

From: Jonathan Edwards
Sent: 27 May 2016 12:51
To: 'Gasson Sarah'
Cc: Matt Brown; [REDACTED]
Subject: RE: Fares...

Hiya – next week already looks to have several announcements lined up – but no sign/discussion of fares as far as I am aware.

May have a better idea at the start of next week. Sam will be able to raise at their morning meeting on Tuesday. Lets catch up then?

Cheers

Jon

Jonathan Edwards
Senior Press Officer
Mayor of London's Press Office
[REDACTED]

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From: Gasson Sarah [REDACTED]
Sent: 27 May 2016 12:21
To: Jonathan Edwards
Cc: Matt Brown; [REDACTED]
Subject: Fares...

Hi mate,

Any more idea when your end will want to do this one...?

Just to remind you Mike and the Mayor are up at Functional Body Question Time on Wednesday 8th June.

The Qs are below:

TfL – past and future

Question no 2016/1789

Florence Eshalomi

Given the transport legacy left for you by your predecessor, and the significant cuts in government grant faced by TfL, are you still confident that TfL will be able to deliver your manifesto?

Mayor's Transport Manifesto

Question no 2016/1835

Keith Prince

How much of the Mayor's Transport Manifesto is likely to be achieved over the next four years?

Reducing traffic in London

Question no 2016/1836

Caroline Russell

Will you make traffic reduction an explicit goal of your Transport Strategy?

Black Cab Trade

Question on 2016/1847

David Kurten

What are you going to do to protect the black cab trade in London, particularly as many black cab drivers fear they will incur large costs and be forced out of business if the ULEZ is implemented?

Cheers

Sarah

Sarah Gasson | Chief Press Officer – Strategy & Campaigns

Transport for London | TfL Press Office, 11th Floor, Windsor House, 42-50 Victoria Street, London, SW1H 0TL

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From: Jonathan Edwards
Sent: 23 May 2016 13:52
To: 'Canning Thomas'
Cc: Gasson Sarah
Subject: RE: Fares press release

Thanks mate – perfect timing as about to hit send to the team upstairs.

Jonathan Edwards
Senior Press Officer
Mayor of London's Press Office
[REDACTED]

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From: Canning Thomas [REDACTED]
Sent: 23 May 2016 13:50
To: Jonathan Edwards
Cc: Gasson Sarah
Subject: RE: Fares press release

Also - the two thirds figure is correct.

Tom

From: Jonathan Edwards [REDACTED]
Sent: 23 May 2016 12:25
To: Canning Thomas
Cc: Gasson Sarah
Subject: RE: Fares press release

Thanks mate

Jonathan Edwards
Senior Press Officer
Mayor of London's Press Office
[REDACTED]

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From: Canning Thomas [REDACTED]
Sent: 23 May 2016 12:24
To: Jonathan Edwards
Cc: Gasson Sarah
Subject: RE: Fares press release

Sorry – this should have read:

TfL will now work with the Mayor and TfL Board to deliver a new, balanced 'Transport Plan for London' covering his full term that grips costs, maximises the

efficient delivery of TfL's huge £2 billion a year investment programme and looks for further ways in which to raise other revenue.

From: Jonathan Edwards [REDACTED]
Sent: 23 May 2016 12:15
To: Gasson Sarah; Richard Wood; Samantha Hart
Cc: Brown Matt; Henshaw Jenna; Canning Thomas; Beaney Joanne
Subject: RE: Fares press release

Thanks Sarah – I think plan might be briefing around MQs without news release – but back to you when I have a firm steer.

Cheers

Jon

Jonathan Edwards
Senior Press Officer
Mayor of London's Press Office
[REDACTED]

Follow the Mayor of London's Press Office on Twitter: @LDN_PressOffice

From: Gasson Sarah [REDACTED]
Sent: 23 May 2016 12:12
To: Richard Wood; Jonathan Edwards; Samantha Hart
Cc: Matt Brown; [REDACTED]; Canning Thomas; Beaney Joanne
Subject: Fares press release

Sam / Jon / Richard,

Please find below our first draft of the fares press release, based on the content from the briefing paper and Q&A. Is the plan still for Sadiq to announce this at MQTs on Wednesday?

Also – in terms of broader media briefings, would you like us to support and line up spokespeople at this end or will you be covering direct?

Happy to chat through if any of the below not clear. We are just waiting to fact check the bit highlighted but didn't want to hold off getting this to you for review.

Thanks

Sarah

First savings found to fund Mayor's fares freeze on TfL services

- **Mayor and TfL Commissioner announce major savings programme at TfL including organisational restructuring, cuts to expensive agency staff and better value procurement**
- **Further action underway to identify savings to fund the TfL fares freeze for the full Mayoral term**

- **Freeze will benefit millions of Londoners who travel on the London Underground, TfL rail services, buses and trams**

Mayor of London Sadiq Khan and London's Transport Commissioner Mike Brown today announced a major efficiency savings programme to enable fares on Transport for London (TfL) services to be frozen until 2020 while protecting vital investment in the transport network.

TfL will carry out a root and branch review of its business to eliminate unnecessary duplication in its operations, obtain greater value from its vast procurement activity, significantly cut reliance on expensive agency staff and stop IT projects which only deliver limited benefits. This has already identified savings to cover the first two years of the fares freeze on TfL services (January to March 2016/17 and 2017/18) through:

- A fundamental review of TfL's organisational structure to review management layers and eliminate wasteful duplication across all its functions, including bringing together engineering operations and IT departments (estimated saving £20-25m)
- Improved procurement and renegotiation of contracts from suppliers and other third party spend which accounts for over two thirds **[check]** of TfL's total budget (estimated saving £50-60m)
- The reprioritisation and consolidation of IT projects which delivered relatively low benefits (estimated saving £20-30m)
- Freezing recruitment for all but the most essential roles and significantly cutting the most expensive of the existing circa 3,000 agency contractors currently engaged by TfL. A reduction of over 100 IT contractors alone will save around £2m

To tie in with the fares freeze on TfL services, the base pay of the Commissioner and other senior staff (around 70 in all) will be frozen for the full Mayoral term. The Mayor will personally review any future appointments with a base salary over £150,000 a year and has ordered a review of free travel for the nominees of staff earning a base salary over £100,000 a year.

TfL will now work with the Mayor and TfL Board to deliver a new, balanced 'Transport Plan for London' covering his full term that grips costs, maximises the efficient delivery of TfL's huge £xx billion a year investment programme and looks for further ways in which to raise other revenue. This plan will deliver the Mayor's manifesto commitments and include taking forward Crossrail 2, upgrades of London Underground lines, more investment in cycling and improving London's road network. This plan will be published in the autumn.

The fares freeze on TfL services will put money back into the pockets of hard working Londoners. An average household will save around £200 over the four years. For example, regular users of the bus and tram 7-day pass will save around £400 over the four year term. In 2020, a bus journey will still cost £1.50 and a Tube journey from Finsbury Park to Oxford Circus will still cost £2.90 in the peak and £2.40 at all other times.

The Mayor of London, Sadiq Khan, said: "Londoners currently pay some of the highest public transport fares anywhere in the world. My fares freeze on TfL services will make life easier for millions of people and will ensure that London becomes a more affordable city for all. To deliver this, I am working with London's Transport Commissioner, Mike Brown, on a root and branch savings and efficiencies review of TfL, cutting duplication and waste while continuing to improve the transport network for everyone."

London's Transport Commissioner, Mike Brown, said: "We are taking action to ensure that TfL is the most efficient and effective organisation it can be. By changing the way we are organised, by driving efficiency in every part of our business and by looking for further ways in which to generate more non-fares revenue, we will deliver

a transport network that continues to meet the needs of a rapidly growing London while keeping transport affordable.”

Earlier this month, the Mayor announced that his other key fares pledge – the one hour “Hopper” fare – will be introduced this September. The Hopper fare will automatically apply to anyone who uses 'pay as you go' on Oyster cards or contactless payment cards to make an additional bus or tram journey for free within one hour of when they first touched in.

For the vast majority of customers, this will mean an end to having to pay two fares when changing bus routes within an hour and will benefit Londoners on lower incomes who often rely on the bus network to get around. The ability to make unlimited bus transfers within an hour will be delivered by the end of 2018, but with an aim of doing so sooner.

Ends

Notes to Editors:

- The four year fares freeze on TfL services will cover all single journeys made on London Underground, buses, London Overground, TfL Rail, Docklands Light Railway, London Tramlink and the Emirates Air Line.
- As TfL assumes responsibility for more suburban rail services, particularly in south London, these fares will also be covered by the freeze. Santander Cycles fares will be frozen for the Mayoralty as well.
- While the Mayor only has the power to set fares on TfL services only, nearly everyone who travels into London will benefit from the freeze.
- Every month at least seven million customers will benefit all the time as they do not reach 'caps' on pay as you go fares or do not use Travelcards where the fare is set by the Department for Transport according to national Government fares policy. Each month a further four million customers will benefit from the freeze whenever they use TfL services for part of their journeys.
- The estimated impact on fares revenue is determined by forecasts of a number of variables, including inflation (where a basket of official forecasts have been used) and passenger growth.

- Using official forecasts for inflation (1.9 per cent in 2016 and 3.5 per cent thereafter) and passenger growth set out in the previous Mayor's TfL Business Plan, it is estimated that freezing TfL fares over the 4 year period of the Mayoralty (until May 2020) will reduce revenue by up to £640m. The first two years of the freeze is estimated to cost up to £110m.
- However, this can only ever be an estimate. The actual impact will depend on what actually happens to inflation and passenger growth. In recent years, inflation has tended to come in lower than official forecasts. If this happens again, the impact on revenue will be lower.

Sarah Gasson | Chief Press Officer – Strategy & Campaigns

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From: Jonathan Edwards
Sent: 07 June 2016 12:26
To: 'Gasson Sarah'
Cc: Matt Brown
Subject:

Sarah – I think we can say this reading it again?

- We were asked for an estimate of the impact of a freeze of all fare revenue (ie the elements controlled by the Mayor and the DfT). So the early 2015 number was based on the assumption that all TfL fares (controlled by the Mayor) and Travelcards and daily/weekly caps (effectively controlled by the DfT) would be frozen over the course of the previous Mayor's five year TfL Business Plan (to April 2021). The forecast of up to £640m is based on a fares freeze that covers TfL controlled fares - ie 'pay as you go' fares and not daily/weekly Oyster/contactless caps and Travelcards WHICH INVOLVE SERVICES OUTSIDE THE TfL NETOWRK *IS THIS RIGHT?*

Jonathan Edwards
Senior Press Officer
Mayor of London's Press Office


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[REDACTED]

From: Jamie O'Hara
Sent: 17 May 2016 14:29
To: Duncan MacVicar
Subject: Fares
Attachments: Fares freeze.docx

Thanks Duncan. I'm keen he reads this (ahead of the announcement on Thursday).

J

From: Duncan MacVicar [REDACTED]
Sent: 17 May 2016 14:26
To: O'Hara Jamie
Subject: RE: Fares

J

Nick is in Westminster and not on BB until around 3.45 – sure he will get back then.

