

Cost Benefit Analysis

- 3.8 The additional cost of developing and introducing the extended scheme is estimated to be £120 million (including traffic management measures). The annual scheme operating costs of a western extension (in addition to the central London zone) are estimated to be £50 - £60 million.
- 3.9 TfL estimate that the extension would contribute a further £60 to £90 million of traffic benefits over and above those of the existing scheme.
- 3.10 The scheme is expected to add an additional £10 million per annum to the total net revenue from the charging scheme. However, Jay Walder told the Transport Committee that, according to TfL's draft business plan 2004/05, 'the Congestion Charge western extension does not fully cover the costs of operating that service.'¹⁰

The Committee notes that the expected revenue benefits of this proposal are small and that there must be a risk that the extension will operate at a loss. A clearer statement of the relationship between the costs and benefits of the charging zone extension, including the risks, and the Mayor's transport priorities should be included in the consultation and the justification for the scheme.

4 Congestion Impact

- 4.1 The proposed extension is to be incorporated into one zone. This means that there are currently some 60,000 cars that are outside the zone that currently would pay a £5 daily charge to enter Central London.¹¹ TfL told the Committee that it believes there would be an increase in the number of cars within the proposed single zone but it would be limited to a rise of between 1 and 2%.¹²
- 4.2 TfL's traffic counts at major entry points to the Congestion Charging zone show a slight but gradual increase in the number of vehicles entering the zone over the last six months.¹³ It is unclear whether this is a seasonal effect or likely to be a slow, but continuing, trend and also how an additional 1 to 2% more vehicles would affect levels of congestion and traffic speeds in Central London.
- 4.3 It is clear that the two zone option that TfL considered would prevent this rise in vehicle numbers that would occur from a one zone proposal. The Committee would wish to see more justification from TfL for their preferred option and modelling data to show the impacts from both options.

¹⁰ Jay Walder, Managing Director of Finance and Planning, TfL. Transport Committee, 13 November 2003

¹¹ Figures from City of Westminster Council and the Royal Borough of Kensington and Chelsea

¹² Michelle Dix, Director of Congestion Charging, TfL. Evidentiary hearing 26 November 2003

¹³ Figure 2 and paragraph 3.13: Congestion Charging: Six Months On. TfL, October 2003

- 4.4 The proposal states that all roads within the zone would be charged, except for the western part of the Inner Ring Road (Edgware Road, Park Lane, Grosvenor Place and Vauxhall Bridge Road) and the elevated section of the A40 (Westway) which would remain non-chargeable. This would reduce the impact of displaced traffic movements to other parts of the boundary route and on routes approaching the charging zone.
- 4.5 Residents groups appear to be concerned about the likely impact of the increased congestion on the Edgware Road/Park Lane/Vauxhall Bridge corridor from vehicles taking advantage of this non-chargeable status. They are also concerned that there is no information on how great an increase in traffic on the already heavily congested Edgware Road is expected.¹⁴
- 4.6 TfL told the Committee however that in terms of the traffic changes, having a free through route would mean there is no additional traffic over and above that which exists at present. If, however, it was included in the zone, then obviously traffic levels on it would go down, but that traffic that currently uses that route to go from north to south would then be diverted around the area and would use more roads in RBKC, i.e., on the boundary route.

Without further information the Committee queries the assertion of “no significant traffic impacts” arising from the proposed extension, including both the effect of an additional 90% exempt private cars and the creation of non-chargeable routes. A clearer explanation of the information and assumptions leading to this conclusion should be included in the consultation.

We are particularly concerned that congestion levels in the Central zone would rise as some 60,000 cars of 90% exempted residents would be free to drive into Central London and this would undo some of the benefits the current scheme has delivered. The Committee would want to see what the Mayor’s response would be if this proposal proved counter productive to the existing scheme.

The Committee would wish to see more justification from TfL for their preferred one zone option rather than a two zone approach and modelling data to show the impacts from both options.

