

GREATER **LONDON** AUTHORITY

[REDACTED]
(By email)

Our Ref: MGLA130320-5075

9 April 2020

Dear [REDACTED]

Thank you for your request for information which the Greater London Authority (GLA) received on 13 March 2020. Your request has been dealt with under the Freedom of Information Act (FOI) 2000.

You asked for:

I would like a copy of all emails from everyone working in the Mayor's office as well as the Deputy Mayor for Transport and her advisors which relate to the TFL fares freeze policy from 9-13 March 2020.

Our response to your request is as follows:

Please find attached the information we have identified as within scope of your request.

If you have any further questions relating to this matter, please contact me, quoting the reference at the top of this letter.

Yours sincerely

[REDACTED]
Information Governance Officer

If you are unhappy with the way the GLA has handled your request, you may complain using the GLA's FOI complaints and internal review procedure, available at:

<https://www.london.gov.uk/about-us/governance-and-spending/sharing-our-information/freedom-information>

[REDACTED]

From: Tim Steer
Sent: 10 March 2020 13:08
To: Heidi Alexander
Cc: [REDACTED]
Subject: Lines of fares freeze

Hi Heidi

[REDACTED] and I have been thinking about our best lines defending the fares freeze from accusations that it has affected the Mayor's/TfLs ability to invest in public transport. This has been stimulated in particular because I was challenged on it recently by an MHCLG official ('what should I say to ministers when they raise this point') but it is also helpful more widely – e.g. your session at the Transport Committee. It's also clear it's going to be a big issue in discussions with government during the spending review process.

What do you think of the below as a base to work from for different circumstances? One particular question is around the para that talks about the cost of the fares freeze being a drop in the ocean. TfL government relations is pushing back against using that argument as they feel it's a red rag to a bull – i.e. giving the number just demonstrates ministers' point – but I think my view is that that £640m is already well out there and that we need to address it head-on.

Note that we've previously used stronger and more definitive lines about the freeze protecting our ridership relative to elsewhere where fares have gone up, but that analysis was from 2018 and I understand that more recent data doesn't necessarily support that narrative so strongly.

Thoughts gratefully received.

Tim

By freezing TfL pay as you go fares for four years in a row, the Mayor has made affordability of travel for everyone who lives, works and visits London a top priority. In contrast, National Rail fares have risen by nearly 10 per cent over the same period. **HOPPER FARE**

TfL's revenue and demand forecasting contains an evidence-backed assumption on the fares elasticity of demand. This states that for every 10% increase in fares, demand will reduce by 3% **HOW MUCH DOES THIS MEAN IN REVENUE**. This also works in the other direction – so a 10% decrease in fares will equate to a 3% increase in demand.