D

Duncan MacVicar
Senior PA – Mayor's Office
Leah Kreitzman - Mayoral Director of External & International Affairs
Nick Bowes - Mayoral Director of Policy

Email: [REDACTED] | DD: [REDACTED]

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From: O'Hara Jamie [REDACTED]
Sent: 17 May 2016 14:23
To: Nick Bowes
Cc: Duncan MacVicar
Subject: Fares

Nick

I'm attaching the briefing on the fares freeze as well as a Q&A we've put together, which is being shared separately with the press office. If you want us to come over tomorrow to discuss, we'd make ourselves available at whatever time.

Thanks

Jamie

FARES FREEZE

Will you deliver the Mayor's fares freeze?

Yes. We have already taken steps to identify how the first two years of the freeze will be funded and a plan for the full 4 year period of the Mayoralty will be set out in a new Transport Plan for London in the autumn.

How much will the fares freeze cost to deliver?

The estimated impact on fares revenue is determined by forecasts of a number of variables, including inflation (where a basket of official forecasts are used) and passenger growth.

Using official forecasts for inflation (1.9 per cent in 2016 and 3.5 per cent thereafter) and passenger growth set out in the previous Mayor's TfL Business Plan, it is estimated that freezing TfL fares over the 4 year period of the Mayoralty (until May 2020) will reduce revenue by up to £640m.

However, this can only ever be an estimate. The actual impact will depend on what actually happens to inflation and passenger growth. In recent years, inflation has tended to come in lower than official forecasts. If this happens again, the impact on revenue will be lower.

You previously said that this would cost £1.9bn and now you are saying £640mn. How come?

As we made clear on many occasions, the estimated impact on fares revenue is uncertain because it has to be determined by forecasts of a number of variables, including the future path for inflation and passenger growth.

We were asked by a number of stakeholders in early 2015 for an estimate of what a total freeze of all fare revenue (ie both the elements controlled by the Mayor and the DfT) would cost over the five years of the previous Mayor's TfL Business Plan. This was because previous real terms freezes in fares, delivered with a financial contribution by the the DfT, had covered all fare revenue and not just the revenue directly controlled by the Mayor.

So the difference is explained by:

- The period covered by the 2015 estimate was the five years of the previous Mayor's TfL Business Plan rather than 4 years of the Mayoralty. So there is a big difference driven by a one year mismatch in time period
- Actual inflation and ridership growth since 2015 has in fact been lower than forecast. Official forecasts of inflation for 2016 have fallen from 3.5 per cent to 1.9 per cent and actual bus passenger ridership has been lower
- We were asked for an estimate of the impact of a freeze of all fare revenue (ie the elements controlled by the Mayor and the DfT). So the early 2015 number was based on the assumption that all TfL fares (controlled by the Mayor) and Travelcards and daily/weekly caps (effectively controlled by the DfT) would be frozen over the course of the previous Mayor's five year TfL Business Plan (to April 2021). The forecast of up to £640m is based on a fares freeze that covers TfL controlled fares - ie 'pay as you go' fares and not daily/weekly Oyster/contactless caps and Travelcards.

Unlike in previous years (when fares were frozen in real terms), the DfT has made clear as part of the outcome of the 2015 Spending Review that there will be no money given to TfL to fund a fare freeze.

The Mayor continues to make the case for these fares to be frozen by Government as well as for more suburban rail services to be transferred to TfL as quickly as possible so that even more Londoners would benefit from his fares policy.

The Mayor has control over Bus and Tram pass caps and so these will be frozen.

£640m is still higher than the £450m stated in the Mayor's manifesto – do you therefore agree that his maths was wrong?

No. As we made clear on many occasions, fare revenue is affected by a range of variables. Estimates of the financial impact of a TfL fares freeze depend on the assumptions made about growth in demand (including the opening of the Elizabeth line) and the future path of inflation. Inflation has tended to come in lower than official forecasts, so it is perfectly legitimate to take a different view. For the purposes of TfL's Business Plan however, official forecasts for inflation have been used.

How many people will benefit from the fares freeze?

Nearly everyone who travels in London will benefit from the freeze on TfL services at some point in time.

There are seven million customers who will benefit all the time because they do not reach caps or use Travelcards. A further four million customers will benefit some of the time (e.g. because they don't always use a Travelcard, don't use only National Rail all the time or benefit from the freeze on the TfL part of their journeys).

About four per cent of customers will not benefit – those who only use National Rail services and those who only use a Travelcard. They will see their fares rise in line with the Government's national fares policy, which is RPI only. However, when TfL takes over more suburban rail services in the future even more people will benefit all of time.

Why does it not include Travelcards and caps. Doesn't this mean Londoners won't benefit?

The Mayor only has the power to set fares on TfL services and nearly everyone who travels in London will benefit from the freeze on TfL services at some point in time.

The DfT has made it clear following the 2015 Spending Review around that no money will be given to TfL to fund a fares freeze. This means that, if all fares were frozen (including those effectively set by the DfT), TfL would have to compensate the DfT for the loss of revenue to Train Operating Companies revenue.

The Mayor continues to make the case for these fares to be frozen by Government as well as for more suburban rail services to be transferred to TfL as quickly as possible, meaning that more Londoners would benefit from his fares policy.

What is TfL basing RPI predictions on?

The RPI forecast has been based on a range of independent forecasts, including the Office for Budget Responsibility, the Bank of England and GLA Economics and other financial institutions. This gives us RPI assumptions of the following:

- o July 2016: 1.9%
- o July 2017: 3.5%
- o July 2018: 3.5%
- o July 2019: 3.5%

However, clearly different economic benchmarks could be used.

If RPI is higher than predicted, will you review the fares freeze?

Fares are set annually by the Mayor and, as part of our business planning, we will of course ensure that any change to RPI forecasts are taken into account. However, we do not believe that a change to RPI would affect our ability to deliver the Mayor's fares freeze.

Based on these predictions – how much will a 1-6 travel card cost in 2020?

Based on the assumption that Travelcards will rise by RPI:

Zone 1-6 Adult Travelcards at RPI			
Year	7 Day	Monthly	Annual
2016	£58.60	£225.10	£2,344
2017	£59.70	£229.30	£2,388

2018	£61.70	£237.00	£2,468
2019	£63.80	£245.00	£2,552
2020	£66.00	£253.50	£2,640

Based on these predictions – how much will the daily bus cap be in 2020?

The Bus and Tram cap will stay the same as it is today (£4.50 per day).

Will you be calling on Government and TOCs to freeze fares as well?

Yes. The Mayor continues to make the case to Government to ensure that all fares are as affordable, as well as call on the Government to transfer more suburban rail services to TfL.

If TfL takes over new rail lines, will those fares be frozen as well?

Yes. The Mayor has committed to a fares freeze on all TfL operated services.

When will fares on the Elizabeth line be announced?

Fares for the Elizabeth line will be announced prior to services beginning in 2018.

Will Santander Cycles fares be frozen as well?

Yes. As stated in the Mayor's manifesto, Santander Cycles fares will be frozen for the Mayoralty as well.

DELIVERING FARES FREEZE

How will TfL pay for this fares freeze?

To deliver the fares freeze, TfL will be turning over every stone to ensure that we complete the existing programme of savings to deal with the £2.8bn revenue grant cut and the financial impact of the fares freeze.

TfL has already taken action to secure the cost of the fares freeze in 2016/17 (1e January to March only) and 2017/18 by:

- a fundamental review of TfL's organisational structure to take out some management layers and eliminate wasteful duplication e.g. merging engineering functions and combining IT functions (estimated saving £20-25m)
- improved procurement and renegotiation of contracts from existing suppliers (estimated saving £50-60m)
- the reprioritisation and consolidation of many small IT projects (estimated saving £20-30m)
- halting recruitment for all but the most essential roles and reducing in the number of contractors e.g. a reduction of over 100 IT contractors saves around £2m
- The base pay of the Commissioner, Managing Directors and Directors (around 70 staff) will be frozen for the full Mayoral term.

In addition, the Mayor will personally review any future appointments with a base salary over £150,000 a year and will order a review of free travel for the nominees of staff earning a base salary over £100,000 a year.

TfL will also work with the Mayor and the new TfL Board to deliver this autumn a new, balanced 'Transport Plan for London' that grips costs and prioritises investment.

When will the organisational restructure take place?

The organisational restructure is already underway.

This only covers up to April 2018. How confident are you that you will deliver savings after this point?

We are confident that we will be able to deliver the fares freeze over the full term of the Mayoralty.

How does this affect the savings required due to the cut in Government funding?

Through the creation of a new 'Transport Plan for London', we are confident we will be able to deliver these savings as well as cover the £2.8bn reduction in Government subsidy.

When will the new Transport Plan for London be published?

The new 'Transport Plan for London' will be published in the Autumn.

Does this new transport plan mean that major schemes will be cut to pay for the fares freeze?

No. As part of his first few months in office, the Mayor will work with TfL and the newly appointed TfL Board to continue to deliver what London needs to continue to be successful. This review will form the basis of the new 'Transport Plan for London'.

Didn't TfL publish a new business plan in March 2016?

TfL was directed to do so by the previous Mayor. As part of his first few months in office, the Mayor will work with TfL and the newly appointed TfL Board to continue to deliver what London needs to continue to be successful. This review will form the basis of the new 'Transport Plan for London'.

**Jamie O'Hara
Chief Adviser
Transport for London**

T: [REDACTED]
M: [REDACTED]

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[REDACTED]

From: Nick Bowes
Sent: 12 May 2016 17:08
To: Duncan MacVicar
Subject: RE: Meeting: TfL/Nick Bowes re Fares 18 May

Sorry to be awkward – paddy and jack would like to be in the meeting too. Any chance you can see if it works for them?

From: Duncan MacVicar
Sent: 12 May 2016 16:49
To: Nick Bowes
Subject: FW: Meeting: TfL/Nick Bowes re Fares 18 May

fyi

Duncan MacVicar
Senior PA – Mayor's Office
Leah Kreitzman - Mayoral Director of External & International Affairs
Nick Bowes - Mayoral Director of Policy

Email: [REDACTED] | DD: [REDACTED]

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From: Quinn Amy [REDACTED]
Sent: 12 May 2016 16:46
To: Duncan MacVicar; Jamie O'Hara
Subject: Meeting: TfL/Nick Bowes re Fares 18 May

Thanks

Kind regards

Amy
PA to Vernon Everitt - Managing Director, Customers, Communication and Technology
Ex: [REDACTED]

From: Duncan MacVicar [REDACTED]
Sent: 12 May 2016 16:45
To: Quinn Amy; O'Hara Jamie
Subject: RE:

Perfect, I will send a meeting request.

Thanks so much.

Duncan MacVicar
Senior PA – Mayor's Office
Leah Kreitzman - Mayoral Director of External & International Affairs
Nick Bowes - Mayoral Director of Policy

Email: [REDACTED] | DD: [REDACTED]

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From: Quinn Amy [REDACTED]
Sent: 12 May 2016 16:44
To: Duncan MacVicar; Jamie O'Hara
Subject: RE:

Hi both

I can get Vernon to City Hall from 13.00-14.00 on the 18.

