

REQUEST FOR MAYORAL DECISION – MD3028

September 2022 fares revision

Executive summary:

Since May 2020, there has been a series of emergency funding settlements with the government to ensure that Transport for London (TfL) can continue to deliver an effective and efficient transport service to Londoners throughout the COVID-19 pandemic and beyond. The funding settlement with the government dated 1 June 2021 required the Mayor and TfL to undertake a joint options review and feasibility study of mechanisms within existing powers, to generate between £500m and £1bn of additional net revenue per annum from April 2023 (the Review).

In line with the recommendations of the Review, it was agreed that TfL would progress the following options: increase the fee for obtaining an Oyster card from £5 to £7 and make this fee non-refundable; and apply a peak fare to all journeys to/from Heathrow that include Zone 1 travel.

In this Mayoral Decision (MD3028), the Mayor is asked to approve making these changes, in order to help TfL move to a financially sustainable position by April 2023, in the context of continuing funding challenges due to reduced fare revenues and conditions imposed through government support. If approved, the changes will come into effect from 4 September 2022.

Decision:

That the Mayor:

1. approves the proposed revisions to fares to be implemented from 4 September 2022 as set out in this Mayoral Decision.
2. signs the attached Direction to TfL (Appendix 1) issued pursuant to the power in section 155 (1) (c) of the Greater London Authority Act 1999 to implement these fares on 4 September 2022.

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: 02/09/2022

PART I – NON-CONFIDENTIAL FACTS AND ADVICE TO THE MAYOR

Decision required – supporting report

1 Introduction and background

The impact of the COVID-19 pandemic on TfL's finances

- 1.1 Until the COVID-19 pandemic, TfL's efficiency programme had ensured it was on a path to break even on the cost of operations, maintenance, financing and core renewals. TfL had taken almost £1bn out of its net operating costs over the four years prior to the pandemic.
- 1.2 In 2015, the government started to phase out TfL's "operating grant" – grant funding to operate and deliver its transport services. The central government operating grant came to an end entirely at the end of the 2016-17 financial year. The withdrawal of the operating grant meant TfL relied substantially upon passenger fares income as a source of revenue to meet its operational costs. In 2018-19, passenger income accounted for half of all TfL's revenue income, and over 70 per cent of its operating income. The severity of the negative impact from the COVID-19 pandemic was directly related to the way in which TfL's finances are currently structured. The dependence on fares revenue, coupled with high fixed costs, means TfL is significantly exposed to changes and shocks in passenger demand.
- 1.3 When the pandemic struck, social distancing measures and national lockdowns were introduced by the government. The pandemic had a significant impact on TfL's finances. Between the end of March 2020 and May 2020, ridership was down over 95 per cent on the Tube, and down over 85 per cent on buses; and TfL's passenger income was reduced by more than 90 per cent. The 2019 Business Plan forecast passenger income of £5.1bn in 2020-21 and £5.4bn in 2021-22 – compared to actual income of £1.6bn and £3.2bn. This collective loss of £5.7bn in passenger income, compared to forecast, is coupled with other financial pressures.
- 1.4 This resulted in TfL publishing an emergency budget in May 2020, which identified the need for up to £1.9bn of government funding for the first half of 2020-21 and £3.2bn for the full financial year. This was based on early estimates, from April 2020, of the pandemic's impact on TfL revenues. This funding was identified as necessary to ensure services ran at pre-COVID levels, while maintaining social distancing wherever possible. TfL's analysis indicated starkly that, without support from the government, it would not be able to present a balanced budget while continuing to run services; therefore, its Chief Finance Officer would have no choice but to issue a notice under section 114 of the Local Government Finance Act 1988 (which is effectively a declaration of bankruptcy of a local government body).
- 1.5 To avoid this outcome, the Mayor and TfL were required to obtain extraordinary funding from the government to keep TfL running. The first extraordinary funding settlement from the government, dated 14 May 2020, provided TfL with a £1.6bn initial grant and loan package, and a further £300m contingency for the period from 1 April 2020 to 17 October 2020. Since the May 2020 government funding settlement, there have been a further four substantive funding settlements, dated 31 October 2020; 1 June 2021; 25 February 2022; and 30 August 2022, respectively. These settlements have been necessary due to the financial stresses created for TfL by the COVID-19 pandemic and the consequent loss of fares income. They represent the outcome of complex funding discussions and significant conditions have been attached to the funding.

