

GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION – MD1521

Title: Putney to Blackfriars River Bus service fares from 14 September 2015

Executive Summary:

To coincide with the September 2015 introduction of Oyster pay as you go validators, MBNA Thames Clippers is restructuring the fares for all of its services including moving from flat fares to a zonal system. This includes making the pay-as-you-go fare broadly equivalent to the current cash fare and raising the cash fare to a premium fare. In the interests of ease of customer use, it is proposed that the Putney to Blackfriars fares be included in this proposed zonal ticketing system.

This paper sets out proposed fares for the Putney to Blackfriars River Bus service from 14 September 2015. In accordance with section 155 of the Greater London Authority Act 1999, a direction is attached to this paper for the Mayor's signature.

Decision:

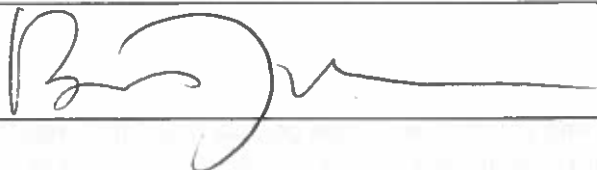
The Mayor:

1. Approves the proposed fares set out in this form for the Putney to Blackfriars river bus service from 14 September 2015 and onwards; and
2. Directs Transport for London under section 155(1)(c) of the Greater London Authority Act 1999 to implement these fares from said date.

Mayor of London

I confirm that I do not have any disclosable pecuniary interests in the proposed decision, and take the decision in compliance with the Code of Conduct for elected Members of the Authority.
The above request has my approval.

Signature:



Date:

10/09/15

PART I - NON-CONFIDENTIAL FACTS AND ADVICE TO THE MAYOR
Decision required – supporting report

1. Introduction and background

- 1.1 A key Mayoral objective for river transport in London is to reduce the subsidy paid by Transport for London (TfL) to MBNA¹ Thames Clippers, which operate London's River Bus services, while continuing to grow passenger numbers on the Thames. Passenger numbers during the 2014/15 financial year exceeded 10 million for the first time during this Mayoralty. At the same time there has been significant progress in reducing TfL's subsidy, as MBNA Thames Clippers no longer receive a subsidy for its main route, the RB1. The proposed fares changes in this MD relate to the RB6 route (Putney to Blackfriars), which is still subsidised by TfL. The changes to fares on this route are consistent with a wider package of changes across the entire network, which are necessary to enable MBNA Thames Clippers to continue to operate its services on a commercial basis and make the necessary investment to continue to grow river patronage.
- 1.2 TfL has engaged MBNA Thames Clippers in extensive negotiations to ensure that the impact of these changes is minimised for customers. MBNA Thames Clippers is restructuring its fares to coincide with the September 2015 introduction of Oyster pay as you go validators and is moving from flat fares to a zonal system. This will lead to an increase to some of its fares while drastically cutting others. For example, there will be significant savings for passengers travelling only within the West zone, where a single adult fare on Oyster will be reduced by 41.8%. A Single Adult Oyster pay as you go ("PAYG") fare between the West and Central zones will increase by 4.5%, in line with fare changes on other TfL services put in place in January 2015. The Single Adult standard cash fare between the West and Central zones, which is a paper ticket, is proposed to increase by a larger proportion, in part to make it a premium fare and increase the attractiveness of using Oyster PAYG, which is common across TfL's services.

