

**Public and stakeholder consultation on a
change to the Transport for London
Road Network (TLRN) Penalty Charge
Notice (PCN) and a Variation Order to
modify the Congestion Charging
scheme**

Impact Assessment

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1. Introduction

1.1 Background

Congestion Charge scheme

Proposal 129 of the Mayor's Transport Strategy (MTS) provides that the Mayor will keep the Congestion Charging scheme under review and make variations to ensure the scheme remains effective in reducing traffic and congestion in central London and reflects best practice and other developments in relation to its operation and discounts and exemptions. A draft revision of the MTS has been prepared and is currently subject to public consultation. Proposal 18 of the draft revised MTS sets out that the Mayor, through TfL, will keep existing and planned road user charging schemes, including the Congestion Charge, Low Emission Zone, Ultra Low Emission Zone and the Silvertown Tunnel schemes, under review to ensure they prove effective in furthering or delivering the policies and proposals of this strategy.

The Congestion Charge zone is an area of central London where it is necessary to pay the Congestion Charge in order to drive a vehicle from 07:00 – 18:00, Monday to Friday.

When TfL detects a vehicle within the zone which does not pay the charge by midnight the following charging day, and which is not exempt or does not have a valid discount in place, then a Penalty Charge Notice (PCN) will be issued to the registered keeper of that vehicle. The current level of a PCN is £130. A 50 per cent discount applies if the PCN is paid within 14 days reducing the cost to £65. If the PCN is not paid or challenged within 28 days, the cost increases to £195.

The Congestion Charge scheme has had a number of modifications since it was introduced in February 2003. This includes changes to its area, discounts and exemptions, charge and penalty charge level, payment methods, operation and service providers.

Since the introduction of the Congestion Charge scheme, TfL has varied the PCN value on three occasions. In 2004 the full level of the PCN was increased to £100 from £80. In 2007 it was increased to £120, and in 2013 it was increased to £130.

The legal framework for the operation of the Congestion Charging scheme is set out in the Greater London (Central Zone) Congestion Charging Order 2004 (the "Scheme Order"). Proposed changes to the Scheme Order are contained in Variation Orders which are made by TfL and subject to public consultation. Following consultation, the Mayor decides whether to confirm a Variation Order with or without modifications and in so doing, the changes to the Scheme Order are given effect.

Transport for London Road Network (TLRN)

The TLRN is a network of strategic roads in London which carry 30 per cent of London's traffic, but which make up only five per cent of the city's roads. On average, each of the TLRN routes carries 50,000 vehicles per day. This is two and a half times the volume of traffic carried on key A roads managed by London's Local Authorities.

TfL's priority in managing the TLRN is to keep traffic moving. To this end, restrictions on the TLRN are designed to discourage stopping or parking where it would be dangerous or disruptive to other road users. For example it is not permitted to park or stop on a double-red line at any time or on a single-red line at certain times (although vehicles displaying a Blue Badge can stop to set down or pick up the holder of the Blue Badge). It is also not permitted for anyone to stop in a yellow box junction or drive in a bus lane during its hours of operation.

If TfL detects a vehicle stopping or parking illegally on the TLRN, then a PCN will be issued to the registered keeper of the vehicle. TfL issues PCNs pursuant to the following Acts:

- Bus lane contraventions: issued under the London Local Authorities Act 1996
- Moving traffic contraventions: issued under the London Local Authorities and Transport for London Act 2003
- Parking regulation contraventions: issued under the Traffic Management Act 2004 ('TMA')

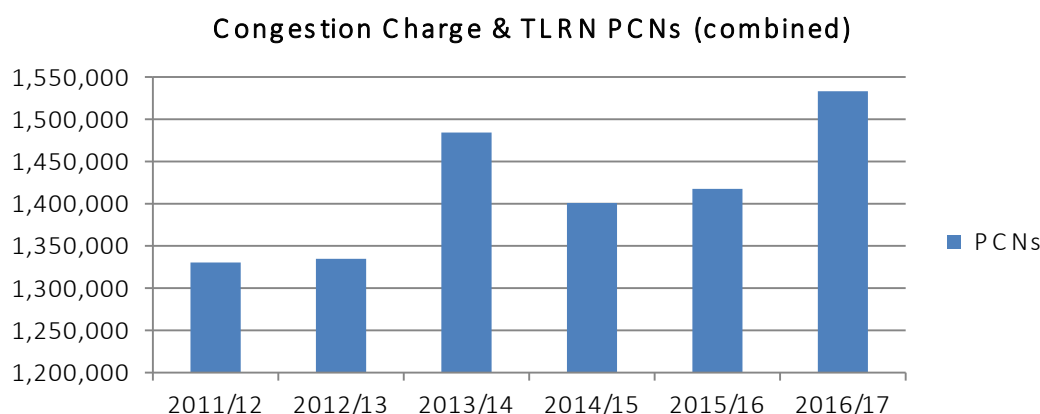
The cost of a PCN for a contravention on the TLRN is the same as for failing to pay the Congestion Charge. The last time that the PCN level was increased for contraventions of the rules of the TLRN was April 2011. At this time the PCN was increased from £120 to £130.