The Review

- 1.6 At the core of the funding settlements is a requirement for TfL to reach financial sustainability as soon as possible. The extraordinary funding settlement from the government, dated 30 October 2020, required TfL to produce a Financial Sustainability Plan (FSP) by January 2021, detailing how a trajectory to financial sustainability could be achieved as soon as possible, with a target date of April 2023. The October settlement was the start of a process whereby TfL has been required to conduct a widescale review of its financial and funding arrangements.
- 1.7 The June 2021 settlement contained further conditions as to the provision of this funding, including a number of workstreams to be delivered or implemented in 2021, as well as longer-term programmes. The workstreams to be delivered or implemented in 2021 included delivery of further operating efficiencies; accelerating TfL's existing modernisation programme; and a review of their pension scheme and reform options. It also included the following requirement for a review of revenue generation options (the Review, detailed in Appendix 2):
- "Identification and consultation on new/increased income sources of between £0.5bn and £1bn p/a from 2023 through new/increased revenue within the Mayor and TfL's existing powers and compared to current plans."*
- 1.8 The Review therefore sought to identify viable new sources of income that could be delivered to raise additional revenue of between £0.5bn and £1bn by April 2023, as required by the 1 June 2021 funding agreement. This range of required additional revenue was identified in the FSP published by TfL in January 2021, which noted that the build-up of a considerable debt burden, and the withdrawal of its government grant, meant that TfL was showing a projected funding gap estimated at between £0.5bn and £1bn per annum from the mid-2020s onwards. The FSP noted that the pandemic led to a crisis for TfL's immediate financial position; but if it led to more permanent changes to travel demand in London, it could also impact the organisation's long-term finances and funding gap. A constrained assessment estimated the long-running demand reduction at 20 per cent below previous forecasts, which would increase the long-term funding gap by an additional £1bn per annum. This would increase the gross average funding gap to circa £2bn per annum between 2023-24 and 2029-30.
- 1.9 The Review was just one of a number of complex workstreams that TfL has been required to undertake, as part of the widescale review of its funding and finance arrangements required by the government funding settlements, and in response to the significant financial challenges brought about by the COVID-19 pandemic and TfL's loss of passenger fares income. While the level of support provided has changed over the course of these funding settlements, the overall need for continuing support to allow TfL to balance its budget has not. Consequently, TfL has had little choice but to abide by the conditions imposed by the government, or otherwise risk having to issue a section 114 notice.
- 1.10 The outcome of the Review was set out in a document entitled "New revenue sources", dated August 2021.¹ Relevant extracts of this document are attached at Appendix 2 to this Mayoral Decision.
- 1.11 The Review considered the current state of TfL's income and considered existing revenue sources prior to the pandemic and how they evolved. This is contained in section 2 of the Review, and the Mayor is referred to that section for this information.
- 1.12 The Review assessed any potential new revenue source option against appraisal criteria that had been agreed with the government in June 2021. The assessment criteria covered:

¹ There was a follow-up report, "New revenue sources: follow-up report," dated November 2021. However, this is not relevant to this Mayoral Decision.

- outcome assessment: assessing the economic impact of the option, as well as any impact on key outcomes core to the Mayor's Transport Strategy (MTS)
- financial assessment: assessing the financial impact of the option considering income generated, implementation costs, recurring costs and net present value
- feasibility assessment: assessing the feasibility of delivering the option, taking into account technical, legal and stakeholder considerations, as well as identifying suitable benchmarking.

1.13 These assessments led to the recommendations of the Review, which are contained in section 4 of that paper. The Review recommended three overarching areas for further development: optimising the fares system with a focus on consistency; incremental options on taxation; and changing the way TfL charges for road use. Each of these areas contained several options that remain under consideration, and on which no decision has been made by the Mayor or TfL.