History of the service

- 1.3 A Putney to Blackfriars river commuter service was originally provided by Thames River Taxi ("TRT") pursuant to a licence with Transport for London's (TfL) subsidiary London River Services Limited ("LRSL"). In December 2011, TRT cancelled this licence because the service was not commercially viable. TfL then entered into a contract with TRT's sub-contractor, Complete Pleasure Boats, to continue to run a reduced Putney to Blackfriars service on an interim basis. That interim contract expired on 31 March 2013.
- 1.4 In October 2012, TfL commenced an Official Journal of the European Union (OJEU) procurement to procure an operator to provide a new and improved Putney to Blackfriars River Bus Service (the "River Bus Service") to start on 1 April, 2013. The service would call at Wandsworth Pier, Chelsea Harbour Pier, Cadogan Pier and Embankment Pier and LRSL(London River Services Limited) reserved its rights to change the number and location of the piers along the route during the term of the contract. The River Bus Service was to be subsidised by TfL and provide an increased service to commuters: at least 6 eastbound and 6 westbound trips per morning and 3 westbound and 3 eastbound trips per evening. Being a commuter service, it operates Monday to Friday (with the exception of Bank Holidays) at peak hours only.
- 1.5 MBNA Thames Clippers was awarded the contract which is for five years with an option for a further period of up to two years (the "Contract"). MD1163 set the initial fares for the River Bus Service. Since it began the service in April 2013, MBNA Thames Clippers has – at no additional cost to LRSL – expanded the timetable. It now offers 9 eastbound and 6 westbound trips per morning and 7 eastbound and 8 westbound trips per evening.

¹ Thames Clippers official sponsor

Plans for expansion

- 1.6 As a result of these improvements, the number of passenger journeys in the 2014/15 financial year was nearly 400% higher than 2012/13. In response to this, and at no cost to TfL, MBNA Thames Clippers has purchased two new 150 seat vessels for delivery in September 2015 to provide additional capacity.
- 1.7 In July 2015, the newly-built Plantation Wharf Pier will open and become a stop on the River Bus Service. In September 2015, TfL, with a contribution from MBNA Thames Clippers, is introducing Oyster pay as you go validators to all River Bus piers. This will greatly simplify the ticketing process for all Oyster pay as you go customers. Furthermore, the validators will also accept contactless card payments from summer 2016.

Fares for the River Bus Service

- 1.8 Under the Contract the operator is required to charge passenger fares that are prescribed by TfL. For this reason, the River Bus Service amounts to a transport subsidiary's agreement, which requires a mayoral direction to set the fares.
- 1.9 The original fares for the River Bus Service were developed by TfL in 2013 by considering the single journey fares of various river bus operators on the River Thames. The single journey fare of £6.50 was similar to the single journey fare for most river bus operators on the Thames. TfL then applied its standard multiples to arrive at the price of the return, weekly, monthly and annual tickets.
- 1.10 To coincide with the September 2015 introduction of Oyster pay as you go validators, MBNA Thames Clippers is restructuring the fares for all of its services including moving from flat fares to a zonal system. This includes making the pay as you go fare broadly equivalent to the current cash fare and raising the cash fare to a premium fare. In the interests of ease of customer use, it is proposed that the Putney to Blackfriars fares be included in this proposed zonal ticketing system. Were the River Bus Service to remain under the current flat fare system, the River Bus Service would become an anomaly within the broader environment of river bus fares.
- 1.11 The fares for the Putney to Blackfriars service are proposed to change to the following zonal system:

Standard fares from a ticket office or ticket machine					
Zone	Adult single	Adult Return	Weekly Pass	Monthly Pass	Annual Pass
West	£4.20	£8.40	£25.95	£74.95	£752.45
Central	£7.50	£15.00	£37.80	£113.40	£1,127.70
East	£4.20	£8.40	£25.95	£74.95	£752.45
Central and West	£8.00	£16.00	£49.00	£188.51	£1,960.00
Central and East	£8.00	£16.00	£43.15	£124.65	£1,246.55
All Zones	£8.20	£16.40	£50.40	£193.55	£2,016.00
Using Oyster pay as you go					
Zone	Adult single				
West	£3.90				
Central	£6.30				
East	£3.90				
Central and West	£7.00				
Central and East	£6.50				
All Zones	£7.20				

1.12 The existing concessions will remain in place:

- A discount of 33.3% will be applicable to standard fares on production of a valid Travelcard.
- A discount of 50% will be applicable to fares on production of a valid Freedom Pass (Discount applies for card holders with eligible disabilities and all London Boroughs Freedom Pass holders) Veterans Concessionary Travel Scheme (VCTS) Card holders or 60+ London Oyster Photo card at any time.
- Child (those between 5 and 16) fares will be 50% of the standard adult fares. On production of a valid Travelcard, a child receives a discount of 67.5% off the standard adult fare.
- Children under the age of 5 will travel free of charge.

