



Mr John Biggs AM  
Chairman of the Budget and Performance Committee  
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Dear John

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## **Balancing Act: The Mayor's 2011 Fares Decision**

This letter is an addendum to Transport for London's original response to your report on fares, *Balancing Act*, and addresses two further recommendations contained in the report.

Recommendation 3 of the report states:

*In its response to this report by the end of September, TfL should show what assessment it has done of the implications for the affordability of public transport of the average fares rise of around seven per cent it says it is likely to recommend for January 2011.*

TfL's assessment is that public transport in London will remain affordable following the RPI+2 per cent increases in January 2011. As you know, this contrasts with the Government's decision to lift the cap on regulated rail fares to RPI+3 per cent for the three years from 2012.

In cash terms, from 2 January 2011, bus users will pay just 10p more per Oyster pay as you go journey and Tube users will pay between 10p and 30p more.

On the buses, over 30 per cent of users already travel free and nearly 10 per cent now pay discounted fares, as a result of the Mayor's expansion of the bus and Tram half fare schemes for the least well off. Although real bus fares have increased since their low point just prior to 2008, the average fare paid in 2011 will remain comparable to that in 2001/02. Including concessions, the average bus fare per journey will be just 60p, which compares favourably with an average bus fare of £1 in other UK cities.

On the Tube, the average fare paid per journey is currently up only 1 to 2 per cent year on year, representing a real terms decline, year on year, of up to 3 per cent, relative to RPI. More generally, relative to average London earnings, the Tube per

journey fare has changed little since 2005/06. Affordability relative to this indicator is also expected to be broadly maintained in 2011.

In recommendation 4, the report comments:

*TfL's response to this report should include an assessment of the likely implications for modal shift of a number of options for the distribution between the modes of its preferred RPI plus two per cent fares rise.*

The January 2011 fare changes are not expected to have a material effect on modal share. Since 2000, the proportion of journey stages in London made by public transport has increased from around 33 per cent to 40 per cent and this increased journey share is expected to be maintained in 2011.

The 2011 fare changes will be spread evenly between bus and Tube. It is not felt that a different balance would have been appropriate or would have led to a materially different result.

In January 2010, bus fares increased by around 13 per cent while Tube fares increased only marginally due to the railway fares freeze imposed by the Department for Transport. Bus travel in 2010 has nonetheless increased compared with 2009, indicating minimal impact on modal share.

A number of features of the 2011 package are intended to encourage public transport trips on both bus and Tube. These include the new off-peak PAYG Tube fare to central London in the evening peak; the freezing of the off-peak PAYG Tube fare for one and two zones outside central London; the small increase in the One day Bus cap; and the new 65p off-peak PAYG flat fare for under 16s which covers the Tube, the trains and through train-Tube journeys

I hope this additional information is helpful.

Yours sincerely



Steve Allen  
**Managing Director Finance**