5 Economic impact

- 5.1 As part of his case for the Congestion Charging Scheme, the Mayor argued that congestion costs London between £2 million and £4 million every week in terms of lost time.¹⁵ TfL’s current estimate is that quicker and more reliable journeys for buses, commercial vehicles and taxis within the zone and reduced fuel costs

¹⁴ John Walton, Secretary, Paddington Residents Active Concern on Transport. Evidentiary hearing 24 November 2003

¹⁵ ‘Where can I find out about the central London congestion charge?’, TfL pamphlet, 2002, p.4

are saving Londoners and London business about £180 million per year (roughly £3.5 million per week).¹⁶

- 5.2 After ten months, the full impact of the Scheme on businesses in London is unclear. What is beyond dispute is that there has been a substantial reduction in the number of people (workers, shoppers and tourists) travelling into central London in the last year. TfL's own estimation is that 60,000 to 80,000 fewer people per day are travelling into the Congestion Charging zone by all travel modes (i.e. private and public transport) compared to 2002.¹⁷ The number of people visiting London's central shopping district has fallen by 7% in the last year, compared to a more stable picture for the rest of London and the UK.¹⁸
- 5.3 A report by the GLA Economics Unit in July concluded that the Scheme would have contributed, at most, £1 million per month in lost sales (compared, for example, to £7 million due to the Central Line closure and £125 million due to fewer overseas tourists).¹⁹
- 5.4 TfL claims that 'concerns over the detrimental impact of charging on economic activity appear to be misplaced'.²⁰ However, surveys of business attitudes since the Scheme commenced show that they do not share TfL's optimistic view:
- London First found that 49% of responding businesses felt that the scheme had worked compared to 16% who felt it was failing. 71% thought that the Scheme had no impact on their business while 17% thought the scheme had been positive for business. Only 9% reported a negative impact on their business.²¹
 - RBKC found that 77% of respondents felt that the Scheme had a detrimental effect on their businesses, 70% believed their takings had decreased and 83% stated that the number of customers visiting their shops had reduced.²²
 - Westminster Council found that 70% of respondents thought that charge had a negative effect on their business, 23% thought it had no impact and only 8% thought it had resulted in a positive impact. A quarter of businesses responding were considering relocation.²³
 - London Chamber of Commerce and Industry's two surveys found that 85% of responding retailers believed the charge has failed to improve their productivity (up from 75% six months ago), 42% attributed a downturn in takings mainly to the charge (down from 47%), 25% of businesses had laid

¹⁶ 'Table 3: Preliminary costs and benefits of the Central London Congestion Charging Scheme', 6 months

¹⁷ 6 months

¹⁸ 6 months, 5.16

¹⁹ Carmel A., 'The causes of recent poor retail sales performance in central London', GLA Economics, July 2003

²⁰ 'Congestion Charging: 6 months on', TfL Factsheet, 26 October 2003

²¹ 'London Businesses still back Congestion Charging', London First press release, August 2003. 504 companies responded

²² *The impact of Congestion Charging on Business*, Royal Borough of Kensington and Chelsea, September 2003. 27 companies responded

²³ *Results of Westminster City Council's Business Questionnaire*, Westminster City Council, October 2003. 369 companies responded

off staff due to the charge and 32% of retail businesses were planning to relocate (up from 26%)²⁴

- The Confederation of British Industry (CBI) found that the Scheme had improved travel times for business but not always led to improvements in productivity. It argued that the administrative burden on businesses of paying the charge must be addressed.

5.5 These results, as well as criticism from the Federation of Small Business, the Freight Transport Association and John Lewis (who estimate that the Scheme has resulted in a 7.3% reduction in sales at their Oxford Street store)²⁵ indicates businesses are far from convinced.

5.6 The Committee heard directly from small businesses about the importance of car users to their turnover. One told us that at least 80 – 85% of his customers walk to his shop. The 15% that do not, come by car, and that 15% spend 30% of the turnover, because coming by car they can carry more.²⁶

5.7 The Committee also heard from another business which was very concerned about what is going to happen at Christmas,

“Because to me that will be the acid test, because that is when people come in and you can do trade, and you can do business, even if you have had a poor year, you know that you will make it up at Christmas.”²⁷

5.8 The CBI told us that their study of the business impacts of the Scheme showed that, quicker and more reliable travelling time to meetings in and across central London has improved productivity for those in London’s professional services (for example, accountants or lawyers). However, despite shortened travel times, delivery organisations told the CBI that the time saved is not enough to put in an extra delivery or to plan another business trip.²⁸

5.9 TfL state in their six month review that ‘TfL’s understanding of the full impacts of Congestion Charging is still developing.’ On 16 October, Bob Kiley told the Budget Committee:

‘I am one of those who is hesitant to speculate about the future with respect to Congestion Charging, in that I would like to see us get through a full year of operation before reaching definitive conclusions about any of this.’

As a result of this evidence the Committee strongly believes that the economic case has not yet been fully understood and therefore it is premature to consider further extension of the Congestion Charging scheme until the public, and other stakeholders, can be consulted knowing the full economic impacts of

²⁴ “Quarter of retailers in c-zone have cut staff numbers because of the Scheme’, London Chamber of Commerce and Industry (LCCI) presse release, 24 November 2003. 334 retailers responded. See also *The retail survey: The impact of the Congestion Charge on the retail sector*, Interim report in Congestion Charge, London Chamber of Commerce and Industry, May 2003. 534 retailers responded.