1.13 The piers on the River Bus Service fall into the following zones under the new zonal system:

<p>West Zone Putney Pier Wandsworth Pier Plantation Wharf Pier Chelsea Harbour Pier Cadogan Pier</p>	<p>Central Zone St George Wharf Pier Embankment Pier Blackfriars Pier London Bridge City Pier</p>	<p>East Zone Canary Wharf Pier</p>
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1.14 Following this change for September 2015, TfL intends to revert to the mechanism contained within the Contract to govern the increase of the standard single fare from a ticket office or a ticket machine (the Standard Paper Ticket Fare) on an annual basis for each successive year of the Contract following the move to zonal fares. The return fare and the season ticket fares will be set by applying the standard TfL multiples to the Standard Paper Ticket Fare. The Oyster pay as you go fare will be set by applying a discount of at least 8% to the Standard Paper Ticket Fare for the relevant year subject to requirement that it be rounded to the nearest 10p in accordance with TfL's ticketing policy.

2. Objectives and expected outcomes

2.1. The proposed fare changes aim to ensure that fare policy supports the objectives and policy criteria set out in the Mayor's Transport Strategy (MTS) and are consistent with the River Action Plan and TfL's Business Plan. The proposed fare changes will bring the Putney to Blackfriars River Bus service fares into line with the fares for other River Bus services. This will help to simplify River Bus fares and make the service more attractive to customers.

3. Equality comments

3.1. Under section 149 of the Equality Act 2010 (the "Equality Act"), as public authorities, the Mayor and TfL must have 'due regard' to the need to eliminate unlawful discrimination, harassment and victimisation as well as to advance equality of opportunity and foster good relations between people who share a protected characteristic and those who do not. Protected characteristics under the Equality Act cover age, disability, gender re-assignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation, marriage or civil partnership status (the duty is to eliminate unlawful discrimination only).

3.2. The fares originally set for the River Bus Service in 2013 were higher than those offered by the previous operator though, as the table below demonstrates, passenger numbers for the RB6 River Bus Service have been steadily increasing.

Financial Year	River Bus Service Passenger Numbers
2012/2013	40,411
2013/2014	114,213
2014/2015	157,043

Therefore, it is not anticipated that changing the fares to fit within a zonal system will have a significant negative effect on passenger numbers, particularly when viewed in conjunction with the service improvements noted in section three above. Concessionary fares schemes for those less able

to pay will be implemented on the River Bus Service in order to make it accessible to more people and mitigate any detrimental impacts. The concessions are set out in paragraph 1.12.

3.3. TfL has identified how protected characteristics can mean increased barriers to public transport use:

- **Black, Asian and Minority Ethnic (“BAME”)** Londoners have a younger age profile than white Londoners, are more likely to live in low income households and are more likely to cite barriers to transport;
- **Women** tend 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;
- **Older Londoners** are more likely to be retired, and therefore many live on low incomes. They also are more likely to be white and/or disabled. For older and disabled Londoners, the greatest barrier to transport is concern over antisocial behaviour, while for all other groups it is overcrowding;
- **Younger Londoners** are less likely to be disabled but more likely to be from a BAME community;
- **Disabled Londoners** tend to be older and are more likely to be white, women or retired. They are also more likely to live on low household incomes. Disabled and older Londoners are more likely to experience difficulties relating to physical accessibility;
- **Londoners on low incomes** tend to be women and older, BAME and disabled people, and those not in work. This largely reflects working status, although the causes of low income are tied to education, qualifications, health and, in some cases, transport;
- **The LGB community:** Men form the greater part of the LGB community, which is in contrast to the general population. LGB Londoners also tend to be younger and have stated that hate crime is a concern for them.