Optimising the fares system

1.14 The area 'optimising the fares system with a focus on consistency', is the one directly relevant to the proposal in this Mayoral Decision. TfL undertook an exercise to identify a shortlist of fare options. In arriving at the shortlist of options, TfL sought to meet the following criteria, as outlined in the funding letter:

- Options should provide a recurring revenue income stream from 2023. Therefore, options that only provided a one-off income benefit (e.g., asset and property disposals) were discounted.
- Options should be within the Mayor's or TfL's current statutory powers. Some options not within existing statutory powers were retained based on their contribution to the other assessment criteria; but it was noted that government support would be required for legislation for these.

1.15 The funding settlement with the government, dated 25 February 2022, requires TfL to progress these options, subject to decision-making processes. Further to the analysis and assessment explained above, TfL narrowed down the options that merited further development work, focusing on the options that met the criteria outlined in the funding settlement (see above) and recognising that it would not be possible to achieve the £0.5bn-£1bn p.a. increase in revenue required by government without action to optimise the fares system.

1.16 Two of the options identified for changing fares as a means of generating additional net revenue were: to increase the Oyster card fee on new Oyster cards from £5 to £7 and make this fee non-refundable; and to introduce a peak fare to all journeys using TfL services to/from Heathrow that travel through or into Zone 1.

1.17 In relation to the shortlisted option of an increased fee for an Oyster card, the following is a high-level summary of the initial assessments undertaken as part of the Review:

- major MTS/economic outcomes and impacts: increased cost to individual commuters/leisure travellers and businesses that provide cards to their staff; encourages further migration to contactless
- equality impacts: marginally negative impact on customers with low income
- costs and income: income £5m per annum
- key risks and issues: none identified
- earliest go-live date: early 2022.

- 1.18 In relation to the shortlisted option of an all-day peak fare between Zone 1 and Heathrow, the following is a high-level summary of the initial assessments undertaken as part of the Review:
- major MTS/economic outcomes and impacts: small shift from public transport (PT) to car; raises barriers to PT access for low-income groups; focuses fare increase on a journey generally made only occasionally; increased PT user contribution
 - equality impacts: raises barriers to PT access for lower-income groups, noting that a high proportion of the journeys are being made by customers who are flying out of Heathrow
 - costs and income: income £10m per annum
 - key risks and issues: potential impact on Central Activities Zone economic recovery as a result of above-inflation increase
 - earliest go-live date: early 2022.
- 1.19 The options of increasing the Oyster card fee, and applying the all-day peak fare on journeys between Heathrow and Zone 1, would raise an average of £15m net revenue per annum calculated up to 2027-28, based on pre-COVID demand. While this is a relatively small proportion of the £0.5bn-£1bn per annum that TfL was required to identify, it was challenging to find that amount of revenue from sustainable, recurring, new sources that that would meet the conditions required. This meant it was appropriate for these options to be recommended for further development.

TfL's current financial situation

- 1.20 TfL will continue to face a significant financial challenge as the impact on demand from the pandemic persists. The FSP identified that additional income per annum of circa £2bn per annum would need to be generated to fill TfL's projected funding gap (see above) in the "decarbonise by 2030" scenario. This need persists today. It is important that action is taken to generate this additional income to enable TfL to reach financial sustainability. This is all the more critical as the government has indicated clearly its intention to bring to a close the series of extraordinary funding settlements on which TfL has relied since the outbreak of the pandemic.
- 1.21 The proposal in this Mayoral Decision provides an important contribution to TfL achieving financial sustainability from a recurring new revenue source that is itself sustainable, and that: can deliver by April 2023; is in line with the criteria outlined in the funding settlement; is consistent with the MTS; and will have marginal negative impacts on TfL's ambition to achieve net-zero-carbon by 2030.