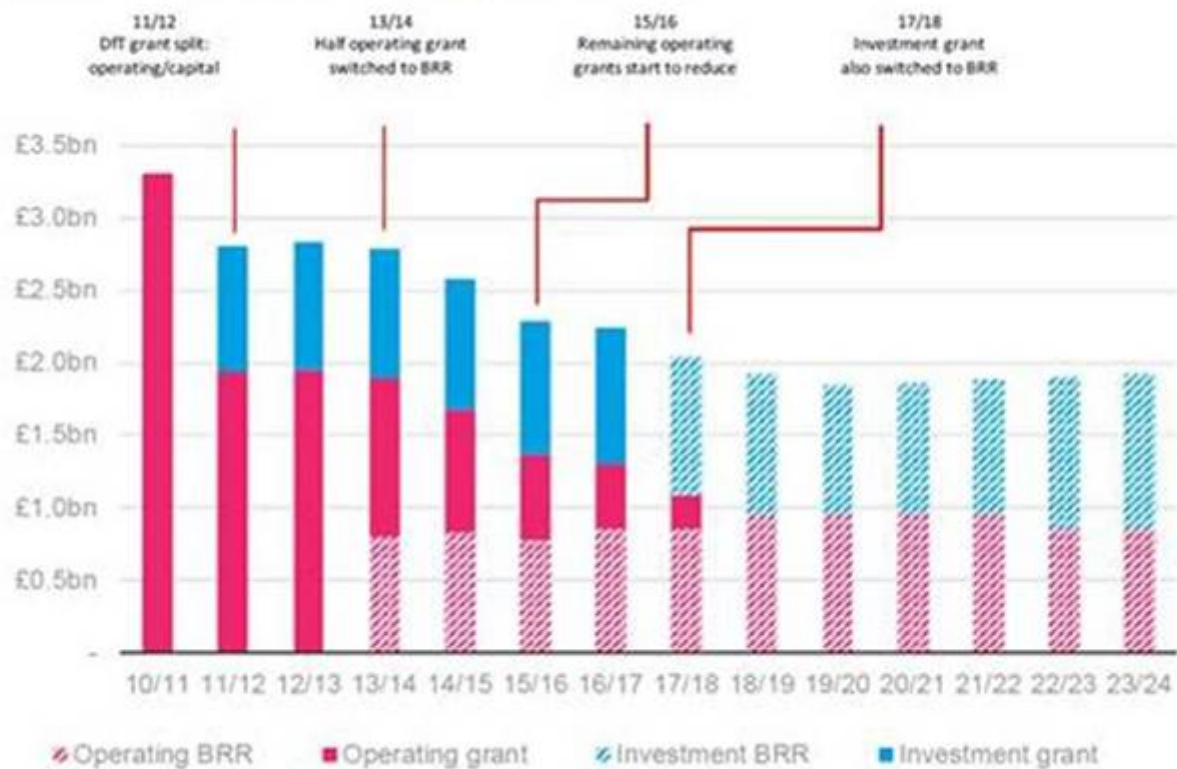
This means the freeze of TfL fares helped offset the decline in travel demand seen elsewhere in recent years, with Tube ridership growing from 1.378bn journeys a year in 2016/17 to 1.414bn expected in 2019/20. Passenger income from ridership is also currently forecast to be £116m better than compared to the same time last year, following strong ridership on the London Underground in the first half of 2019/20. (Passenger income trends of course continue to be unpredictable - consistent with the latest news on economic performance.)

The cost of the fares freeze – estimated at a total of £640m over four years – is a drop in the ocean compared to the infrastructure investment we require. London’s transport needs from 2018-41 are approximately £445bn, with an estimated public sector funding gap of £32bn over the period, so Government investment in our infrastructure is vital in supporting the growing population.

Other factors have also been much more important in constraining TfL’s financial position. The withdrawal of the direct operating subsidy and Crossrail (delayed fare income and additional capital costs) are the two issues which have had the most material impact on TfL’s finances.

TfL’s external income - whether direct from Government or from business rates - has dropped by 40% since 2010 (see chart below). The impact of the loss of general grant over the last four years is between £2bn and £6bn, depending on the baseline point chosen (see table below), which is 3-8 times the cost of the four-year fares freeze.

Figure 4.16: Change in TfL funding 2010/11 to 2023/24



Source: TfL
 Note: Excludes one off or exceptional payments, such as funding for Crossrail, London Overground

	Loss of government support 16/17 - 19/20	Impact of fares freeze 2016 - 2020	Multiplier
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General Grant compared to 2014 funding letter	(£1,985m)	(£640m)	3.1
Government support compared to 2010/11 funding level	(£5,199m)	(£640m)	8.1

[Redacted]

From: [Redacted]
Sent: 06 March 2020 13:52
To: [Redacted]
Subject: RE: BRIEFING: MTS prep session tomorrow

[Redacted information out of scope of the request]

[Redacted]

I didn't want to drop these in as not sure where you've got to on edits and it may be easier to wait until we have more info back next week, but a few thoughts on some additional budget questions, and coronavirus lines are below

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

Q: Has your decision to freeze fares tied TfL's hands in what it can afford to do?

- The fares freeze has made travel **more affordable and accessible** for all Londoners and evidence suggests its help to offset the decline in demand seen elsewhere.
- The cost of the fares freeze is a drop in the ocean compared to the infrastructure investment we require but it has saved Londoners money over the last four years - a reset was desperately needed, given the 42% increase in TfL fares under the previous Mayor.
- The complete withdrawal of the direct operating subsidy, which only a few years ago was worth £700m a year to TfL, added to the delayed fare income and additional capital costs of Crossrail are the two issues which have had a significant material impact on TfL's finances – not the fares freeze.
- It was estimated as costing £640m over the four years of the mayoralty and is covered through efficiencies identified in TfL's previous business plans

[REDACTED]

I [REDACTED]

I [REDACTED]

I [REDACTED]