Travelling and affordability

3.4. On average, Londoners make 2.7 trips per weekday. However, for those with the protected characteristics referred to in paragraph 3.1, the average number is lower with, for example, BAME Londoners making 2.5 trips per weekday. The exception is women who, on average, make a greater number (2.75) of short trips per weekday. For many, the affordability of fares is also a significant issue. Half of Londoners have an Oyster card, although this figure is lower among younger, older, low-income and/or disabled people. These groups may be more likely to benefit from other travel concessions or discounted fares.

Crime and antisocial behaviour

3.5. Concerns about crime and antisocial behaviour tend to affect the travel behaviour of women, BAME Londoners, younger people and/or those on lower incomes more so than other groups (this is particularly evident for BAME and younger Londoners). For women, these concerns are more apparent after dark (during the day they are no more concerned than men). White men are less likely to view crime and antisocial behaviour as barriers to increased public transport use.

Access to information

3.6. Some people feel there is insufficient information to help them make full use of the network – this is particularly true among BAME Londoners, those on low incomes and/or disabled people. There is also evidence to suggest a low awareness of the information tools produced by TfL. To make public transport accessible for all, TfL must provide information in a variety of formats. In the vast majority of cases this is already happening, with just 11 per cent of Londoners reporting that information provision is a barrier to them using public transport more often. Greater publicity around the different information available from TfL (for example, resources in foreign languages) may help

people use public transport more effectively. It is important to acknowledge that older and disabled people, and/or those on low incomes, are less likely to use the internet.

Accessibility

- 3.7. Disabled and older Londoners are more likely to experience difficulties relating to physical accessibility. The Contract requires that the River Bus Service be accessible to persons with mobility problems. All MBNA Thames Clippers boats are wheelchair and pram accessible, as are the majority of the piers served, except London Bridge, Wandsworth Riverside Quarter and Cadogan piers. Ramps are used for boarding. All boats have audible next stop announcements on-board, letting passengers know which stop is coming up. The piers have visual next boat information, letting passengers know when the next boat will arrive and where it is going to.

4. Other considerations

Key risks and issues

- 4.1. There is a risk that the proposed increase in fares on the River Bus Service could result in a negative impact on passenger demand for the Service. In light of the substantial improvements planned for the Service, this risk is not regarded as significant.
- 4.2. Conversely, there is the risk of a negative impact on passenger numbers for the River Bus Service, if the proposed changes to the fares for the Service are not implemented. If the proposed alignment of the River Bus Service fares with those of the rest of the River Bus network is not achieved this will result in a confusing situation for passengers where different fare arrangements are in place for sections of the same network.

Links to Mayoral strategies and priorities

- 4.3. Overall, this proposal supports the objectives set out in the Mayor's Transport Strategy (MTS), including proposal 36 to make better use of the Thames for passenger services. The proposal is also consistent with the River Action Plan and TfL's Business Plan.
- 4.4. The Mayor is under a 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 MTS contains the Mayor's policies and proposals for doing this. The MTS highlights the importance of improving transport opportunity for all Londoners and, in doing so, ensuring that the costs of transport remain affordable.

Impact assessments and consultations

- 4.5. The Mayor is not required to conduct a consultation on the proposed fares.
- 4.6. The Contract requires that the River Bus Service be accessible to persons with mobility problems. Furthermore, TfL's setting of the fares and subsidising of the RB6 River Bus Service means that the ticket prices are kept to a reasonable level. See section 3 for further impact assessment detail.