Proposals for the Mayor's consideration

- 1.22 Currently, those obtaining a new Oyster card are charged a £5 fee. If this Mayoral Decision is approved, from 4 September 2022 onwards the Oyster card fee will increase to £7.
- 1.23 Currently, if an Oyster card is still in use after 12 months, the Oyster Card fee referred to above is automatically reimbursed on to the Oyster card as pay as you go (PAYG) credit. In the year prior to January 2020 (that is, prior to the start of the COVID-19 pandemic), nearly 9m cards were issued. Of these, fewer than 1m were still in use after 12 months. This means that of those issued across a year, only slightly more than 10 per cent were eligible for and automatically received a reimbursement of the £5 Oyster card fee via PAYG credit. If this Mayoral Decision is approved, from 4 September 2022 onwards, the Oyster card fee will increase to £7 and the fee will no longer be reimbursed via PAYG credit after 12 months, on cards purchased after this date.
- 1.24 It is also proposed that from 4 September 2022 all journeys on TfL services to/from Heathrow travelling through or into Zone 1 will be charged at a peak fare. Heathrow stations are in TfL fare Zone 6. In common with other transport operators, currently peak and off-peak fares are charged

on weekdays, while weekends are off-peak at all times. In both morning and evening peak-times, peak fares apply with no contraflow off-peak fare in the evening peak in the direction towards central London. At certain off-peak times, services to Heathrow can be as busy as, or busier than, peak hours. An indication of this is the fact that, in 2019, LU demand at Heathrow was higher on Saturdays and Sundays than on an average weekday. This reflects Heathrow's status as a hub for visitor travel. Establishing a standard peak-only basis for rail fares between Zone 1 and Heathrow would reflect the reality that off-peak services to Heathrow are a special case.

2 Expected outcomes

- 2.1 These proposals are consistent with a commitment the Mayor made in the TfL Funding Settlement letter dated 25 February 2022, whereby the Mayor was required to propose revenue generation measures that could help TfL achieve a position of financial sustainability in the future. Taken together, these changes are expected to generate additional income of up to £27m per year calculated up to 2027-28.
- 2.2 Of the 9m Oyster Cards issued in the year to January 2020, 2m cards were surrendered within four weeks of issue, receiving a refund of any unused Oyster Credit. The large-scale use of the refund system by short-term visitors prior to the pandemic increased the number of transactions at some of TfL's busiest stations and added to operational costs. Increasing the Oyster Fee from £5 to £7 is expected to encourage more customers to retain and keep using their Oyster card for more than four weeks and therefore reduce the number of customers seeking short-term refunds of Oyster Credit and the resources required to process this. This is anticipated to generate additional revenue of £5m per annum, calculated up to 2027-2028.
- 2.3 Currently the £5 Oyster Card fee is automatically reimbursed as PAYG credit if the card is still in use after 12 months. It is proposed that this automatic reimbursement is stopped. It is anticipated that ceasing Reimbursement would generate additional revenue of an average £10m per annum calculated up to 2027-28. While demand is suppressed due to the pandemic, it is anticipated that ceasing reimbursement will generate approximately £5m in the first year, but it is anticipated to increase to £10m per year up to 2027-28 as demand recovers.
- 2.4 It is anticipated that the higher Oyster Fee would encourage some customers to switch to contactless, further reducing TfL costs relating to the printing and issuing of Oyster cards. Both the anticipated reduction of customers seeking short-term refunds of Oyster Credit at ticket machines, and the anticipated increase in customers switching to contactless, are also expected to result in fewer customers using ticket machines, contributing to fewer queues and less congestion in ticket halls.
- 2.5 To lessen the impact of other planned changes to tickets for visitors, there will still be the option to purchase a Visitor Oyster card at the current £5 fee until after Summer 2023. Visitors must purchase this card ahead of their visit to London and will need to factor in time for it to be sent to them.
- 2.6 Heathrow London Underground (LU) fares have traditionally been considered good value for the approximately 15-mile journey from central London, e.g., the adult LU peak-fare from Zone 1 to Heathrow is £5.50; the off-peak fare is £3.50. Likewise, when travelling on the Elizabeth line, the adult fare for a journey from Zone 1 (e.g., Oxford Circus) to Heathrow via Paddington is £12.80 peak and £10.80 off-peak. When travelling from Paddington to Heathrow on the Elizabeth line, it is £11.50 peak and £10.80 off-peak. For comparison, the price for a taxi from Heathrow to Zone 1 can range from £35 to £95. A one-way journey on Heathrow Express will cost from £25, and the price of travelling between Heathrow and central London by coach starts at £7.50.
- 2.7 For LU-only trips, each adult PAYG off-peak trip will increase by £2. Where a discount applies, fares are impacted by between £0.10 (for an 11-15 Zip photocard holder) and £3.20 (for National Railcard discount holders). For trips from Zone 1 to Heathrow involving the Elizabeth line, each

off-peak adult PAYG trip is impacted by £2. Fares for discounted trips are impacted by between £0.10 (for 11-15 Zip photocard holders) and £5.70 (for National Railcard discount holders).