Kind regards

Amy
PA to Vernon Everitt - Managing Director, Customers, Communication and Technology
Ex: [REDACTED]

From: Duncan MacVicar [REDACTED]
Sent: 12 May 2016 16:36
To: O'Hara Jamie
Cc: Quinn Amy
Subject: RE:

Jamie

Wed 18 May, he is currently free 1100 – 1600.

I will hold this time tbc – can you give me an hour within that window and I will send a meeting request to you and Vernon?

Thanks

Duncan MacVicar
Senior PA – Mayor's Office
Leah Kreitzman – Mayoral Director of External & International Affairs
Nick Bowes – Mayoral Director of Policy

Email: [REDACTED] | **DD:** [REDACTED]

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From: Nick Bowes
Sent: 12 May 2016 16:30
To: Jamie O'Hara
Cc: Duncan MacVicar
Subject: RE:

Yes pls

From: O'Hara Jamie [REDACTED]
Sent: 12 May 2016 16:28
To: Nick Bowes
Cc: Duncan MacVicar
Subject: Re:

Hi there

A paper is coming over to you ASAP on the fares freeze to show how it can be funded but we will need to sit down with you (say Wednesday morning) because there are some decisions that will need to be made - how far you want to extend the freeze, just on TfL services or on national rail services too. If you're content, perhaps Duncan can fix a time for Vernon and I to come over.

Jamie

Jamie O'Hara
Chief Adviser
Transport for London
T: [REDACTED]

On 12 May 2016, at 10:18, Nick Bowes [REDACTED] wrote:

Morning

I think we are going to need to announce formally what you think fares freeze will cost. Press inquiries are daily on this now.

We were thinking of doing this next week using your new crunched calculations. Would that work for you guys?

Obviously, we will also need to talk about some of the options for savings, efficiencies etc

If it is £600m (and not £1.9bn) as I think you suggested then it is a bigger hit for you than us

N

PS Our colleagues will be in touch with your housing guys about a visit to Kidbrooke on Monday which we're keen to arrange. Let's chat later today on that

Dr Nick Bowes
Mayoral Director of Policy
Email: [REDACTED] | DD: [REDACTED] | M [REDACTED]

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From: Jonathan Edwards
Sent: 07 June 2016 12:12
To: 'Gasson Sarah'; Matt Brown
Subject: RE: TfL release on fares plus Q and A

Just heard that Paddy has some more tweaks and suggestions – but waiting to see them – back to you asap.

Jonathan Edwards
Senior Press Officer
Mayor of London's Press Office
[REDACTED]

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From: Gasson Sarah [REDACTED]
Sent: 07 June 2016 12:11
To: Jonathan Edwards; Matt Brown
Subject: RE: TfL release on fares plus Q and A

Thanks Jon – this end seem content.

Any idea on timing for release?

From: Jonathan Edwards [REDACTED]
Sent: 07 June 2016 11:14
To: Brown Matt; Gasson Sarah
Subject: FW: TfL release on fares plus Q and A

This is where we've currently got to on news release and Q and A (these based on the first versions that came over).

Waiting for final sign off our side but shout if concerns.

Thanks

Jon

NEWS RELEASE

First savings found to fund Mayor's fares freeze on TfL services

- **Mayor and TfL Commissioner announce major savings programme at TfL including organisational restructuring, cuts to expensive agency staff and better value procurement**
- **Further action underway to identify savings to fund the TfL fares freeze for the full Mayoral term**
- **Freeze will benefit millions of Londoners who travel on the London Underground, TfL rail services, buses and trams**

The Mayor of London, Sadiq Khan, and London's Transport Commissioner, Mike Brown, today announced a major efficiency savings programme to enable fares on Transport for London services to be frozen until 2020 while protecting vital investment in the transport network.

On the instruction of the Mayor, TfL is carrying out a root-and-branch review of its business to eliminate unnecessary duplication in its operations, obtain greater value from its vast procurement activity, significantly cut reliance on expensive agency staff and stop IT projects which only deliver limited benefits. This has already identified savings to cover the first two years of the fares freeze on TfL services through:

- A fundamental review of TfL's organisational structure to review management layers and eliminate wasteful duplication across all its functions, including bringing together engineering operations and IT departments (estimated saving £20-25m)
- Improved procurement and renegotiation of contracts from suppliers and other third-party spending which accounts for over two thirds of TfL's total budget (estimated saving £50-60m)
- The reprioritisation and consolidation of IT projects which delivered relatively low benefits (estimated saving £20-30m)
- Freezing recruitment for all but the most essential roles and significantly cutting the most expensive of the existing circa 3,000 agency contractors currently engaged by TfL. A reduction of over 100 IT contractors alone will save around £2m

The value of a fares freeze – until May 2020 – is estimated by TfL to be around £640 million over four years. To tie in with this, the base pay of the Commissioner and other senior staff (around 70 in all) will be frozen for the full Mayoral term. The Mayor will personally review any future appointments with a base salary over £150,000 a year and has ordered a review of free travel for the nominees of staff earning a base salary over £100,000 a year.

TfL will now work with the Mayor and TfL Board to deliver a new, balanced 'Transport Plan for London' covering his full term that grips costs, maximises the efficient delivery of TfL's huge £2 billion-a-year investment programme and looks for further ways in which to raise other revenue. This plan will deliver the Mayor's manifesto commitments and include taking forward Crossrail 2, upgrades of London Underground lines, more investment in cycling and improving London's road network. This plan will be published in the autumn.

The fares freeze on TfL services will put money back into the pockets of Londoners. An average household will save around £200 over the four years. For example, regular users of the bus and tram 7-day pass will save around £400 over the four year term. In 2020, a bus journey will still cost £1.50 and a Tube journey from Finsbury Park to Oxford Circus will still cost £2.90 in the peak and £2.40 at all other times.

The Mayor of London, Sadiq Khan, said: "Londoners currently pay some of the highest public transport fares anywhere in the world. My fares freeze on TfL services will make life easier for millions of people and will ensure that London becomes a more affordable city for all.

"To deliver this, I am working with London's Transport Commissioner, Mike Brown, on a root-and-branch savings and efficiencies review of TfL, cutting duplication and waste while continuing to improve the transport network for everyone."

London's Transport Commissioner, Mike Brown, said: "The Mayor has instructed us to ensure that TfL is the most efficient and effective organisation it can be. By changing the way we are organised, by driving efficiency in every part of our business and by looking for further ways in which to generate more non-fares revenue, we will deliver a transport network that continues to meet the needs of a rapidly growing London while keeping transport affordable."

Earlier this month, the Mayor announced that his other key fares pledge – the one hour "Hopper" bus fare – will be introduced this September. The Hopper fare will automatically apply to anyone who uses 'pay as you go' on Oyster cards or contactless payment cards to make an additional bus or tram journey for free within one hour of when they first touched in.

For the vast majority of customers, this will mean an end to having to pay two fares when changing bus routes within an hour and will benefit Londoners on lower incomes who often rely on the bus network to get around. The ability to make unlimited bus transfers within an hour will be delivered by the end of 2018, but with an aim of doing so sooner.

Ends

Notes to Editors:

- The four year fares freeze on TfL services will cover all single journeys made on London Underground, buses, London Overground, TfL Rail, Docklands Light Railway, London Tramlink and the Emirates Air Line.
- As TfL assumes responsibility for more suburban rail services, particularly in south London, these fares will also be covered by the freeze. The freeze will not currently cover suburban rail fares charged by non-TfL operators. Santander Cycles fares will be frozen for the Mayoralty as well.

- While the Mayor only has the power to set fares on TfL services only, nearly everyone who travels into London will benefit from the freeze.
- Every month at least seven million customers will benefit all the time as they do not reach 'caps' on pay as you go fares or do not use Travelcards where the fare is set by the Department for Transport according to national Government fares policy. Each month a further four million customers will benefit from the freeze whenever they use TfL services for part of their journeys.
- The calculation of the value of the fares freeze is determined by forecasts of a number of variables, including inflation (where a basket of official forecasts have been used) and passenger growth.
- Using official forecasts for inflation (1.9 per cent in 2016 and 3.5 per cent thereafter) and passenger growth set out in the previous Mayor's TfL Business Plan, it is estimated that the value of freezing TfL fares over the 4 year period of the Mayoralty (until May 2020) will be up to £640m.
- However, this can only ever be an estimate. The actual impact will depend on what actually happens to inflation and passenger growth. In recent years, inflation has tended to come in lower than official forecasts.

REACTIVE Q AND A

FARES FREEZE

Will you deliver the Mayor's fares freeze?

Yes. As instructed by the Mayor we have already taken steps to identify how the first two years of the freeze will be funded and a plan for the full 4 year period of the Mayoralty will be set out in a new Transport Plan for London in the autumn.

How much will the fares freeze cost to deliver?

The value of a fares freeze – until May 2020 – is estimated by TfL to be around £640 million over four years. To tie in with this, the base pay of the Commissioner and other senior staff (around 70 in all) will be frozen for the full Mayoral term. The Mayor will personally review any future appointments with a base salary over £150,000 a year and has ordered a review of free travel for the nominees of staff earning a base salary over £100,000 a year.

TfL will now work with the Mayor and TfL Board to deliver a new, balanced 'Transport Plan for London' covering his full term that grips costs, maximises the efficient delivery of TfL's huge £2 billion-a-year investment programme and looks for further ways in which to raise other revenue. This plan will deliver the Mayor's manifesto commitments and include taking forward Crossrail 2, upgrades of London Underground lines, more investment in cycling and improving London's road network. This plan will be published in the autumn.

You previously said that this would cost £1.9bn and now you are saying £640m. How come?

As we made clear on many occasions, the value of a fares freeze is uncertain because it has to be determined by forecasts of a number of variables, including the future path for inflation and passenger growth.

We were asked by a number of stakeholders in early 2015 for an estimate of what a total freeze of all fare revenue (ie both the elements controlled by the Mayor and the DfT) would cost over the five years

of the previous Mayor's TfL Business Plan. This was because previous real terms freezes in fares, delivered with a financial contribution by the the DfT, had covered all fare revenue and not just the revenue directly controlled by the Mayor.

So the difference is explained by:

- The period covered by the 2015 estimate was the five years of the previous Mayor's TfL Business Plan rather than 4 years of the Mayoralty. So there is a big difference driven by a one year mismatch in time period
- Actual inflation and ridership growth since 2015 has in fact been lower than forecast. Official forecasts of inflation for 2016 have fallen from 3.5 per cent to 1.9 per cent and actual bus passenger ridership has been lower
- We were asked for an estimate of the impact of a freeze of all fare revenue (ie the elements controlled by the Mayor and the DfT). So the early 2015 number was based on the assumption that all TfL fares (controlled by the Mayor) and Travelcards and daily/weekly caps (effectively controlled by the DfT) would be frozen over the course of the previous Mayor's five year TfL Business Plan (to April 2021). The forecast of up to £640m is based on a fares freeze that covers TfL controlled fares - ie 'pay as you go' fares and not daily/weekly Oyster/contactless caps and Travelcards.

Unlike in previous years (when fares were frozen in real terms), the DfT has made clear as part of the outcome of the 2015 Spending Review that there will be no money given to TfL to fund a fare freeze.