I [REDACTED]

I [REDACTED]

I [REDACTED]

[REDACTED]

[REDACTED]

From: [REDACTED]
Sent: 12 March 2020 16:27
To: [REDACTED]
Cc: +Corporate Affairs; [REDACTED]; Tim Steer
Subject: RE: Fares freeze

Thanks very much

From: [REDACTED]@tfl.gov.uk>
Sent: 12 March 2020 16:26
To: [REDACTED]@london.gov.uk>
Cc: +Corporate Affairs [REDACTED]@tfl.gov.uk> [REDACTED]@tfl.gov.uk>; Tim Steer [REDACTED]@london.gov.uk>
Subject: RE: Fares freeze

And this is from Heidi's latest briefing for the MTS session

1. Hasn't the Mayor's fares freeze just stifled TfL's ability to pay for much-needed transport upgrades?

- ☐ The Mayor has made making travel affordable for everyone who lives, works and visits London a top priority, freezing TfL pay as you go fares for four years in a row.
- ☐ In contrast, National Rail fares have risen by nearly 10 per cent over the same period. The Mayor has called on the Government to freeze fares on the rest of the rail network, allowing Travelcards to be included and avoiding higher costs for London's suburban rail passengers.
- ☐ TfL's revenue and demand forecasting contains an evidence-backed assumption on the fares elasticity of demand. This states that for every 10% increase in fares, demand will reduce by 3%. This also works in the other direction – so a 10% decrease in fares will equate to a 3% increase in demand
- ☐ This means the freeze of TfL fares helped offset the decline in travel demand seen elsewhere in recent years, with Tube ridership growing from 1.378bn journeys a year in 2016/17 to 1.414bn expected in 2019/20. Passenger income from ridership is also currently forecast to be £116m better than compared to the same time last year, following strong ridership on the London Underground in the first half of 2019/20. However, passenger income trends continue to be unpredictable - consistent with the latest news on economic performance.
- ☐ The cost of the fares freeze – estimated at a total of £640m over four years – is a drop in the ocean compared to the infrastructure investment we require. London's transport investment needs from 2018-41 are approximately £445bn, with an estimated public sector funding gap of £32bn over the period, so Government investment in our infrastructure is vital in supporting the growing population.
- ☐ Other factors have also been much more important in constraining TfL's financial position. The withdrawal of the direct operating subsidy and Crossrail (delayed fare income and additional capital costs) are the two issues which have had the most material impact on TfL's finances.
- ☐ TfL's external income - whether direct from Government or from business rates - has dropped by 40% since 2010 (see chart below). The impact of the loss of general grant over the last four years is

between £2bn and £6bn, depending on the baseline point chosen (see table below), which is 3-8 times the cost of the four-year fares freeze.

NB: The cost of JNAT was £600m

From: [REDACTED]
Sent: 12 March 2020 16:23
To: [REDACTED] <[\[REDACTED\]@london.gov.uk](mailto:[REDACTED]@london.gov.uk)>
Cc: +Corporate Affairs [REDACTED] <[\[REDACTED\]@tfl.gov.uk](mailto:[REDACTED]@tfl.gov.uk)>; [REDACTED] <[\[REDACTED\]@tfl.gov.uk](mailto:[REDACTED]@tfl.gov.uk)>; TIM STEER
[REDACTED] <[\[REDACTED\]@LONDON.GOV.UK](mailto:[REDACTED]@LONDON.GOV.UK)>
Subject: Fares freeze

[REDACTED] as discussed this is from 4 February

Q: TfL's levels of borrowing have increased year on year, while at the same time a freeze on fares has been imposed. Has this political decision to freeze fares tied TfL's hands and required it to look to other sources of funding?

A: The fares freeze has made travel more affordable and accessible for all Londoners.

The cumulative increase in National Rail fares set by the private rail companies since 2016 will have been around 10 per cent – whereas our fares have been frozen.

Our fares also rose by 42 per cent under the previous Mayoralty. This fares freeze, on the other hand, has re-baselined the cost of travelling for future years, making it more affordable for all Londoners.

Evidence suggests that the benefits of the fares freeze has helped cushion London from the severity of impacts seen elsewhere around the country. Passenger income from ridership is also currently forecast to be £116m better than compared to the same time last year.

[REDACTED]
Corporate Affairs Manager

[REDACTED]
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