²⁵ ‘Congestion charging six months on: a retailer’s view’, Speech by Sir Stuart Hampson, Chairman of the John Lewis Partnership, 4 September 2003

²⁶ David Lidgate, Evidentiary hearing 24 November 2003

²⁷ David Blagden, Evidentiary hearing 24 November 2003

²⁸ Confederation of British Industry. Evidentiary hearing 26 November 2003

the current scheme and likely impacts of the proposed scheme. We seek an assurance that, while this consultation will permit the powers for an extension to be developed no extension will take place until there has been a full and independent assessment of the economic impacts based on at least 18 months operation of the existing scheme.

6 Boundary issues

- 6.1 It is proposed that the existing zone be extended to include the area to the west bounded by the Harrow Road, West Cross Route, Earls Court Road and the Chelsea Embankment. There would not be a charge for using these boundary routes or the elevated section of the A40 (Westway).
- 6.2 All roads within the zone would be charged, except for the western part of the Inner Ring Road (Edgware Road, Park Lane, Grosvenor Place and Vauxhall Bridge Road) which would remain non-chargeable. This is supposed to reduce the impact of displaced traffic movements to other parts of the boundary route and on routes approaching the charging zone.
- 6.3 This proposed boundary leaves some 20,000 of RBKC residents outside the extended zone. Many residents in this area expressed concerns that they currently use shopping, recreational, medical, residential parking and Council facilities that are located in the proposed extended zone and therefore would have to pay the full £5 daily charge to continue to use these services.²⁹
- 6.4 RBKC believe that a proposal that has a boundary along the Earl's Court one-way system is inappropriate and that if the scheme is extended it should include the entire Royal Borough by following the West London railway line.³⁰
- 6.5 At a Council meeting on 26th November RBKC resolved to oppose the boundary as proposed in the Transport Strategy revision and that in the absence of the whole Borough being included in the extended zone then it would prefer that none of the Borough be included.³¹
- 6.6 RBKC believe that the proposal should be withdrawn until there is work available on alternative boundaries for all to be consulted on.³²
- 6.7 The neighbouring borough of Hammersmith and Fulham do not support West London line suggestion, as it believes that the boundary should be a major road around which traffic, that did not wish to go into the charging zone, could divert, as in TfL's current proposal.³³

²⁹ Examples include the Kensington Society, letter dated 10 November, Councillors Buxton, Fairhead and Phelps for the Earl's Court Ward, letter dated 21 November 2003, T J Osborne, letter dated 19 November 2003

³⁰ Correspondence between RBKC and the Mayor dated 11 July – 13 November 2003

³¹ Letter from RBKC to the Mayor dated 27 November 2003

³² Graham Swinburn, Head of Policy and Transportation, RBKC, letter dated 2 December 2003

³³ Chris Bainbridge, Principal Officer, Transportation, Hammersmith and Fulham, e-mail send 24 November 2003

- 6.8 There is clearly a conflict of views between RBKC, TfL and neighbouring boroughs about the precise line of the proposed extension boundary. The Committee cannot judge the benefits, or otherwise, of any boundary proposal without seeing more information.

The Committee suggest that before the public consultation begins TfL should:

- **Consider offering alternative boundary options for public consultation;**
- **Explain more fully the traffic impacts of alternative boundary suggestions;**
- **Explore the possibility of offering 90% discounts to residents of RBKC and Westminster who are outside the proposed extended zone and the subsequent traffic impacts of this.**

7 Consultation timetable

- 7.1 Having considered the response from the Assembly and Functional Bodies TfL anticipate public consultation will commence in Spring 2004. Following a period of public consultation the Mayor will decide on whether to go ahead to extend the scheme.
- 7.2 A Scheme Order that sets out the details of the extended Congestion Charge Scheme, when it commences, exemptions and discounts is not, we are told by TfL, likely to be published until Spring 2005. The earliest possible date for operation of a new extended scheme is Spring 2006.
- 7.3 The Committee was told that congestion levels in the proposed westward extension warrant immediate attention and this is the reason for commencing work now.³⁴ The Committee remains to be convinced that congestion is so bad it justifies urgent action.
- 7.4 In the consultation process for the existing Congestion Charge the Committee was told that RBKC requested the scheme should be extended into the Borough at Scheme Order stage.
- 7.5 TfL told the Committee that the RBKC proposal represented a “significant difference to that contained within the Transport Strategy and therefore could not be considered in the Scheme Order.”³⁵ The boundary of the current Congestion Charge Scheme was the same as that contained within the consultation on the Transport Strategy.
- 7.6 The Committee is concerned that proposals put forward for consultation appear very difficult to get amended from previous experience, particularly as they relate to boundary matters.