The Mayor continues to make the case for these fares to be frozen by Government as well as for more suburban rail services to be transferred to TfL as quickly as possible so that even more Londoners would benefit from his fares policy.

The Mayor has control over Bus and Tram pass caps and so these will be frozen.

£640m is still higher than the £450m stated in the Mayor's manifesto – do you therefore agree that his maths was wrong?

No - fares are affected by a range of variables. Estimates depend on the assumptions made about growth in demand (including the opening of the Elizabeth line) and the future path of inflation. Inflation has tended to come in lower than official forecasts, so it is perfectly legitimate to take a different view. For the purposes of TfL's Business Plan however, official forecasts for inflation have been used.

How many people will benefit from the fares freeze?

Nearly everyone who travels in London will benefit from the freeze on TfL services at some point in time.

There are seven million customers who will benefit all the time because they do not reach caps or use Travelcards. A further four million customers will benefit some of the time (e.g. because they don't always use a Travelcard, don't use only National Rail all the time or benefit from the freeze on the TfL part of their journeys).

About four per cent of customers will not benefit – those who only use National Rail services and those who only use a Travelcard. They will see their fares rise in line with the Government's national fares policy, which is RPI only. However, when TfL takes over more suburban rail services in the future even more people will benefit all of time.

Why does it not include Travelcards and caps. Doesn't this mean Londoners won't benefit?

The Mayor only has the power to set fares on TfL services and nearly everyone who travels in London will benefit from the freeze on TfL services at some point in time.

The DfT has made it clear following the 2015 Spending Review around that no money will be given to TfL to fund a fares freeze. This means that, if all fares were frozen (is including those effectively set by the DfT), TfL would have to compensate the DfT for the loss of revenue to Train Operating Companies revenue.

The Mayor continues to make the case for these fares to be frozen by Government as well as for more suburban rail services to be transferred to TfL as quickly as possible, meaning that more Londoners would benefit from his fares policy.

What is TfL basing RPI predictions on?

The RPI forecast has been based on a range of independent forecasts, including the Office for Budget Responsibility, the Bank of England and GLA Economics and other financial institutions. This gives us RPI assumptions of the following:

- o July 2016: 1.9%
- o July 2017: 3.5%
- o July 2018: 3.5%
- o July 2019: 3.5%

However, clearly different economic benchmarks could be used.

If RPI is higher than predicted, will you review the fares freeze?

Fares are set annually by the Mayor and, as part of our business planning, we will of course ensure that any change to RPI forecasts are taken into account. However, we do not believe that a change to RPI would affect our ability to deliver the Mayor's fares freeze.

Based on these predictions – how much will a 1-6 travel card cost in 2020?

Based on the assumption that Travelcards will rise by RPI:

Zone 1-6 Adult Travelcards at RPI			
Year	7 Day	Monthly	Annual
2016	£58.60	£225.10	£2,344
2017	£59.70	£229.30	£2,388
2018	£61.70	£237.00	£2,468
2019	£63.80	£245.00	£2,552
2020	£66.00	£253.50	£2,640

Based on these predictions – how much will the daily bus cap be in 2020?

The Bus and Tram cap will stay the same as it is today (£4.50 per day).

Will you be calling on Government and TOCs to freeze fares as well?

Yes. The Mayor continues to make the case to Government to ensure that all fares are as affordable, as well as call on the Government to transfer more suburban rail services to TfL.

If TfL takes over new rail lines, will those fares be frozen as well?

Yes. The Mayor has committed to a fares freeze on all TfL operated services.

When will fares on the Elizabeth line be announced?

Fares for the Elizabeth line will be announced prior to services beginning in 2018.

Will Santander Cycles fares be frozen as well?

Yes. As stated in the Mayor's manifesto, Santander Cycles fares will be frozen for the Mayoralty as well.

DELIVERING FARES FREEZE

How will TfL pay for this fares freeze?

To deliver the fares freeze, TfL will be turning over every stone to ensure that we complete the existing programme of savings to deal with the £2.8bn revenue grant cut and the financial impact of the fares freeze.

The value of a fares freeze – until May 2020 – is estimated by TfL to be around £640 million over four years. To tie in with this, the base pay of the Commissioner and other senior staff (around 70 in all) will be frozen for the full Mayoral term. The Mayor will personally review any future appointments with a base salary over £150,000 a year and has ordered a review of free travel for the nominees of staff earning a base salary over £100,000 a year.

TfL will now work with the Mayor and TfL Board to deliver a new, balanced 'Transport Plan for London' covering his full term that grips costs, maximises the efficient delivery of TfL's huge £2 billion-a-year investment programme and looks for further ways in which to raise other revenue. This plan will deliver the Mayor's manifesto commitments and include taking forward Crossrail 2, upgrades of London Underground lines, more investment in cycling and improving London's road network. This plan will be published in the autumn.

When will the organisational restructure take place?

The organisational restructure is already underway.

This only covers up to April 2018. How confident are you that you will deliver savings after this point?

We are confident that we will be able to deliver the fares freeze over the full term of the Mayoralty.

How does this affect the savings required due to the cut in Government funding?

Through the creation of a new 'Transport Plan for London', we are confident we will be able to deliver these savings as well as cover the £2.8bn reduction in Government subsidy.

When will the new Transport Plan for London be published?

The new 'Transport Plan for London' will be published in the Autumn.

Does this new transport plan mean that major schemes will be cut to pay for the fares freeze?

No. As part of his first few months in office, the Mayor will work with TfL and the newly appointed TfL Board to continue to deliver what London needs to continue to be successful. This review will form the basis of the new 'Transport Plan for London'.

Didn't TfL publish a new business plan in March 2016?

TfL was directed to do so by the previous Mayor. As part of his first few months in office, the Mayor will work with TfL and the newly appointed TfL Board to continue to deliver what London needs to continue to be successful. This review will form the basis of the new 'Transport Plan for London'.

Jonathan Edwards
Senior Press Officer
Mayor of London's Press Office

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From: Jonathan Edwards
Sent: 06 June 2016 18:20
To: Matt Brown; Gasson Sarah
Subject: Fares

Hi both – I've had a firm steer from Nick, Val and Paddy that the £640m needs to be in the news release please and should be up front.

Give me a bell if you get a chance.

Thanks

Jon

Jonathan Edwards
Senior Press Officer
Mayor of London's Press Office


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From: Jonathan Edwards

Sent: 03 June 2016 17:45

To: 'Gasson Sarah'

Cc: Beaney Joanne; Canning Thomas; Matt Brown; [REDACTED]

Subject: RE: fares release and Q&A

Thanks mate – will get this round either tomorrow or first thing on Monday.

Cheers

Jon

Jonathan Edwards

Senior Press Officer

Mayor of London's Press Office
[REDACTED]

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From: Gasson Sarah [<mailto:SarahGasson@tfl.gov.uk>]

Sent: 03 June 2016 16:44

To: Jonathan Edwards

Cc: Beaney Joanne; Canning Thomas; Matt Brown; [REDACTED]

Subject: fares release and Q&A

Hi Jon,

As discussed – below is the slightly tweaked fares release and Q&A, this hopefully now removes the offending sections from the notes to editors. I have also amended the Q&A to reflect this as well.

In short if asked how much it would 'cost' – we confirm we will deliver it, and say we have found savings for the first two years (£100-£120m) and more detail will be revealed later on in the year on the funding for the remaining two years (as part of the new business plan).

Shout if any of that doesn't make sense.

Thanks

Sarah

Press release

First savings found to fund Mayor's fares freeze on TfL services

- **Mayor and TfL Commissioner announce major savings programme at TfL including organisational restructuring, cuts to expensive agency staff and better value procurement**
- **Further action underway to identify savings to fund the TfL fares freeze for the full Mayoral term**
- **Freeze will benefit millions of Londoners who travel on the London Underground, TfL rail services, buses and trams**

Mayor of London Sadiq Khan and London's Transport Commissioner Mike Brown today announced a major efficiency savings programme to enable fares on Transport for London (TfL) services to be frozen until 2020 while protecting vital investment in the transport network.

TfL will carry out a root and branch review of its business to eliminate unnecessary duplication in its operations, obtain greater value from its vast procurement activity, significantly cut reliance on expensive agency staff and stop IT projects which only deliver limited benefits. This has already identified savings to cover the first two years of the fares freeze on TfL services (January to March 2016/17 and 2017/18) through:

- A fundamental review of TfL's organisational structure to review management layers and eliminate wasteful duplication across all its functions, including bringing together engineering operations and IT departments (estimated saving £20-25m)
- Improved procurement and renegotiation of contracts from suppliers and other third party spend which accounts for over two thirds of TfL's total budget (estimated saving £50-60m)
- The reprioritisation and consolidation of IT projects which delivered relatively low benefits (estimated saving £20-30m)
- Freezing recruitment for all but the most essential roles and significantly cutting the most expensive of the existing circa 3,000 agency contractors currently engaged by TfL. A

reduction of over 100 IT contractors alone will save around
£2m

To tie in with the fares freeze on TfL services, the base pay of the Commissioner and other senior staff (around 70 in all) will be frozen for the full Mayoral term. The Mayor will personally review any future appointments with a base salary over £150,000 a year and has ordered a review of free travel for the nominees of staff earning a base salary over £100,000 a year.

TfL will now work with the Mayor and TfL Board to deliver a new, balanced 'Transport Plan for London' covering his full term that grips costs, maximises the efficient delivery of TfL's huge £2 billion a year investment programme and looks for further ways in which to raise other revenue. This plan will deliver the Mayor's manifesto commitments and include taking forward Crossrail 2, upgrades of London Underground lines, more investment in cycling and improving London's road network. This plan will be published later in the year.

The fares freeze on TfL services will put money back into the pockets of hard working Londoners. An average household will save around £200 over the four years. For example, regular users of the bus and tram 7-day pass will save around £400 over the four year term. In 2020, a bus journey will still cost £1.50 and a Tube journey from Finsbury Park to Oxford Circus will still cost £2.90 in the peak and £2.40 at all other times.

The Mayor of London, Sadiq Khan, said: "Londoners currently pay some of the highest public transport fares anywhere in the world. My fares freeze on TfL services will make life easier for millions of people and will ensure that London becomes a more affordable city for all. To deliver this, I am working with London's Transport Commissioner, Mike Brown, on a root and branch savings and efficiencies review of TfL, cutting duplication and waste while continuing to improve the transport network for everyone."

London's Transport Commissioner, Mike Brown, said: "We are taking action to ensure that TfL is the most efficient and effective organisation it can be. By changing

the way we are organised, by driving efficiency in every part of our business and by looking for further ways in which to generate more non-fares revenue, we will deliver a transport network that continues to meet the needs of a rapidly growing London while keeping transport affordable.”

Last month, the Mayor announced that his other key fares pledge – the one hour “Hopper” fare – will be introduced this September. The Hopper fare will automatically apply to anyone who uses ‘pay as you go’ on Oyster cards or contactless payment cards to make an additional bus or tram journey for free within one hour of when they first touched in.

For the vast majority of customers, this will mean an end to having to pay two fares when changing bus routes within an hour and will benefit Londoners on lower incomes who often rely on the bus network to get around. The ability to make unlimited bus transfers within an hour will be delivered by the end of 2018, but with an aim of doing so sooner.