The procedure which applies to varying the level of a PCN issued for contravening the rules of the TLRN is set out in schedule 9 of the Traffic Management Act 2004. TfL is required to set the level of PCNs and to consult London local authorities before doing so. After consultation, TfL must submit the proposed level of charges to the Mayor. The Mayor on making a decision to vary the charge will then write to the Secretary of State for Transport to inform him of this decision. The Secretary of State then has 28 days to raise objections to the proposal. If no objections are received then TfL will take steps to implement the change after the 28 day period has expired. If new PCN levels are set, then TfL is required to publish the levels in such manner as the Mayor of London may determine.

Background to the proposed change

Contravention volumes

Over the last six years there have been an increasing number of roads users contravening the rules of the TLRN and not paying the Congestion Charge scheme. It has therefore been necessary for TfL to issue an increasing number of PCNs. This is shown in the chart below:



Congestion Charge Repeat Offenders

In 2011, 26 per cent of road users who received a PCN for avoiding to pay for the Congestion Charge had received more than one PCN that year. These road users are termed 'repeat offenders'. By 2016 the number of repeat offenders grew to almost 30 per cent of all Congestion Charge PCNs issued.

Taking all of the Congestion Charge PCNs issued in 2011 as a whole, almost 60 per cent of PCNs were issued to repeat offenders. By 2016 this number increased to 64 per cent.

Year	% of all PCNs issued to repeat offenders
2011	59.9%
2012	59.7%
2013	61.7%
2014	61.9%
2015	62.1%
2016	64.1%

TLRN Repeat Offenders

The same repeat offending trend has been seen for TLRN PCNs. Almost 34 per cent of the PCNs issued in 2011 for contraventions on the TLRN were issued to repeat offenders. By 2016 this had increased to 38 per cent.

Year	% of all PCNs issued to repeat offenders
2011	33.6%
2012	35.7%
2013	36.6%
2014	35.3%
2015	36.5%
2016	38.3%

1.2 Proposed changes included in this assessment

Contraventions on the TLRN have a negative impact on traffic congestion and traffic flow. This is because vehicles parked on the TLRN, driving in bus lanes or entering yellow box junctions disrupt the flow of traffic, slow down other road users and lead to congested roads. It has been estimated that the cost of congestion on the TLRN alone is annually worth almost £2.2 billion¹.

Vehicles entering the Congestion Charging Zone without paying also add to the volume of traffic on the roads, causing more congestion and slower journey times.

In undertaking this impact assessment, TfL has reached the following conclusions regarding PCNs issued for TLRN and Congestion Charge contraventions:

1. The prospect of receiving a PCN is not as significant a deterrent against poor driving behaviour as it has been in the past. This is demonstrated by the year on year increases in the number of recorded contraventions.

Inflation over the last few years, together with the fact that the cost of a PCN has stayed the same, may have reduced the deterrent effect of receiving a PCN. This is seen as a contributing factor to the number of contraventions committed each year and the subsequent volume of PCNs issued by TfL.

2. There is a significant and growing minority of road users who persist either in attempting to avoid paying the Congestion Charge, or using the TLRN in a way which is dangerous or disruptive to others. This group of repeat offenders is increasingly having a direct impact on congestion and traffic flows on London's road network.

To help address both points, TfL proposes to increase the PCN level for TLRN and

¹ Total vehicle delay for London 2014-15 <http://content.tfl.gov.uk/total-vehicle-delay-for-london-2014-15.pdf>

Congestion Charge contraventions from £130 to £160. This increase is required to reinforce and enhance the deterrent effect of a PCN when contravening the rules of the TLRN and Congestion Charge Zone. By doing so it is expected that this will have a positive impact on driver behavior, a subsequent impact on contravention and PCN volumes, and a follow on beneficial impact to traffic flow and congestion on London's road network.