³⁴ Henry Abraham, Head of Transport, GLA. Evidentiary hearing 24 November 2003

³⁵ Michelle Dix, Director of Congestion Charging, TfL. Evidentiary hearing 26 November 2003

The Committee recognises that the Mayor is within his powers to consult on a limited amendment to the Transport Strategy. If the above concerns are taken on board we believe that a reasonable consultation can be carried out.

The Committee does not believe that it has yet been unambiguously demonstrated that the level of congestion west of the existing zone is so severe that it warrants the immediate planning of an extended zone. The consultation should contain real options, properly modelled, so that stakeholders and the public have enough information to make an informed choice.

While we accept that it is appropriate to gain powers to amend the Transport Strategy, caution is required in developing plans for an extension to the existing Congestion Charging scheme. There should be a commitment to further examination of traffic and congestion levels, followed by public consultation, before an extension to the current scheme is allowed to proceed.

8 Conclusions

- 8.1 The Committee was told “information will be available before key decisions are made”.³⁶ TfL believes that a lot of the concerns being expressed are “misplaced”. We, along with the public and other stakeholders would like enough information to decide for ourselves.
- 8.2 The Committee believes that the consultation timetable is out of synchronization with the publication of the information needed to make a full decision on the proposals – indeed the consultation may be running at least six months ahead of the research timetable.
- 8.3 The Committee is concerned that, as happened in the consultation on the original scheme, unless alternatives are considered now the boundary in the proposed consultation is in danger of being fixed for the Scheme Order stage. It is not clear what TfL and the Mayor would consider represents a significantly different boundary or merely a modification of the proposed boundary. More information on boundary alternatives is needed now.

³⁶ TfL, evidentiary hearing 26 November 2003

Appendix 1: Witnesses and written evidence received

Witnesses: evidentiary hearing 24th November 2003

- Henry Abraham, Head of Transport, GLA
- Bill Hamilton, TfL, Head of Group Public Affairs
- Cllr. Daniel Moylan, Cabinet Member for Transportation, RBKC
- Graham Swinburne, Head of Policy and Transportation, RBKC
- Cllr Brian Connell, Deputy Cabinet Member for Transportation, City of Westminster
- Sean Dwyer, Principal Transport Planner, City of Westminster
- Gordon Taylor, Chair of the West London Residents Association
- John Walton, Secretary, Paddington Residents Active Concern on Transport
- Sheila Davies, Hyde Park Residents Association
- David Lidgate, C Lidgate Butchers, Holland Park Avenue
- David Bladgden, Blagden's, Paddington Street

Witnesses: evidentiary hearing 26th November 2003

- Malcolm Murray-Clarke, Director of Congestion Charging, TfL
- Michelle Dix, Director of Congestion Charging, TfL
- Mary Rance, Director, Confederation of British Industry
- Minakshi Roy, Senior Policy Adviser (London), Confederation of British Industry

Written evidence received from:

Addison Crescent (South) Residents Association

Basil Pegg

Carole Bach

Caroline Bone

Central London Partnership

Charles Cottam

Ciaran McKinney

Claudia Senecal

Councillor Kingsley, Royal Borough of Kensington and Chelsea

Councillor Moylan, Royal Borough of Kensington and Chelsea

Councillor Simmonds, Royal Borough of Kensington and Chelsea

Councillors Buxton, Fairhead and Phelps, Royal Borough of Kensington and Chelsea

David J Cowdery
Earl's Court Square Residents Association
Friends of Holland Park
Georgina Donnelly
Harry Salmon
Jane Bedford
Jane Turner
John Pringle
Kathleen Stuart-King
Katrina Harrison
Keith Barker-Main
Kensington Red Route Action Group
Kit Braden
London Borough of Wandsworth
London Forum for Amenity and Civic Societies
Michael Bach
Michael Elger
Michael Fagan
Norland Conservation Society
P Galleon
Patrick Rowe
Ratcliffes Commercial Property Consultants and Surveyors
Richard Southall, St. Loo Ltd.
Robert Atkinson
Robert Buxton
Royal Borough of Kensington and Chelsea
Sirius Retail Television Ltd.
T J Osborne
Terence Bendixson
The Chelsea Society
The Kensington Society
Tollard House Residents Association
Ubaldo Bezoari
West London Residents Association