Comparison to existing fares

- 4.7. Under the proposed zonal system, the Service spans all three of the new zones rather than employing one fare regardless of journey length. It is important to note however that only 13.3% of the timetabled River Bus Service trips extend into the East zone. The vast majority of journeys completed using the RB6 River Bus Service involve movement between the Central and West zones.

- 4.8. The proposed fares are shown in the table at paragraph 1.11. The new zonal fare system results in significant savings for passengers travelling only within the West zone. The Single Adult Oyster pay as you go ("PAYG") fare between the West and Central zones is proposed to increase by 4.5% from the current equivalent fare. The Single Adult standard fare between the West and Central zones is proposed to increase by a larger proportion. As mentioned in section 1.2, this is partly to make it a premium fare and increase the attractiveness of using Oyster PAYG. The larger percentage increase in the All Zones Single Adult standard and Oyster PAYG fares is also a result of MBNA Thames Clippers bringing fares into alignment across the River Bus network.
- 4.9. MBNA Thames Clippers is increasing its fares to allow it to continue to operate on a commercial basis despite a reduced subsidy from TfL. There will be no further fares increase until Easter 2017.
- 4.10. Season (weekly, monthly and annual) ticket fares have been calculated differently depending on the zones covered. The All Zones and Central & West season ticket fares have retained the multiples applied when the fares were set in 2013. The West zone season ticket fares have been calculated to a slightly different set of multiples which has resulted in a slightly larger discount than the original multiples would have produced. This recognises that there is available passenger capacity within the West zone that is not available on journeys across more than one zone. This greater reduction comes at no additional cost to TfL. All season ticket fares have used the Single Adult Oyster PAYG fare as their starting point, not the Single Adult standard fare.

Zone	Ticket duration	Proposed fare	% change from current fare
West	Single Adult (standard)	£4.20	-37.3%
	Single Adult (Oyster PAYG)	£3.90	-41.8%
	Weekly	£25.95	-44.7%
	Monthly	£74.95	-58.4%
	Annual	£752.45	-59.9%
Central	Single Adult (standard)	£7.50	5%
	Single Adult (Oyster PAYG)	£6.30	-2%
	Weekly	£37.80	-12.4%
	Monthly	£113.40	-9%
	Annual	£1,127.70	-9.5%
East	Single Adult (standard)	£4.20	-42%
	Single Adult (Oyster PAYG)	£3.90	-42%
	Weekly	£25.95	-40%
	Monthly	£74.95	-40%
	Annual	£752.45	-40%
Central & West	Single Adult (standard)	£8.00	19.4%
	Single Adult (Oyster PAYG)	£7.00	4.5%
	Weekly	£49.00	4.5%
	Monthly	£188.15	4.5%
	Annual	£1,960.00	4.5%
Central & East	Single Adult (standard)	£8.00	12%
	Single Adult (Oyster PAYG)	£6.50	1%
	Weekly	£43.15	0%
	Monthly	£124.65	0%
	Annual	£1,246.55	0%
All Zones	Single Adult (standard)	£8.20	22.4%
	Single Adult (Oyster PAYG)	£7.20	7.5%
	Weekly	£50.40	7.5%
	Monthly	£193.55	7.5%
	Annual	£2,016.00	7.5%

5. Financial comments

- 5.1. The fares direction requested in this mayoral decision form has no financial implications for the GLA. TfL will manage the income from fares and fund any costs to be paid to the operator and the pier usage fees to the pier owners.
- 5.2. Any changes to this proposal will be subject to further approval via the Authority's decision-making process as necessary.
- 5.3. The Transport team within the Development, Enterprise & Environment Directorate will be working with TfL on the implementation of the changes.