Ends

Notes to Editors:

- The four year fares freeze on TfL services will cover all single journeys made on London Underground, buses, London Overground, TfL Rail, Docklands Light Railway, London Tramlink and the Emirates Air Line.
- As TfL assumes responsibility for more suburban rail services, particularly in south London, these fares will also be covered by the freeze. Santander Cycles fares will be frozen for the Mayoralty as well.
- While the Mayor only has the power to set fares on TfL services only, nearly everyone who travels into London will benefit from the freeze.
- Every month at least seven million customers will benefit all the time as they do not reach ‘caps’ on pay as you go fares or do not use Travelcards where the fare is set by the Department for Transport according to national Government fares policy. Each month a further four million customers will benefit from the freeze whenever they use TfL services for part of their journeys.

- The estimated impact on fares revenue is determined by forecasts of a number of variables, including inflation (where a basket of official forecasts have been used) and passenger growth.

Q&A

Will you deliver the Mayor's fares freeze?

Yes. We have already taken steps to identify how the first two years of the freeze will be funded and a plan for the full 4 year period of the Mayoralty will be set out in a new Transport Plan for London in the autumn.

How much will the fares freeze cost to deliver?

We have already confirmed that we will deliver the Mayor's fares freeze and today we have outlined in detail how it will be funded for the first 15 months (January to March 2016/17 and 2017/18) with savings of around £100-£120m. The financial impact of the freeze for the full four years will depend on a wide range of variables, including passenger growth and the future path of inflation (which in recent years has turned out lower than official forecasts used in the business plan). More detail will be outlined in the new Transport Plan for London which will be released later in the year.

You previously said that this would cost £1.9bn - is this still true?

As we made clear on many occasions, the estimated impact on fares revenue is uncertain because it has to be determined by forecasts of a number of variables, including the future path for inflation and passenger growth.

We were asked by a number of stakeholders in early 2015 for an estimate of what a total freeze of all fare revenue (ie both the elements controlled by the Mayor and the DfT) would cost over the five years of the previous Mayor's TfL Business Plan. This was because previous real terms freezes in fares, delivered with a financial contribution by the the DfT, had covered all fare revenue and not just the revenue directly controlled by the Mayor.

Unlike in previous years (when fares were frozen in real terms), the DfT has made clear as part of the outcome of the 2015 Spending Review that there will be no money given to TfL to fund a fare freeze.

The Mayor continues to make the case for these fares to be frozen by Government as well as for more suburban rail services to be transferred to TfL as quickly as possible so that even more Londoners would benefit from his fares policy.

The Mayor has control over Bus and Tram pass caps and so these will be frozen.

How many people will benefit from the fares freeze?

Nearly everyone who travels in London will benefit from the freeze on TfL services at some point in time.

There are seven million customers who will benefit all the time because they do not reach caps or use Travelcards. A further four million customers will benefit some of the time (e.g. because they

don't always use a Travelcard, don't use only National Rail all the time or benefit from the freeze on the TfL part of their journeys).

About four per cent of customers will not benefit – those who only use National Rail services and those who only use a Travelcard. They will see their fares rise in line with the Government's national fares policy, which is RPI only. However, when TfL takes over more suburban rail services in the future even more people will benefit all of time.

Why does it not include Travelcards and caps. Doesn't this mean Londoners won't benefit?

The Mayor only has the power to set fares on TfL services and nearly everyone who travels in London will benefit from the freeze on TfL services at some point in time.

The DfT has made it clear following the 2015 Spending Review around that no money will be given to TfL to fund a fares freeze. This means that, if all fares were frozen (is including those effectively set by the DfT), TfL would have to compensate the DfT for the loss of revenue to Train Operating Companies revenue.

The Mayor continues to make the case for these fares to be frozen by Government as well as for more suburban rail services to be transferred to TfL as quickly as possible, meaning that more Londoners would benefit from his fares policy.

Will you be calling on Government and TOCs to freeze fares as well?

Yes. The Mayor continues to make the case to Government to ensure that all fares are as affordable, as well as call on the Government to transfer more suburban rail services to TfL.

If TfL takes over new rail lines, will those fares be frozen as well?

Yes. The Mayor has committed to a fares freeze on all TfL operated services.

When will fares on the Elizabeth line be announced?

Fares for the Elizabeth line will be announced prior to services beginning in 2018.

Will Santander Cycles fares be frozen as well?

Yes. As stated in the Mayor's manifesto, Santander Cycles fares will be frozen for the Mayoralty as well.

DELIVERING FARES FREEZE

How will TfL pay for this fares freeze?

To deliver the fares freeze, TfL will be turning over every stone to ensure that we complete the existing programme of savings to deal with the £2.8bn revenue grant cut and the financial impact of the fares freeze.

TfL has already taken action to secure the cost of the fares freeze in 2016/17 (1e January to March only) and 2017/18 by:

- a fundamental review of TfL's organisational structure to take out some management layers and eliminate wasteful duplication e.g. merging engineering functions and combining IT functions (estimated saving £20-25m)
- improved procurement and renegotiation of contracts from existing suppliers (estimated saving £50-60m)
- the reprioritisation and consolidation of many small IT projects (estimated saving £20-30m)
- halting recruitment for all but the most essential roles and reducing in the number of contractors e.g. a reduction of over 100 IT contractors saves around £2m
- The base pay of the Commissioner, Managing Directors and Directors (around 70 staff) will be frozen for the full Mayoral term.

In addition, the Mayor will personally review any future appointments with a base salary over £150,000 a year and will order a review of free travel for the nominees of staff earning a base salary over £100,000 a year.

TfL will also work with the Mayor and the new TfL Board to deliver this autumn a new, balanced 'Transport Plan for London' that grips costs and prioritises investment.

When will the organisational restructure take place?

The organisational restructure is already underway.

This only covers up to April 2018. How confident are you that you will deliver savings after this point?

We are confident that we will be able to deliver the fares freeze over the full term of the Mayoralty.

How does this affect the savings required due to the cut in Government funding?

Through the creation of a new 'Transport Plan for London', we are confident we will be able to deliver these savings as well as cover the £2.8bn reduction in Government subsidy.

Does this new transport plan mean that major schemes will be cut to pay for the fares freeze?

No. As part of his first few months in office, the Mayor will work with TfL and the newly appointed TfL Board to continue to deliver what London needs to continue to be successful. This review will form the basis of the new 'Transport Plan for London'.

Didn't TfL publish a new business plan in March 2016?

TfL was directed to do so by the previous Mayor. As part of his first few months in office, the Mayor will work with TfL and the newly appointed TfL Board to continue to deliver what London needs to continue to be successful. This review will form the basis of the new 'Transport Plan for London'.

Sarah Gasson | Chief Press Officer – Strategy & Campaigns

Transport for London | TfL Press Office, 11th Floor, Windsor House, 42-50 Victoria Street, London, SW1H 0TL

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The main press office number is 0845 604 4141

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From: Jonathan Edwards
Sent: 07 June 2016 15:45
To: 'Gasson Sarah'; Matt Brown
Cc: Richard Wood
Subject: RE: TfL release on fares plus Q and A

Just spoken to Paddy.

He'll brief Pippa and also put a call into Theo.

I'll provide to Tom E and Simon H with 1015 embargo.

Jonathan Edwards
Senior Press Officer
Mayor of London's Press Office
[REDACTED]
[REDACTED]

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From: Gasson Sarah [REDACTED]
Sent: 07 June 2016 15:44
To: Jonathan Edwards; Matt Brown
Cc: Richard Wood
Subject: RE: TfL release on fares plus Q and A

p.s are you pre-briefing Standard today?

From: Gasson Sarah
Sent: 07 June 2016 15:43
To: 'Jonathan Edwards'; Brown Matt
Cc: Richard Wood
Subject: RE: TfL release on fares plus Q and A

Thanks Jon.

On the 4% who won't benefit – that is approx. 450k people.

From: Jonathan Edwards [REDACTED]
Sent: 07 June 2016 15:29
To: Brown Matt; Gasson Sarah
Cc: Richard Wood
Subject: FW: TfL release on fares plus Q and A

Both – the Mayor was concerned that the point that the fares freeze will have no impact on future infrastructure investment is buried and thinks it should be one of the headlines.

I've added it to the main bullet point headlines, make the text reference more explicit and added to Q and A.

But shout if any concerns.

Thanks

Jon

NEWS RELEASE

First savings found to fund Mayor's fares freeze on TfL services

- **Mayor and TfL Commissioner announce major savings programme at TfL including organisational restructuring, cuts to expensive agency staff and better value procurement**
- **Further action underway to identify savings to fund the TfL fares freeze for the full Mayoral term**
- **Fares freeze will not impact investment on transport infrastructure**
- **Freeze will benefit millions of Londoners who travel on the London Underground, TfL rail services, buses and trams**

The Mayor of London, Sadiq Khan, and London's Transport Commissioner, Mike Brown, today announced a major efficiency savings programme to enable fares on Transport for London services to be frozen until 2020 without impacting vital investment on the transport network.

On the instruction of the Mayor, TfL is carrying out a root-and-branch review of its business to eliminate unnecessary duplication in its operations, obtain greater value from its vast procurement activity, significantly cut reliance on expensive agency staff and stop IT projects which only deliver limited benefits. This has already identified savings to cover the first two years of the fares freeze on TfL services through:

- A fundamental review of TfL's organisational structure to review management layers and eliminate wasteful duplication across all its functions, including bringing together engineering operations and IT departments (estimated saving £20-25m).
- Improved procurement and renegotiation of contracts from suppliers and other third-party spending which accounts for over two thirds of TfL's total budget (estimated saving £50-60m).
- The reprioritisation and consolidation of IT projects which delivered relatively low benefits (estimated saving £20-30m).

- Freezing recruitment for all but the most essential roles and significantly cutting the most expensive of the existing circa 3,000 agency contractors currently engaged by TfL. A reduction of over 100 IT contractors alone will save around £2m.

The value of a fares freeze – until May 2020 – is estimated by TfL to be around £640 million over four years. To tie in with this, the base pay of the Commissioner and other senior staff (around 70 in all) will be frozen for the full Mayoral term. The Mayor will personally review any future appointments with a base salary over £150,000 a year and has ordered a review of free travel for the nominees of staff earning a base salary over £100,000 a year.

TfL will now work with the Mayor and TfL Board to deliver a new, balanced 'Transport Plan for London' covering his full term that grips costs, will not impact on the delivery of TfL's huge £2 billion-a-year investment programme and looks for further ways in which to raise other revenue. This plan will deliver the Mayor's manifesto commitments and include taking forward Crossrail 2, upgrades of London Underground lines, more investment in cycling and improving London's road network. This plan will be published in the autumn.

The fares freeze on TfL services will put money back into the pockets of Londoners. An average household will save around £200 over the four years. For example, regular users of the bus and tram 7-day pass will save around £400 over the four year term. In 2020, a bus journey will still cost £1.50 and a Tube journey from Finsbury Park to Oxford Circus will still cost £2.90 in the peak and £2.40 at all other times.

The Mayor of London, Sadiq Khan, said: "Londoners currently pay some of the highest public transport fares anywhere in the world. My fares freeze on TfL services will make life easier for millions of people and will ensure that London becomes a more affordable city for all.

