

Subject: The Mayor's Fares Decision

Report to: Budget and Performance Committee

Report of: Executive Director of Secretariat

Date: 9 June 2011

This report will be considered in public

1. Summary

- 1.1 This report sets out information relating to the Mayor's annual fares decision and the 2011 Transport for London (TfL) Business Plan.

2. Recommendation

- 2.1 **That the Committee notes the report, puts questions to the guests and notes the discussion.**

3. Background

- 3.1 The Committee agreed on 3 March 2011¹ to discuss the 2012 fares decision and TfL's Business Plan in September. Due to a change in the work programme this has been brought forward to 9 June – further details are provided in the Work Programme report on this agenda (Item 14).
- 3.2 Findings from this meeting will feed into the Committee's Pre-Budget Report as part of an overall examination of TfL's savings programme and assumptions around fares increases for future years.

4. Issues for Consideration

- 4.1 Guests at the meeting will include the following:
- Daniel Moylan, Deputy Chair, TfL Board;
 - Stephen Critchley, Chief Finance Officer, TfL; and
 - Shashi Verma, Director of Fares & Ticketing, TfL.
- 4.2 The 2011 TfL Business Plan is predicated on the basis of annual fares increases at two per cent above inflation.² During this meeting, the Committee will explore the need for this level of increase

¹ Budget and Performance Committee work programme 2011/12, Item 10, 3 March 2011
<http://www.london.gov.uk/moderngov/ieListDocuments.aspx?CId=129&MId=4212&Ver=4>

² Using the Retail Price Index (RPI)

in 2012 and will put questions to the Deputy Chair of the TfL Board around the processes in place to keep fares increases to a minimum.

4.3 In summary, issues for discussion are likely to include:

- The 2012 fares decision and the latest TfL Business Plan;
- The assumption in the Business Plan that fares will rise by inflation plus 2 per cent annually for the next four years and implications for the affordability of fares for all Londoners;
- Recent trends in fares revenue and demand, including the overachievement against fares revenue projections in 2010/11; and
- Risks to the achievement of projected fares revenue in future years.

5. Legal Implications

5.1 The Committee has the power to do what is recommended in this report.

6. Financial Implications

6.1 There are no direct financial implications arising from this report.

List of appendices to this report:

None

Local Government (Access to Information) Act 1985
List of Background Papers: None
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