6. Legal comments

- 6.1. Under section 155(1) of the Greater London Authority Act 1999 ("the GLA Act"), the Mayor may issue directions to TfL as to the manner in which it is to exercise its functions, including, under section 155(1)(c), specific directions as to the exercise of its functions. Under section 174(1) of the GLA Act, the Mayor is under a duty to exercise his powers under section 155(1) so as to ensure that the general level and structure of fares for passenger transport services (provided by TfL or other persons who provide services under agreement with TfL) be determined.
- 6.2. The River Bus contract falls within the definition of a transport subsidiary's agreement and the River Bus service is a type of public passenger transport service. In the instant case, TfL has proposed a change to the level of the fares, which change is outside the original direction provided by the Mayor at the time of the letting of the River Bus Contract. Accordingly, before TfL can implement any such change to the fares, the Mayor must first direct TfL regarding the proposed change to the general level and structure of the fares.
- 6.3. This decision is consistent with the above requirements and those under the Equality Act 2010.

7. Investment & Performance Board

- 7.1. The proposed level and structure of the Putney to Blackfriars fares were considered by IPB on 16 July 2015 and the recommendations set out were approved in principle to be submitted to the Mayor.

8. Planned delivery approach and next steps

- 8.1. TfL and MBNA Thames Clippers are working closely to ensure that the proposed fares for the River Bus Service will be implemented to coincide with the introduction of Oyster pay as you go validators to River Bus services on 14 September 2015.

Activity	Timeline
Announcement	1 September
Delivery Start Date	14 September 2015
Final evaluation start and finish (self):	September to December 2015

Appendices and supporting papers:
Mayoral Direction

Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOI Act) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary. **Note:** This form (Part 1) will either be published within one working day after approval or on the defer date.

Part 1 Deferral:

Is the publication of Part 1 of this approval to be deferred? NO

Part 2 Confidentiality: Only the facts or advice considered to be exempt from disclosure under the FOI Act should be in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a part 2 form – NO

ORIGINATING OFFICER DECLARATION:

Drafting officer to confirm the following (✓)

Drafting officer:

Claire Hamilton, Transport Manager, has drafted this report in accordance with GLA procedures and confirms the following have been consulted on the final decision.

✓

Assistant Director/Head of Service:

Tim Steer, Head of Transport, has reviewed the documentation and is satisfied for it to be referred to the Sponsoring Director for approval.

✓

Sponsoring Director:

Debbie Jackson, on behalf of Fiona Fletcher Smith, has reviewed the request and is satisfied it is correct and consistent with the Mayor's plans and priorities.

✓

Mayoral Adviser:

Isabel Deding has been consulted about the proposal and agrees the recommendations.

✓

Advice:

The Finance and Legal teams have commented on this proposal.

✓

EXECUTIVE DIRECTOR, RESOURCES:

I confirm that financial and legal implications have been appropriately considered in the preparation of this report.

Signature

M. J. Ollie

Date

14.8.15

CHIEF OF STAFF:

I am satisfied that this is an appropriate request to be submitted to the Mayor

Signature

Edward Hill

Date

17:08:2015

Schedule

Prices from 14 September 2015 to 31 March 2016 inclusive:

Table 1.

Adult-single fare for a paper ticket from a ticket office or ticket machine	
Zone	Adult single
West	£4.20
Central and West	£8.00
All Zones	£8.20

Successive Annual Increases

Following the 2015/16 financial year and continuing until 31 March 2018 or, if the Service be extended, 31 March 2020, the standard adult-single fare for the paper ticket shall be increased on 1 April each year in accordance with the below formula:

$$F_t = F_{t-1} \times \left[\frac{RPI_t}{RPI_{t-1}} + \frac{1}{100} \right]$$

Where:

- F = The Adjusted Fare;
- T = Year of the applicable Fares Adjustment Date; and
- RPI = The Retail Prices Index four (4) months prior to the Fares Adjustment Date using: "RPI: All items index: 1947-2012", (CHAW), as published by the Office for National Statistics (ONS Table 20).

The resulting Fare will then be rounded to the nearest £0.10.

The Oyster pay-as-you-go fare shall be no less than 8% lower than the resulting Fare subject to the requirement that the rounding to the nearest £0.10 must still be applied.