"To deliver this, I am working with London's Transport Commissioner, Mike Brown, on a root-and-branch savings and efficiencies review of TfL, cutting duplication and waste while continuing to improve the transport network for everyone."

London's Transport Commissioner, Mike Brown, said: "The Mayor has instructed us to ensure that TfL is the most efficient and effective organisation it can be. By changing the way we are organised, by driving efficiency in every part of our business and by looking for further ways in which to generate more non-fares revenue, we will deliver a transport network that continues to meet the needs of a rapidly growing London while keeping transport affordable."

Earlier this month, the Mayor announced that his other key fares pledge – the one-hour “Hopper” bus fare – will be introduced this September. The Hopper fare will automatically apply to anyone who uses ‘pay as you go’ on Oyster cards or contactless payment cards to make an additional bus or tram journey for free within one hour of when they first touched in.

For the vast majority of customers, this will mean an end to having to pay two fares when changing bus routes within an hour and will benefit Londoners on lower incomes who often rely on the bus network to get around. The ability to make unlimited bus transfers within an hour will be delivered by the end of 2018, but with an aim of doing so sooner.

Ends

Notes to Editors:

- The four year fares freeze on TfL services will cover all single journeys made on London Underground, buses, London Overground, TfL Rail, Docklands Light Railway, London Tramlink and the Emirates Air Line.
- As TfL assumes responsibility for more suburban rail services, particularly in south London, these fares will also be covered by the freeze. The freeze will not currently cover suburban rail fares charged by non-TfL operators. Santander Cycles fares will be frozen for the Mayoralty as well.
- While the Mayor only has the power to set fares on TfL services only, nearly everyone who travels into London will benefit from the freeze.
- Every month at least seven million customers will benefit all the time as they do not reach ‘caps’ on pay as you go fares or do not use Travelcards where the fare is set by the Department for Transport according to national Government fares policy. Each month a further four million customers will benefit from the freeze whenever they use TfL services for part of their journeys.
- The calculation of the value of the fares freeze is determined by forecasts of a number of variables, including inflation (where a basket of official forecasts have been used) and passenger growth.
- Using official forecasts for inflation (1.9 per cent in 2016 and 3.5 per cent thereafter) and passenger growth set out in the previous Mayor's TfL Business Plan, it is estimated that the value of freezing TfL fares over the four year period of the Mayoralty (until May 2020) will be up to £640m.
- However, this can only ever be an estimate. The actual impact will depend on what actually happens to inflation and passenger growth. In recent years, inflation has tended to come in lower than official forecasts.

REACTIVE Q AND A

FARES FREEZE

Will you deliver the Mayor's fares freeze?

Yes. As instructed by the Mayor we have already taken steps to identify how the first two years of the freeze will be funded, without impacting on our plans for investment in transport infrastructure, and a plan for the full four year period of the Mayoralty will be set out in a new Transport Plan for London in the autumn.

How much will the fares freeze cost to deliver?

The value of a fares freeze – until May 2020 – is estimated by TfL to be around £640 million over four years. To tie in with this, the base pay of the Commissioner and other senior staff (around 70 in all) will be frozen for the full Mayoral term. The Mayor will personally review any future appointments with a base salary over £150,000 a year and has ordered a review of free travel for the nominees of staff earning a base salary over £100,000 a year.

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You previously said that this would cost £1.9bn and now you are saying £640m. How come?

As we made clear on many occasions, the value of a fares freeze is uncertain because it has to be determined by forecasts of a number of variables, including the future path for inflation and passenger growth.

We were asked by a number of stakeholders in early 2015 for an estimate of what a total freeze of all fare revenue (ie both the elements controlled by the Mayor and the DfT) would cost over the five years of the previous Mayor's TfL Business Plan. This was because previous real terms freezes in fares, delivered with a financial contribution by the DfT, had covered all fare revenue and not just the revenue directly controlled by the Mayor.

So the difference is explained by:

- The period covered by the 2015 estimate was the five years of the previous Mayor's TfL Business Plan rather than 4 years of the Mayoralty. So there is a big difference driven by a one year mismatch in time period
- Actual inflation and ridership growth since 2015 has in fact been lower than forecast. Official forecasts of inflation for 2016 have fallen from 3.5 per cent to 1.9 per cent and actual bus passenger ridership has been lower
- We were asked for an estimate of the impact of a freeze of all fare revenue (ie the elements controlled by the Mayor and the DfT). So the early 2015 number was based on the assumption that all TfL fares (controlled by the Mayor) and Travelcards and daily/weekly caps (effectively controlled by the DfT) would be frozen over the course of the previous Mayor's five year TfL Business Plan (to April 2021). The forecast of up to £640m is based on a fares freeze that covers TfL controlled fares - ie 'pay as you go' fares and not daily/weekly Oyster/contactless caps and Travelcards as they involve services outside the TfL network.

Unlike in previous years (when fares were frozen in real terms), the DfT has made clear as part of the outcome of the 2015 Spending Review that there will be no money given to TfL to fund a fare freeze.

The Mayor continues to make the case for these fares to be frozen by Government as well as for more suburban rail services to be transferred to TfL as quickly as possible so that even more Londoners would benefit from his fares policy.

The Mayor has control over Bus and Tram pass caps and so these will be frozen.

£640m is still higher than the £450m stated in the Mayor's manifesto – do you therefore agree that his maths was wrong?

No - fares are affected by a range of variables. Estimates depend on the assumptions made about growth in demand (including the opening of the Elizabeth line) and the future path of inflation. Inflation has tended to come in lower than official forecasts, so it is perfectly legitimate to take a different view. For the purposes of TfL's Business Plan however, official forecasts for inflation were used.

How many people will benefit from the fares freeze?

Nearly everyone who travels in London will benefit from the freeze on TfL services at some point in time.

There are seven million customers who will benefit all the time because they do not reach caps or use Travelcards. A further four million customers will benefit some of the time (e.g. because they don't always use a Travelcard, don't use only National Rail all the time or benefit from the freeze on the TfL part of their journeys).

About four per cent of customers will not benefit – those who only use National Rail services and those who only use a Travelcard. They will see their fares rise in line with the Government's national fares policy, which is RPI only. However, when TfL takes over more suburban rail services in the future even more people will benefit all of time.

Why does it not include Travelcards and caps. Doesn't this mean Londoners won't benefit?

The Mayor only has the power to set fares on TfL services and nearly everyone who travels in London will benefit from the freeze on TfL services at some point in time.

The DfT has made it clear following the 2015 Spending Review around that no money will be given to TfL to fund a fares freeze. This means that, if all fares were frozen (is including those effectively set by the DfT), TfL would have to compensate the DfT for the loss of revenue to Train Operating Companies revenue.

The Mayor continues to make the case for these fares to be frozen by Government as well as for more suburban rail services to be transferred to TfL as quickly as possible, meaning that more Londoners would benefit from his fares policy.

What is TfL basing RPI predictions on?

The RPI forecast has been based on a range of independent forecasts, including the Office for Budget Responsibility, the Bank of England and GLA Economics and other financial institutions. This gives us RPI assumptions of the following:

- o July 2016: 1.9%
- o July 2017: 3.5%
- o July 2018: 3.5%
- o July 2019: 3.5%

However, clearly different economic benchmarks could be used.

If RPI is higher than predicted, will you review the fares freeze?

Fares are set annually by the Mayor and, as part of our business planning, we will of course ensure that any change to RPI forecasts are taken into account. However, we do not believe that a change to RPI would affect our ability to deliver the Mayor's fares freeze.

Based on these predictions – how much will a 1-6 travel card cost in 2020?

Based on the assumption that Travelcards will rise by RPI:

Zone 1-6 Adult Travelcards at RPI			
Year	7 Day	Monthly	Annual
2016	£58.60	£225.10	£2,344
2017	£59.70	£229.30	£2,388
2018	£61.70	£237.00	£2,468
2019	£63.80	£245.00	£2,552
2020	£66.00	£253.50	£2,640

Based on these predictions – how much will the daily bus cap be in 2020?

The Bus and Tram cap will stay the same as it is today (£4.50 per day).

Will you be calling on Government and TOCs to freeze fares as well?

Yes. The Mayor continues to make the case to Government to ensure that all fares are as affordable, as well as call on the Government to transfer more suburban rail services to TfL.

If TfL takes over new rail lines, will those fares be frozen as well?

Yes. The Mayor has committed to a fares freeze on all TfL operated services.

When will fares on the Elizabeth line be announced?

Fares for the Elizabeth line will be announced prior to services beginning in 2018.

Will Santander Cycles fares be frozen as well?

Yes. As stated in the Mayor's manifesto, Santander Cycles fares will be frozen for the Mayoralty as well.

DELIVERING FARES FREEZE**How will TfL pay for this fares freeze?**

To deliver the fares freeze, TfL will be turning over every stone to ensure that we complete the existing programme of savings to deal with the £2.8bn revenue grant cut and the financial impact of the fares freeze.

The value of a fares freeze – until May 2020 – is estimated by TfL to be around £640 million over four years. To tie in with this, the base pay of the Commissioner and other senior staff (around 70 in all) will be frozen for the full Mayoral term. The Mayor will personally review any future appointments with a base salary over £150,000 a year and has ordered a review of free travel for the nominees of staff earning a base salary over £100,000 a year.

TfL will now work with the Mayor and TfL Board to deliver a new, balanced 'Transport Plan for London' covering his full term that grips costs, will not impact on the delivery of TfL's huge £2 billion-a-year investment programme and looks for further ways in which to raise other revenue.

This plan will deliver the Mayor's manifesto commitments and include taking forward Crossrail 2, upgrades of London Underground lines, more investment in cycling and improving London's road network. This plan will be published in the autumn.

When will the organisational restructure take place?

The organisational restructure is already underway.

This only covers up to April 2018. How confident are you that you will deliver savings after this point?

We are confident that we will be able to deliver the fares freeze over the full term of the Mayoralty.

How does this affect the savings required due to the cut in Government funding?

Through the creation of a new 'Transport Plan for London', we are confident we will be able to deliver these savings as well as cover the £2.8bn reduction in Government subsidy.

When will the new Transport Plan for London be published?

The new 'Transport Plan for London' will be published in the Autumn.

Does this new transport plan mean that major schemes will be cut to pay for the fares freeze?

No. A major efficiency savings programme will enable fares on Transport for London services to be frozen until 2020 without impacting on vital investment in the transport network.

TfL will now work with the Mayor and TfL Board to deliver a new, balanced 'Transport Plan for London' covering his full term that grips costs, will not impact on the delivery of TfL's huge £2 billion-a-year investment programme and looks for further ways in which to raise other revenue. This plan will deliver the Mayor's manifesto commitments and include taking forward Crossrail 2, upgrades of London Underground lines, more investment in cycling and improving London's road network. This plan will be published in the autumn.

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Jonathan Edwards
Senior Press Officer
Mayor of London's Press Office

[REDACTED]
[REDACTED]

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From: Jonathan Edwards
Sent: 07 June 2016 15:43
To: Matt Brown; 'Gasson Sarah'
Cc: Richard Wood
Subject: another amend

FYI – another amend post Mayor's discussion with TfL.