- 2.8 The increase in Heathrow fares is more likely to impact tourist traffic and business travellers, as identified in the EqlA. Much of Heathrow's workforce are more likely to be commuting from local boroughs, such as Slough, Hillingdon, Hounslow and Ealing. Where necessary commuters are able to avoid Zone 1. Having no off-peak fare between Zone 1 and Heathrow stations will not affect PAYG daily and weekly caps, or Travelcard prices. Regular commuters who utilise these caps or Travelcards will pay no more for their travel when this proposal is introduced.
- 2.9 It is anticipated that changing the fares for travel between Zone 1 and Heathrow to peak-only will raise an additional £10m per annum, calculated up to 2027-28. This proposal will also see all-day peak fares set for journeys made using the Elizabeth line travelling from/ to Heathrow through or into Zone 1. This will raise an additional £2m per annum calculated up to 2027-28 when through running is implemented. This is in addition to the £10m that was identified in the Review, as that figure was calculated for journeys made on the tube only.
- 2.10 To support both of these proposals, Equality Impact Assessments (EqlA) have been developed and can be found at Appendix 3(a) and (b). Some key points of the EqlA are summarised in section 3, below.
- 2.11 If these proposals are approved, they will have some negative impacts on certain group of Londoners with protected characteristics, impacts are detailed in the EqlAs attached at Appendix 3(a) and (b) and in section 3, below. However, these negative impacts need to be considered in the context that this proposed Mayoral Decision would make an important financial contribution to TfL achieving the necessary additional revenue in order to achieve financial sustainability by April 2023. The proposals contained on this Mayoral Decision are considered an appropriate means of delivering on TfL's funding commitments and towards its goal of financial sustainability; notwithstanding that they will have some negative impacts upon some of those directly affected.

3 Equality comments

- 3.1 Under section 149 of the Equality Act 2010, as public authorities, the Mayor and TfL are subject to a public sector equality duty and must have 'due regard' to the need to:
 - eliminate unlawful discrimination, harassment and victimisation
 - advance equality of opportunity between people who share a relevant protected characteristic and those who do not
 - foster good relations between people who share a relevant protected characteristic and those who do not.
- 3.2 Relevant protected characteristics under section 149 of the Equality Act are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, and sexual orientation.
- 3.3 The duty above applies to the Mayor's duty to direct TfL as to the general level and structure of fares under the Greater London Authority Act 1999 (GLA Act 1999).
- 3.4 The key positive impact of this proposed Mayoral Decision is that it is an important financial contribution to TfL achieving the necessary additional revenue required by government, in order to achieve financial sustainability by April 2023. Achieving financial sustainability will ensure TfL can deliver an efficient and effective public transport network in the long-term, which will have positive impacts for all customers and London.