The current PCN discount of 50%, if paid within 14 days, will remain in place as will the 50% increase to the PCN if not paid within 28 days.

The following table summarises the PCN levels applicable for both the Congestion Charge scheme and TLRN contraventions if this change was implemented.

Penalty Charge	Current Rate	Proposed Rate
Discounted penalty	£65	£80
Full penalty	£130	£160
Charge Certificate	£195	£240

1.3 Purpose of the impact assessment

This document provides an assessment of the proposed changes to determine what impacts may be likely to arise and to what degree. The proposed changes to the level of a PCN issued in respect of non-payment of the Congestion Charge are in conformity with the MTS (as is required by Schedule 23 to the Greater London Authority Act 1999)².

The assessment identifies the current baseline conditions, in terms of traffic levels, costs and revenue, and provides a comparison of the forecast impacts of the status quo (or 'do nothing') scenario with the forecast impacts of the proposed changes.

1.1 Scope of the impact assessment

An initial screening was undertaken, based on professional judgement, to determine the relevant MTS³ objectives for this assessment. Appendix A provides a list of the objectives considered and identifies those not considered in this impact assessment.

The table below sets out the impact rating used in the assessment against the relevant MTS objectives.

++	+	0	-	--	
Significant positive	Minor positive	Neutral	Minor negative	Significant negative	No effect

² To ensure consistency of approach, the Congestion Charge Variation Order has been assessed using the same approach as earlier impact assessments undertaken to support previous versions of the MTS, and the consultations on Variation Orders in 2010, 2012 and 2014.

³ The assessment has been made against the 2010 MTS as the Mayors revised MTS is still under consultation.

2. Analysis of proposed changes

2.1 Methodology

In order to assess the impact of the proposed change to the level of a PCN issued for non-payment of the Congestion Charge and breach of the rules of the TLRN, it is first necessary to describe the baseline situation and how it is likely to evolve if the status quo is maintained, that is if the proposed changes were not introduced. The assessment utilises analysis undertaken by TfL to understand the impacts of the proposed changes and to establish what wider measures may be required to mitigate any predicted adverse impacts of the proposed changes.

TfL's assessment has identified, where possible, quantifiable data and the analysis of impacts is based on current available information. The identification of the impacts has, however, more broadly relied on qualitative data and the exercise of professional judgement to determine the relative significance and severity or scale of the impacts.

2.2 Economic impacts

An efficient and effective transport system for people and goods is essential to support sustainable economic development and population growth. Congestion on London's roads costs in excess of £2bn each year and is a huge hindrance to businesses, commuters and the freight industry.

The economic impacts of the proposed changes are assessed with reference to:

- The effects on the volume of traffic, traffic speeds and the amount of delay, which in turn impact on economic productivity. This requires an understanding of how the proposed change may impact on congestion within the Congestion Charging zone and on the effective operation of the TLRN.
- The effects on TfL revenue and hence investment in transport improvements elsewhere on the network. This requires an understanding of the impact on traffic levels within the Congestion Charging zone and on the TLRN.

2.2.1 Baseline conditions and context

Traffic volume, speed and congestion

The following baseline conditions for traffic volumes, speed and congestion have been taken from TfL's most recent Travel in London Report⁴. The volume of traffic, traffic speeds and the amount of delay all impact on business efficiency and sustainability and on economic productivity more generally.

Levels of road traffic have fallen for much of the period since 2000, but this fall shows some signs of stabilising over more recent years as the economy recovers from the recession and the population continues to grow. The total volume of road traffic in London in 2015 was 10 per cent lower than in 2000. The reduction was particularly intense in central London, at 21 per cent, partly reflecting the introduction of Congestion Charging to part of this area in 2003.

⁴ Transport for London, 2016, Travel in London Report 9
<http://content.tfl.gov.uk/travel-in-london-report-9.pdf>

This fall reflects the wider shift in mode share for travel in London, including better and more attractive alternatives to the car. However, they also reflect wider structural and societal change, as well as limitations on the available capacity of the road network reflecting increased emphasis on urban realm, safety, public transport priority and infrastructure development priorities, resulting in increasing congestion pressure.

Although traffic congestion is the most pressing problem in terms of managing the road network on a day-to-day basis, mode shift to public transport, walking and cycling means that fewer people are affected by congestion. However, for those who need to make journeys by car as well as freight vehicles, delay has been increasing. Bus reliability and journey times have also deteriorated.