Salary at which he will review is now £100K not £150K.

Cheers

Jon

NEWS RELEASE

First savings found to fund Mayor's fares freeze on TfL services

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REACTIVE Q AND A

FARES FREEZE

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You previously said that this would cost £1.9bn and now you are saying £640m. How come?

As we made clear on many occasions, the value of a fares freeze is uncertain because it has to be determined by forecasts of a number of variables, including the future path for inflation and passenger growth.

We were asked by a number of stakeholders in early 2015 for an estimate of what a total freeze of all fare revenue (ie both the elements controlled by the Mayor and the DfT) would cost over the five years of the previous Mayor's TfL Business Plan. This was because previous real terms freezes in fares, delivered with a financial contribution by the DfT, had covered all fare revenue and not just the revenue directly controlled by the Mayor.

So the difference is explained by:

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No - fares are affected by a range of variables. Estimates depend on the assumptions made about growth in demand (including the opening of the Elizabeth line) and the future path of inflation. Inflation has tended to come in lower than official forecasts, so it is perfectly legitimate to take a different view. For the purposes of TfL's Business Plan however, official forecasts for inflation were used.

How many people will benefit from the fares freeze?

Nearly everyone who travels in London will benefit from the freeze on TfL services at some point in time.

There are seven million customers who will benefit all the time because they do not reach caps or use Travelcards. A further four million customers will benefit some of the time (e.g. because they don't always use a Travelcard, don't use only National Rail all the time or benefit from the freeze on the TfL part of their journeys).

About four per cent of customers will not benefit – those who only use National Rail services and those who only use a Travelcard. They will see their fares rise in line with the Government's national fares policy, which is RPI only. However, when TfL takes over more suburban rail services in the future even more people will benefit all of time.

Why does it not include Travelcards and caps. Doesn't this mean Londoners won't benefit?

The Mayor only has the power to set fares on TfL services and nearly everyone who travels in London will benefit from the freeze on TfL services at some point in time.

The DfT has made it clear following the 2015 Spending Review around that no money will be given to TfL to fund a fares freeze. This means that, if all fares were frozen (is including those effectively set by the DfT), TfL would have to compensate the DfT for the loss of revenue to Train Operating Companies revenue.

The Mayor continues to make the case for these fares to be frozen by Government as well as for more suburban rail services to be transferred to TfL as quickly as possible, meaning that more Londoners would benefit from his fares policy.

What is TfL basing RPI predictions on?

The RPI forecast has been based on a range of independent forecasts, including the Office for Budget Responsibility, the Bank of England and GLA Economics and other financial institutions. This gives us RPI assumptions of the following:

- o July 2016: 1.9%
- o July 2017: 3.5%
- o July 2018: 3.5%
- o July 2019: 3.5%

However, clearly different economic benchmarks could be used.

If RPI is higher than predicted, will you review the fares freeze?

Fares are set annually by the Mayor and, as part of our business planning, we will of course ensure that any change to RPI forecasts are taken into account. However, we do not believe that a change to RPI would affect our ability to deliver the Mayor's fares freeze.

Based on these predictions – how much will a 1-6 travel card cost in 2020?

Based on the assumption that Travelcards will rise by RPI:

Zone 1-6 Adult Travelcards at RPI			
Year	7 Day	Monthly	Annual
2016	£58.60	£225.10	£2,344
2017	£59.70	£229.30	£2,388
2018	£61.70	£237.00	£2,468
2019	£63.80	£245.00	£2,552
2020	£66.00	£253.50	£2,640

Based on these predictions – how much will the daily bus cap be in 2020?

The Bus and Tram cap will stay the same as it is today (£4.50 per day).

Will you be calling on Government and TOCs to freeze fares as well?

Yes. The Mayor continues to make the case to Government to ensure that all fares are as affordable, as well as call on the Government to transfer more suburban rail services to TfL.

If TfL takes over new rail lines, will those fares be frozen as well?

Yes. The Mayor has committed to a fares freeze on all TfL operated services.

When will fares on the Elizabeth line be announced?

Fares for the Elizabeth line will be announced prior to services beginning in 2018.

Will Santander Cycles fares be frozen as well?

Yes. As stated in the Mayor's manifesto, Santander Cycles fares will be frozen for the Mayoralty as well.

DELIVERING FARES FREEZE

How will TfL pay for this fares freeze?

To deliver the fares freeze, TfL will be turning over every stone to ensure that we complete the existing programme of savings to deal with the £2.8bn revenue grant cut and the financial impact of the fares freeze.

The value of a fares freeze – until May 2020 – is estimated by TfL to be around £640 million over four years. To tie in with this, the base pay of the Commissioner and other senior staff (around 70 in all) will be frozen for the full Mayoral term. The Mayor will personally review any future appointments with a base salary over £150,000 a year and has ordered a review of free travel for the nominees of staff earning a base salary over £100,000 a year.

TfL will now work with the Mayor and TfL Board to deliver a new, balanced 'Transport Plan for London' covering his full term that grips costs, will not impact on the delivery of TfL's huge £2 billion-a-year investment programme and looks for further ways in which to raise other revenue.

This plan will deliver the Mayor's manifesto commitments and include taking forward Crossrail 2, upgrades of London Underground lines, more investment in cycling and improving London's road network. This plan will be published in the autumn.

When will the organisational restructure take place?

The organisational restructure is already underway.

This only covers up to April 2018. How confident are you that you will deliver savings after this point?

We are confident that we will be able to deliver the fares freeze over the full term of the Mayoralty.

How does this affect the savings required due to the cut in Government funding?

Through the creation of a new 'Transport Plan for London', we are confident we will be able to deliver these savings as well as cover the £2.8bn reduction in Government subsidy.

When will the new Transport Plan for London be published?

The new 'Transport Plan for London' will be published in the Autumn.

Does this new transport plan mean that major schemes will be cut to pay for the fares freeze?

No. A major efficiency savings programme will enable fares on Transport for London services to be frozen until 2020 without impacting on vital investment in the transport network.

TfL will now work with the Mayor and TfL Board to deliver a new, balanced 'Transport Plan for London' covering his full term that grips costs, will not impact on the delivery of TfL's huge £2 billion-a-year investment programme and looks for further ways in which to raise other revenue. This plan will deliver the Mayor's manifesto commitments and include taking forward Crossrail 2, upgrades of London Underground lines, more investment in cycling and improving London's road network. This plan will be published in the autumn.

Didn't TfL publish a new business plan in March 2016?

TfL was directed to do so by the previous Mayor. As part of his first few months in office, the Mayor will work with TfL and the newly appointed TfL Board to continue to deliver what London needs to continue to be successful. This review will form the basis of the new 'Transport Plan for London'.

Jonathan Edwards
Senior Press Officer
Mayor of London's Press Office



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-----Original Message-----

From: Jonathan Edwards
Sent: 08 June 2016 08:21
To: Gasson Sarah
Cc: Matt Brown; Richard Wood
Subject: Re: Tom E

Yup - unless mentioned earlier at plenary

Jonathan Edwards
Senior Press Officer
Mayor of London's Press Office
[REDACTED]
[REDACTED]

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Original Message

From: Gasson Sarah
Sent: Wednesday, 8 June 2016 08:14
To: Jonathan Edwards
Cc: Matt Brown; Richard Wood
Subject: Re: Tom E

Matt is just clearing the line but can I just check embargo is still lifting at 1015? Thanks

Sarah Gasson
Chief Press Officer
[REDACTED]

> On 7 Jun 2016, at 23:18, Jonathan Edwards <Jonathan.Edwards@london.gov.uk> wrote:

>

> Thanks mate. Paddy briefed her earlier was my understanding. I know the team will be keen to see the Mike quote when you have it please.

>

> Cheers

>

> Jon

>

>

> Jonathan Edwards

> Senior Press Officer

> Mayor of London's Press Office

> [REDACTED]

> [REDACTED]

>

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> From: Brown Matt

> Sent: Tuesday, 7 June 2016 23:06
> To: Jonathan Edwards; Gasson Sarah
> Cc: Richard Wood
> Subject: Re: Tom E
>
>
> Thanks. PIPPA also asking about this. Will you be briefing her?
>
> She also wants a direct quote from Mike saying infrastructure investment will be protected in full.
Am discussing that this end.
>
>
>
>
> Sent from my BlackBerry 10 smartphone on the O2 network.
> From: Jonathan Edwards
> Sent: Tuesday, 7 June 2016 22:58
> To: Brown Matt; Gasson Sarah
> Cc: Richard Wood
> Subject: Tom E
>
>
>
> Both - Tom may have tried you already - but he asked me how TfL reached the 640 figure - not the
1.9 or the 450.
>
> I briefed from your Q and A as per the points below.
>
> Also - Simon H was chasing for interviews post meeting. I think we may turn down given whole
meeting is on camera. But let's catch up on that side of things tomorrow.
>
> Thanks
>
> Jon
>
>
> TfL say the value of a fares freeze can be uncertain because it has to be determined by forecasts of
a number of variables, including the future path for inflation and passenger growth.
>
> The period covered by their previous estimate was the five years of the previous Mayor's TfL
Business Plan rather than 4 years of the Mayoralty.
>
> Inflation and ridership growth since 2015 has in fact been lower than forecast. Official forecasts of
inflation for 2016 have fallen from 3.5 per cent to 1.9 per cent and actual bus passenger ridership
has been lower
>
> They were asked for an estimate of the impact of a freeze of all fare revenue (ie the elements
controlled by the Mayor and the DfT). So the previous number was based on the assumption that all
TfL fares (controlled by the Mayor) and Travelcards and daily/weekly caps (effectively controlled by
the DfT) would be frozen over the course of the previous Mayor's five year TfL Business Plan (to April
2021). The forecast of up to £640m is based on a fares freeze that covers TfL controlled fares - ie

'pay as you go' fares and not daily/weekly Oyster/contactless caps and Travelcards as they involve services outside the TfL network.

>

> The Mayor continues to make the case for those fares to be frozen by Government as well as for more suburban rail services to be transferred to TfL as quickly as possible so that even more Londoners would benefit from his fares policy.

>

>

> Jonathan Edwards

> Senior Press Officer

> Mayor of London's Press Office

> [REDACTED]

> [REDACTED]

>

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From: Jonathan Edwards
Sent: 08 June 2016 09:58
To: 'Brown Matt'; Richard Wood; Hilary Merrett
Cc: Gasson Sarah; Beaney Joanne
Subject: RE: Additional Mike line

No word from Paddy – so leave until you 'have' to send? But good to have Val's clearance.

Jonathan Edwards
Senior Press Officer
Mayor of London's Press Office
[REDACTED]

Follow the Mayor of London's Press Office on Twitter: @LDN_PressOffice

From: Brown Matt [<mailto:MattBrown@tfl.gov.uk>]
Sent: 08 June 2016 09:58
To: Jonathan Edwards; Richard Wood; Hilary Merrett
Cc: Gasson Sarah; Beaney Joanne
Subject: Re: Additional Mike line

Thanks. Is that cleared in total? Cheers

Sent from my BlackBerry 10 smartphone on the O2 network.