- 3.5 EqlAs for both proposals have been undertaken by TfL. TfL has identified six groups with protected characteristics for whom the cost of fares is a key barrier to PT use, and who could be impacted by these changes. These groups are highlighted in sections 3.6 to 3.11, below.
- 3.6 Black, Asian and Minority Ethnic Londoners are more likely to live in low-income households and are more likely to cite affordability as a barrier to transport. Research suggests that, although the Heathrow workforce has an above-average proportion of staff from Black, Asian and Ethnic Minority backgrounds, these staff are likely to commute from boroughs local to Heathrow that are unaffected by the proposed change to fares between Zone 1 and Heathrow. To further support any increase in fares that could impact Heathrow staff, Heathrow Airport Limited are considering re-introducing a staff concession scheme; a change to the free-travel boundary for Heathrow to include Hatton Cross LU station is also planned. It is anticipated that over 1,000 regular journeys would benefit from this. Given that Black, Asian and Minority Ethnic Londoners are more likely to live in low-income households, the Oyster card proposal could have a negative impact on this group, although it is not considered to have a significant negative impact.
- 3.7 Women are more likely to be the primary carer at home, so are less likely to be in full-time employment. Women also more frequently cite affordability as a barrier to public transport. The Oyster card proposal could therefore have a negative impact on this cohort, although it is not considered to be a significant negative impact. In addition, as is identified in the Oyster fee EqlA, TfL offers a number of concessions for which people on low incomes could be eligible. It is also recognised that in 2021, 90 per cent of card transactions in the UK were made using contactless payment, with a greater trust by women than men in using contactless.
- 3.8 Older Londoners are more likely to be retired, and many live on low incomes. The 60+ concession, and the Freedom Pass for older and disabled people, mean that the fee increase for an Oyster card would not directly impact this cohort; and that they would not be impacted by an increase in fares to Heathrow when using these concessionary passes – although 60+ and older person Freedom pass holders travelling before 9am may be affected, should the Mayor approve in the future a separate proposal to permanently remove free travel from those concessions before 9am. In these circumstances, any holders of the 60+ concession card, or the Older Persons Freedom Pass card, who would need to pay for pre-9am travel could use contactless or buy a paper ticket and avoid the need to buy an Oyster card.
- 3.9 Disabled Londoners are more likely to live in low-income households. Those entitled to the Disabled Persons Freedom Pass would not be directly impacted by an increase in the Oyster card fee. There would also be no direct impact by an increase in fares to Heathrow.
- 3.10 Young Londoners are unlikely to be negatively affected by the Oyster card proposal because of the availability of concessionary schemes. In addition, younger people are more likely to use contactless and so be unaffected.
- 3.11 Londoners on low income tend to be women; older Londoners; Black, Asian and Minority Ethnic Londoners; disabled Londoners; and those not in work. As is identified in the Oyster fee EqlA, concessionary schemes are available that may support those on low incomes and help them avoid the direct impact of an increase in the Oyster card fee. There would be some impact on the cost of fares to Heathrow to these concessionary scheme card holders.
- 3.12 To further support any increase in fares that could impact Heathrow staff, Heathrow Airport Limited (HAL) and TfL are considering the introduction of a staff concession scheme as well as a change to the free-travel boundary for Heathrow to include Hatton Cross LU station. It is anticipated that over 1,000 regular journeys would benefit from this.
- 3.13 In relation to the proposal of increasing the Oyster fee from £5 to £7 and to make it non-refundable, TfL consulted with the following organisations, who did not raise any issues or concerns: Citizens Advice; The Salvation Army; The Trussell Trust; The Felix Project; The Independent Food Network.

- 3.14 In relation to the proposal to apply a peak fare to all journeys to/from Heathrow that include Zone 1 travel, following consultation TfL received the following feedback: HAL expressed concerns that the proposal would discourage sustainable travel. Their main concern is for Heathrow staff and the impact it will have on them, as well as making it harder for HAL to recruit for the significant number of vacancies they have. The London Borough of Hounslow asked for transport modelling to be carried out to better understand the potential effects of traffic on the A4 and M4, which pass through Hounslow. They did feel reassured that borough residents would not be directly impacted but they did express concern for HAL workers who would be impacted, though they acknowledge weekly caps would help minimise costs for frequent trips. Heart of London Bid Authority say they recognise the budget pressures TfL faces and that an additional £2 each way for a tourist is not a “game changer”. Their main concerns were how it would make London less desirable to visitors and the impact on lower income travellers. New West End Company expressed no concerns.
- 3.15 The Mayor is required to consider the potential equalities impacts identified in the EqlAs (some key points from which are identified above), and any mitigations in place, at the time a decision to direct is made in relation to the fare proposals in this paper. The proposal will help to ensure TfL delivers on the commitment to be financially sustainable by 2023. The use of contactless payment will continue to be promoted and will provide a safe and easy way to pay. For those opting for Oyster, cards are available at all Tube and London Overground stations.
- 3.16 TfL’s EqlAs, which have helped inform the mitigating factors set out above, consider that any negative impacts of the proposals are justified. The funding package agreed with the government and TfL will help contribute to the requirement from the government to be financially sustainable by 2023. It is considered that, although those directly affected will have to pay more to get an Oyster card, and more to travel to and from Heathrow via Zone 1 (with associated consequences as identified above), the broader benefits of ensuring ongoing funding of TfL to provide its core services will be of greater benefit to broader population, particularly key workers who are reliant on public transport.