Available data suggests a sharp upward trend in the early part of the period since 2000, followed by a period of stability around the end of the last decade, with resumption in the trend of increasing congestion in the most recent years. Again, this trend has been visible in all parts of London, and much of TfL's network management activity in travel demand patterns, network performance and road safety in recent years has been focused on getting the most out of the limited road capacity available, and ensuring the resilience of the network to disruption.

Over the period since 2000 there has been a progressive reduction in traffic volumes down by 9.9 per cent over the period, and average traffic speeds, down by 10.1 per cent. The trend for congestion has generally been the inverse of that for average traffic speed. Importantly however, in key areas like central London, the absolute level of congestion is broadly comparable to that of 2000, reduced traffic volumes being the primary response to increased congestion pressure.

Over recent years there is clear evidence of a fall in average traffic speeds and an increase in delays on London's roads. The largest declines in average traffic speed were all in the central area, by 12.6 per cent in the AM peak, 12.5 per cent in the inter-peak and 11.0 per cent in the PM peak.

TfL revenues and investment

By law, net revenues from the Congestion Charging scheme and from TLRN contraventions must be used for relevant transport purposes in London.

TfL reported net income from Congestion Charging of £168m⁵ in the financial year 2015/16. This includes income for both the daily charge and any penalty charges issued for non payment of the daily charge.

TfL reported gross income from Road Network Compliance (Income from penalty charge notices for traffic and parking infringements on red routes) of £35m⁶ in the financial year 2015/16. This figure does not reflect net operating expenditure for Road Network Compliance.

2.2.2 Expected trends under the status quo

If no changes were made it is expected that contraventions on the TLRN and in the Congestion Charge zone will continue to increase, alongside further increases to the repeat offender rates for these contraventions. Such an increase would subsequently

⁵ <http://content.tfl.gov.uk/tfl-group-statement-of-accounts-for-201617-27-june.pdf>

⁶ <http://content.tfl.gov.uk/tfl-group-statement-of-accounts-for-201617-27-june.pdf>

have a detrimental impact on traffic volumes, traffic speed and congestion with consequential impacts on efficiencies and productivity. As such the cost of congestion on London's roads, and the subsequent impact on businesses, commuters and the freight industry, would continue to increase.

2.2.3 Assessment findings

Increase in Congestion Charge PCN

The increase in the PCN would impact negatively on road users who drive in the zone but do not pay the daily Congestion Charge. Given the size of the proposed increase in the PCN it is thought that this will have an impact on driver behavior, and will act as a stronger deterrent to not paying the daily charge.

Given the steps taken by TfL to promote the scheme and allow road users a number of ways to pay the charge (in advance, on the day, pay next day and CC AutoPay), this change is not considered to have an impact on the economy or on businesses that already comply with the Congestion Charge scheme.

Greater compliance with the scheme will have an impact on traffic volume, speed and congestion. Of the drivers that contravene the scheme, the PCN increase is expected to either result in greater compliance with the scheme, or deter these drivers from driving into the zone. A deterrent impact would subsequently reduce the number of vehicles in the zone, leading to a positive impact on traffic speed and congestion.

Increase in TLRN penalty charge

The increase in the PCN would impact negatively on road users incurring a PCN for contravening on the TLRN. Given the size of the proposed increase in the PCN it is expected that this will have an effect on driver behavior, and will act as a stronger deterrent to not drive in bus lanes, park on the TLRN or stop in yellow box junctions.

This change is not considered to have an impact on the economy or businesses that comply with the rules of the TLRN.

Greater compliance with the scheme will have an impact on traffic volume, speed and congestion. Of the road users that contravene the TLRN rules, the PCN increase is expected to result in greater compliance with the TLRN rules. This would then have a positive impact on traffic speed, congestion and journey times as these obstructions to free flowing traffic would be removed.

TfL revenues and investment

The proposed increase in the TLRN and Congestion Charging scheme PCNs is estimated to provide an additional £80m net income over the TfL's Business Plan period 2016/17 to 2021/22.

Overall, it is considered that the proposed changes would have a small positive impact on TfL's income from PCNs, the net revenue of which must be spent on improving transport, in line with the MTS.

2.2.4 Overall conclusions

Overall, the proposed changes are assessed as having a positive economic impact.