From: Jonathan Edwards
Sent: Wednesday, 8 June 2016 09:56
To: Brown Matt; Richard Wood; Hilary Merrett
Cc: Gasson Sarah; Beaney Joanne
Subject: RE: Additional Mike line

Val happy.

Jonathan Edwards
Senior Press Officer
Mayor of London's Press Office
[REDACTED]

Follow the Mayor of London's Press Office on Twitter: @LDN_PressOffice

From: Jonathan Edwards
Sent: 08 June 2016 09:39
To: 'Brown Matt'; Richard Wood; Hilary Merrett
Cc: Gasson Sarah; Beaney Joanne
Subject: RE: Additional Mike line

I think should be fine as it echoes the lines in the news release – but have shared and will shout if any concerns.

Thanks

Jon

Jonathan Edwards
Senior Press Officer
Mayor of London's Press Office

Follow the Mayor of London's Press Office on Twitter: @LDN_PressOffice

From: Brown Matt [<mailto:MattBrown@tfl.gov.uk>]
Sent: 08 June 2016 09:38
To: Jonathan Edwards; Richard Wood; Hilary Merrett
Cc: Gasson Sarah; Beaney Joanne
Subject: Additional Mike line

Hi, as discussed ,

Post briefing from you guys the Standard have asked for a quote from Mike confirming that the fares will be delivered while protecting infrastructure investment in full.

MIKE and Vernon have cleared the below. Is this ok your side?

Cheers

Mike Brown said: "The major savings programme we have set out today will enable fares on our services to be frozen until 2020 without impacting vital investment on the transport network. Our plan will deliver the Mayor's manifesto commitments and include taking forward Crossrail 2, upgrades of London Underground lines, more investment in cycling and improving London's road network."

Sent from my BlackBerry 10 smartphone on the O2 network.

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From: Gasson Sarah [REDACTED]
Sent: 17 May 2016 14:24
To: Samantha Hart; Jonathan Edwards; Richard Wood
Cc: Matt Brown; [REDACTED] Canning Thomas; Beaney Joanne
Subject: Fares Q&A

Sam / Richard / Jon,

Below is a media Q&A to support your fares announcement.

I know there will be wider discussions ongoing on this, but let us know if you'd like to chat any of it through.

We believe you are planning this for Thursday, with some pre-briefing tomorrow, but it would be good to understand the latest, once you have it.

Thanks

Sarah

FARES FREEZE

Will you deliver the Mayor's fares freeze?

Yes. We have already taken steps to identify how the first two years of the freeze will be funded and a plan for the full 4 year period of the Mayoralty will be set out in a new Transport Plan for London in the autumn.

How much will the fares freeze cost to deliver?

The estimated impact on fares revenue is determined by forecasts of a number of variables, including inflation (where a basket of official forecasts are used) and passenger growth.

Using official forecasts for inflation (1.9 per cent in 2016 and 3.5 per cent thereafter) and passenger growth set out in the previous Mayor's TfL Business Plan, it is estimated that freezing TfL fares over the 4 year period of the Mayoralty (until May 2020) will reduce revenue by up to £640m.

However, this can only ever be an estimate. The actual impact will depend on what actually happens to inflation and passenger growth. In recent years, inflation has tended to come in lower than official forecasts. If this happens again, the impact on revenue will be lower.

You previously said that this would cost £1.9bn and now you are saying £640mn. How come?

As we made clear on many occasions, the estimated impact on fares revenue is uncertain because it has to be determined by forecasts of a number of variables, including the future path for inflation and passenger growth.

We were asked by a number of stakeholders in early 2015 for an estimate of what a total freeze of all fare revenue (ie both the elements controlled by the Mayor and the DfT) would cost over the five years of the previous Mayor's TfL Business Plan. This was because previous real terms freezes in fares, delivered with a financial contribution by the the DfT, had covered all fare revenue and not just the revenue directly controlled by the Mayor.

So the difference is explained by:

- The period covered by the 2015 estimate was the five years of the previous Mayor's TfL Business Plan rather than 4 years of the Mayoralty. So there is a big difference driven by a one year mismatch in time period
- Actual inflation and ridership growth since 2015 has in fact been lower than forecast. Official forecasts of inflation for 2016 have fallen from 3.5 per cent to 1.9 per cent and actual bus passenger ridership has been lower
- We were asked for an estimate of the impact of a freeze of all fare revenue (ie the elements controlled by the Mayor and the DfT). So the early 2015 number was based on the assumption that all TfL fares (controlled by the Mayor) and Travelcards and daily/weekly caps (effectively controlled by the DfT) would be frozen over the course of the previous Mayor's five year TfL Business Plan (to April 2021). The forecast of up to £640m is based on a fares freeze that covers TfL controlled fares - ie 'pay as you go' fares and not daily/weekly Oyster/contactless caps and Travelcards.

Unlike in previous years (when fares were frozen in real terms), the DfT has made clear as part of the outcome of the 2015 Spending Review that there will be no money given to TfL to fund a fare freeze.

The Mayor continues to make the case for these fares to be frozen by Government as well as for more suburban rail services to be transferred to TfL as quickly as possible so that even more Londoners would benefit from his fares policy.

The Mayor has control over Bus and Tram pass caps and so these will be frozen.

£640m is still higher than the £450m stated in the Mayor's manifesto – do you therefore agree that his maths was wrong?

No. As we made clear on many occasions, fare revenue is affected by a range of variables. Estimates of the financial impact of a TfL fares freeze depend on the assumptions made about growth in demand (including the opening of the Elizabeth line) and the future path of inflation. Inflation has tended to come in lower than official forecasts, so it is perfectly legitimate to take a different view. For the purposes of TfL's Business Plan however, official forecasts for inflation have been used.

How many people will benefit from the fares freeze?

Nearly everyone who travels in London will benefit from the freeze on TfL services at some point in time.

There are seven million customers who will benefit all the time because they do not reach caps or use Travelcards. A further four million customers will benefit some of the time (e.g. because they don't always use a Travelcard, don't use only National Rail all the time or benefit from the freeze on the TfL part of their journeys).

About four per cent of customers will not benefit – those who only use National Rail services and those who only use a Travelcard. They will see their fares rise in line with the Government's national fares policy, which is RPI only. However, when TfL takes over more suburban rail services in the future even more people will benefit all of time.

Why does it not include Travelcards and caps. Doesn't this mean Londoners won't benefit?

The Mayor only has the power to set fares on TfL services and nearly everyone who travels in London will benefit from the freeze on TfL services at some point in time.

The DfT has made it clear following the 2015 Spending Review around that no money will be given to TfL to fund a fares freeze. This means that, if all fares were frozen (is including those effectively set by the DfT), TfL would have to compensate the DfT for the loss of revenue to Train Operating Companies revenue.

The Mayor continues to make the case for these fares to be frozen by Government as well as for more suburban rail services to be transferred to TfL as quickly as possible, meaning that more Londoners would benefit from his fares policy.

What is TfL basing RPI predictions on?

The RPI forecast has been based on a range of independent forecasts, including the Office for Budget Responsibility, the Bank of England and GLA Economics and other financial institutions. This gives us RPI assumptions of the following:

- o July 2016: 1.9%
- o July 2017: 3.5%
- o July 2018: 3.5%
- o July 2019: 3.5%

However, clearly different economic benchmarks could be used.

If RPI is higher than predicted, will you review the fares freeze?

Fares are set annually by the Mayor and, as part of our business planning, we will of course ensure that any change to RPI forecasts are taken into account. However, we do not believe that a change to RPI would affect our ability to deliver the Mayor's fares freeze.

Based on these predictions – how much will a 1-6 travel card cost in 2020?

Based on the assumption that Travelcards will rise by RPI:

Zone 1-6 Adult Travelcards at RPI			
Year	7 Day	Monthly	Annual
2016	£58.60	£225.10	£2,344
2017	£59.70	£229.30	£2,388
2018	£61.70	£237.00	£2,468
2019	£63.80	£245.00	£2,552
2020	£66.00	£253.50	£2,640

Based on these predictions – how much will the daily bus cap be in 2020?

The Bus and Tram cap will stay the same as it is today (£4.50 per day).

Will you be calling on Government and TOCs to freeze fares as well?

Yes. The Mayor continues to make the case to Government to ensure that all fares are as affordable, as well as call on the Government to transfer more suburban rail services to TfL.

If TfL takes over new rail lines, will those fares be frozen as well?

Yes. The Mayor has committed to a fares freeze on all TfL operated services.

When will fares on the Elizabeth line be announced?

Fares for the Elizabeth line will be announced prior to services beginning in 2018.

Will Santander Cycles fares be frozen as well?

Yes. As stated in the Mayor's manifesto, Santander Cycles fares will be frozen for the Mayoralty as well.

DELIVERING FARES FREEZE

How will TfL pay for this fares freeze?

To deliver the fares freeze, TfL will be turning over every stone to ensure that we complete the existing programme of savings to deal with the £2.8bn revenue grant cut and the financial impact of the fares freeze.

TfL has already taken action to secure the cost of the fares freeze in 2016/17 (1e January to March only) and 2017/18 by:

- a fundamental review of TfL's organisational structure to take out some management layers and eliminate wasteful duplication e.g. merging engineering functions and combining IT functions (estimated saving £20-25m)
- improved procurement and renegotiation of contracts from existing suppliers (estimated saving £50-60m)

- the reprioritisation and consolidation of many small IT projects (estimated saving £20-30m)
- halting recruitment for all but the most essential roles and reducing in the number of contractors e.g. a reduction of over 100 IT contractors saves around £2m
- The base pay of the Commissioner, Managing Directors and Directors (around 70 staff) will be frozen for the full Mayoral term.

In addition, the Mayor will personally review any future appointments with a base salary over £150,000 a year and will order a review of free travel for the nominees of staff earning a base salary over £100,000 a year.

TfL will also work with the Mayor and the new TfL Board to deliver this autumn a new, balanced 'Transport Plan for London' that grips costs and prioritises investment.

When will the organisational restructure take place?

The organisational restructure is already underway.

This only covers up to April 2018. How confident are you that you will deliver savings after this point?

We are confident that we will be able to deliver the fares freeze over the full term of the Mayoralty.

How does this affect the savings required due to the cut in Government funding?

Through the creation of a new 'Transport Plan for London', we are confident we will be able to deliver these savings as well as cover the £2.8bn reduction in Government subsidy.

When will the new Transport Plan for London be published?

The new 'Transport Plan for London' will be published in the Autumn.

Does this new transport plan mean that major schemes will be cut to pay for the fares freeze?

No. As part of his first few months in office, the Mayor will work with TfL and the newly appointed TfL Board to continue to deliver what London needs to continue to be successful. This review will form the basis of the new 'Transport Plan for London'.

Didn't TfL publish a new business plan in March 2016?

TfL was directed to do so by the previous Mayor. As part of his first few months in office, the Mayor will work with TfL and the newly appointed TfL Board to continue to deliver what London needs to continue to be successful. This review will form the basis of the new 'Transport Plan for London'.

Sarah Gasson | Chief Press Officer – Strategy & Campaigns

Transport for London | TfL Press Office, 11th Floor, Windsor House, 42-50 Victoria Street, London, SW1H 0TL

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