4 Other considerations

Key risks and issues

- 4.1 GLA officers consider that all implementation risks have been addressed above.

Links to Mayoral strategies and priorities

- 4.2 The MTS highlights the importance of improving transport for all Londoners; and, in doing so, of ensuring that transport costs are affordable. For some, particularly those on lower incomes, costs may be increased by the proposed change to the Oyster card fee, from £5 to £7; making the fee non-refundable; and all-day peak fares on TfL services to/from Heathrow, that travel through and into Zone 1. However, these proposals play a part in ensuring TfL can continue to deliver its core transport investment programme and ensuring the maintenance of TfL’s bus and rail services. Changes in passenger behaviour as a result of the pandemic means that passenger-fares income remains depressed, with little certainty as to when it may recover. The changes proposed will ensure the continued delivery of the transport objectives of the London Plan and the MTS.

Consultation and assessment of the impacts of the proposals

- 4.3 The Mayor is not required to conduct a consultation in relation to fares prior to making a direction. However, TfL have discussed the proposals with Citizens Advice; The Salvation Army; The Trussell Trust; the Felix Project; The Independent Food Network; Heathrow Airport Limited; The London Borough of Hounslow; Heart of London Bid; New West End Company. A summary of feedback has been set in paras 3.13 and 3.14 and is included in full in the attached appendices.

Communicating and implementing the proposed changes

- 4.4 TfL will update fares information on the TfL website, setting out the application of peak fares for all journeys travelling to/from Heathrow, through or into Zone 1. Updates on the changes to the Oyster fee and the reimbursement will be published on the TfL website.

Conflicts of interest

- 4.5 There are no conflicts of interest to note for those involved in drafting or clearing this decision.

5 Financial comments

- 5.1 There are no direct financial implications for the GLA from these proposals and TfL will manage the income from fares.

6 Legal comments

- 6.1 The Mayor may issue general directions, under section 155(1)(b) of the GLA Act 1999, as to the manner in which TfL is to exercise its functions, as well as, under section 155(1)(c), specific directions as to the exercise of TfL's functions. Under section 174(1) of the GLA Act 1999, 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 public passenger transport services (provided by TfL or other persons who provide services under agreement with TfL) are determined. This decision is consistent with those statutory obligations.
- 6.2 Under section 149 of the Equality Act 2010, due regard must be had, when the Mayor exercises a function such as the making of this decision, to the equalities obligations referred to in section 3, "Equality comments", above. Consideration is given above to the likely effects of the fare proposals on key protected groups.

7 Planned delivery approach and next steps

Activity	Timeline
Mayoral Decision and Direction to TfL	August 2022
Announcement	August 2022
Planned start date	4 September 2022

Appendices and supporting papers

- Appendix 1: Direction to TfL
- Appendix 2: Extracts from 'The Review'
- Appendix 3: Equality Impact Assessment

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:

Katherine Stretton has drafted this report in accordance with GLA procedures and confirms the following:

✓

Sponsoring Director:

Philip Graham has reviewed the request and is satisfied it is correct and consistent with the Mayor's plans and priorities.

✓

Mayoral Adviser:

Seb Dance has been consulted about the proposal and agrees the recommendations.

✓

Advice:

The Finance and Legal teams have commented on this proposal.

✓

Corporate Investment Board

This decision was agreed by the Corporate Investment Board on 30 August 2022

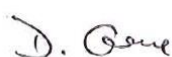
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EXECUTIVE DIRECTOR, RESOURCES:

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

Signature

Date



30/8/22

CHIEF OF STAFF:

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

Signature

Date



30/8/22