The assessment against the relevant MTS Secondary Objective is as follows:

+	Contribute to enhanced productivity and competitiveness amongst all businesses within the London area: The proposed changes would deter road users from committing traffic contraventions on the TLRN and encourage those entering the Congestion Charge zone to pay the charge. As such this is anticipated to have a positive impact on some of the causes of congestion and will be a factor in TfL's overall strategy to reduce congestion on London's roads. A reduction in congestion will lower the cost of congestion experienced by London's businesses and the freight industry.
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2.2.5 Mitigation

No significant negative effects have been identified and therefore no mitigation measures are proposed.

2.3 Consideration of the general Equality duty

2.3.1 Introduction

As a public body, TfL is subject to the equality duty created under the Equality Act 2010. Section 149 of the Equality Act sets out the general equality duty, which requires TfL and the Mayor to have due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimisation;
- Advance equality of opportunity between different groups; and
- Foster good relations between different groups.

The general equality duty covers protected characteristics, including age, disability, sex, gender reassignment, pregnancy and maternity, race, religion or belief and sexual orientation. In line with best practice TfL also considers the needs of groups who also have the potential to be socially excluded, namely: people on low incomes; refugees and asylum seekers; the homeless; and jobseekers.

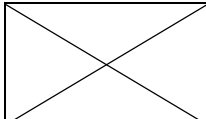
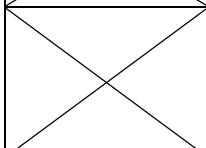
The equalities impact assessment process was principally based on the Equality and Human Rights Commission Equality Impact Assessment guidelines⁷. The equality impact assessment is conducted in two key stages. The first is an initial screening stage to see if the proposed changes are relevant or could have implications for equality. The second stage involves fully assessing the proposed changes to make sure they do not have negative or adverse effects on different sections of the impacted communities, including establishing what practical actions would be required to mitigate any adverse or negative impacts and what actions will help promote equality.

⁷ http://www.equalityhumanrights.com/uploaded_files/equality_impact_assessment_template.doc

2.3.2 Overall conclusions

An equalities impact assessment was undertaken and found that there is no evidence that an increase in the PCN value for the Congestion Charge or TLRN contraventions would disproportionately affect any of the equality target groups.

The assessment against the relevant MTS Secondary Objectives is as follows:

	To address the key barriers to equality of access for all users and potential users of the London transport system: No effects on equalities target groups are expected as a result of the proposals.
	To give all users and potential users equal opportunity to access the London transport system and sustainable transport choices: No effects on equalities target groups are expected as a result of the proposals.

2.3.3 Mitigation

While no significant effects have been identified, TfL is undertaking consultation on the proposals. This provides an opportunity to further investigate whether there are any equality implications from the increase to PCNs. The Mayor will consider responses to the consultation before he makes a decision as to whether or not to proceed with the proposed increase.

TfL makes consultation information available in different languages and in a variety of formats to ensure all people have access to the information.

2.4 Consideration of Health impacts

The Mayor has a legal obligation to meet national and European targets for air quality in London, and a statutory duty to have an Air Quality Strategy. Despite improvements in recent years, transport in London remains a significant source of the air pollutant emissions contributing to the overall concentrations of pollutants in the air and adversely affecting the health of Londoners. Noise is also a quality of life issue as it can significantly affect health and wellbeing.

2.2.6 Overall conclusions

The proposed changes are not likely to have a significant effect on health (neither positive nor negative) and there is no need to carry out a full Health Impact Assessment upon them.

2.4.1 Mitigation

No significant effects have been identified and therefore no mitigation measures are proposed.

2.5 Climate change mitigation and adaptation

2.5.1 Introduction

The Mayor has a duty to address climate change so far as it relates to Greater London and must take action with a view to mitigating or adapting to climate change and take into account governmental policies relating to climate change or the consequences of climate change.

Climate change mitigation refers to measures that will reduce emissions of greenhouse gases in the atmosphere. Climate change mitigation is achieved through the implementation of low carbon technologies, improvements in the energy efficiency of various operations as well as changes in people's behaviors to support reductions in greenhouse gas emissions. Climate change adaptation is concerned with changes that need to be made, including to infrastructure and processes, to support reductions in greenhouse gas emissions.

2.5.2 Baseline conditions and context

CO₂ is London's dominant greenhouse gas emission and ground-based transport is a significant source, accounting for approximately 9.4m tonnes of CO₂ in 2010. Road transport emissions account for 71% of the ground-based transport emissions (around 6.7m tonnes in 2010) with the major emitters being cars, HGVs and vans⁸.

TfL estimates that CO₂ emissions in the Congestion Charging zone fell by around 16% following the introduction of Congestion Charging in 2003. This was split relatively evenly between savings due to a reduction in the number of vehicles entering the zone and more fuel efficient driving conditions resulting from lower congestion. While this was offset to some extent by increases in emissions elsewhere from traffic deterred from entering the zone, TfL estimates that there was a net reduction overall⁹.

Increased traffic flows in an area would lead to higher CO₂ emissions but the intensity of these emissions will vary depending on the fleet composition and congestion. In terms of fleet composition, older vehicles have higher CO₂ emissions as measured in g/km of CO₂, while congestion increases fuel consumption and thus CO₂ emissions. The composition of vehicles by mode also affects CO₂ emissions with HGVs, buses and vans having higher CO₂ emissions than cars. However, the total overall CO₂ emissions from cars are higher given their considerably greater number.

2.5.3 Assessment findings

The proposal to increase the PCN value for TLRN and Congestion Charge contraventions are not expected to have an impact (neither positive nor negative) on climate change mitigation and adaptation.

2.5.4 Mitigation

No significant effects have been identified and therefore no mitigation measures are proposed.

⁸ Transport for London, 2012, Travel in London Report 4, <http://www.tfl.gov.uk/assets/downloads/corporate/travel-in-london-report-4.pdf>

⁹ 11 Transport for London, 2006, Central London Congestion Charging Scheme Impacts Monitoring, Fourth Annual Report, <http://www.tfl.gov.uk/assets/downloads/FourthAnnualReportFinal.pdf>

3. Overall conclusions

Overall, the proposed changes are assessed as having a positive economic impact compared to the 'do' nothing' situation. This positive impact is realised through maintaining the deterrent effect of PCNs in order to prevent an increase in TLRN or Congestion Charge contraventions that can subsequently lead to a negative impact on traffic volumes, traffic speed and congestion.

4. Monitoring

In line with Proposal 129 of the Mayor's Transport Strategy (and proposal 18 of the draft MTS), the proposed change set out in the Congestion Charge Variation Order, and the TLRN PCN change, will be monitored within this.

Appendix A: MTS appraisal framework scoping

The primary and secondary MTS objectives considered in this impact assessment are highlighted below. Those objectives not considered in this impact assessment are indicated with a ‘*’.

Primary objective A: To contribute to, and facilitate, more sustainable and efficient economic progress within London
<ul style="list-style-type: none"> Promote more sustainable transport and travel patterns for all users and potential users of the London transport system* Increase the economic efficiency and environmental sustainability of freight transport and transfer within and around London and the South East* Facilitate and contribute to regeneration across all communities in London * Contribute to enhanced productivity and competitiveness amongst all businesses within the London area To help facilitate and contribute to increased employment and earnings especially in low- waged areas * To contribute to the alleviation of poverty and its contributory factors *
Primary objective B: To enhance equality and actively mitigate the barriers to this
<ul style="list-style-type: none"> To address the key barriers to equality of access for all users and potential users of the London transport system To give all users and potential users equal opportunity to access the London transport system and sustainable transport choices
Primary objective C: To contribute to enhanced health and wellbeing for all within London
<ul style="list-style-type: none"> To address health inequalities and factors which negatively impact upon health and wellbeing * To promote enhanced health and wellbeing for all* Improve air quality and the noise climate across London*
Primary objective D: To promote safety and security for all working, travelling and using London transport services and facilities
<ul style="list-style-type: none"> Increase security and resilience to major incidents on the network * Increase road safety for vehicles and pedestrians* Increase staff and passenger safety on all modes of transport * Contribute to the reduction of crime and fear of crime for all users and potential users of the London transport system *
Primary objective E: To contribute to the mitigation of and adaptation to climate change
<ul style="list-style-type: none"> To contribute to the reduction of GHG emissions arising from within the London area* To reduce GHG emissions arising from operations and service provision* To enhance and facilitate adaptation to the impacts of climate change *
Primary objective F: To protect and enhance the physical, historic, archaeological and socio-cultural environment and public realm
<ul style="list-style-type: none"> To promote more sustainable resource use and waste management * To protect and enhance the built environment and streetscape through planning and operations * To protect and enhance the natural and physical environment including biodiversity, flora and fauna through planning and operations * To protect and enhance greenspaces, riverscapes and waterways through planning and operations *