

Changing Gears: Where next for driving in London?

Executive Summary

Change is coming on London's roads. People and goods are making different journeys as a result of the rise in home working, ride hailing, and online shopping – some of which is undermining the funding model for the capital's public transport. Technological developments are bringing new vehicles like e-cargo bikes and e-scooters into cities, creating fresh competition for space. And the pressing need to decarbonise requires new infrastructure and new ways of paying for it – not least because the transition to electric vehicles is set to leave a £40 billion black hole in the Treasury's finances.

Against this backdrop, the Mayor of London has committed to expanding the Ultra Low Emission Zone (ULEZ) to cover the whole of Greater London by the time of the next election in May 2024, and to developing a longer-term distance-based smart road user charging scheme to be implemented later in the decade. This discussion paper focuses on the opportunity that the former presents and seeks to set out a way to maximise the benefits – for Londoners and for London as a place to do business – of any changes that are made in the next two years.

With a goal of reducing congestion as well as meeting the environmental imperatives, and building on principles of fairness, simplicity, and practicality, there is an opportunity to develop a single integrated zonal scheme using existing infrastructure. Such a scheme would be easier to use than growing patchwork of different schemes and should be delivered alongside 'a new contract with motorists' that sees increased investment in the road network; more reliable road journeys; as well as better options for those wishing to live a car-free life.

Change on London's roads is now inevitable, but whether it will be sustainable and successful will depend on the quality of engagement between policymakers, businesses, and Londoners. We hope this paper provides a constructive contribution to that discussion and shows how the city's road network can move up a gear.

Background

In January 2022, amid concern about the impact of a car-led recovery from the pandemic, increased urgency to the twin challenges of decarbonisation and air quality, and the collapse of Transport for London's (TfL) finances, the Mayor of London gave the green light to the most significant change in road policy since the introduction of the Congestion Charge in 2003. Accompanied by new research setting out what the capital needs to do across a range of policy areas to meet its net zero targets, the Mayor set out a two-stage approach¹, stating that:

- By the end of the decade, car kilometres need to be reduced by 27 per cent;
- A range of short-term or interim measures will be assessed and consulted on with a view to changing the charging regime for driving in London before the next mayoral election in May 2024 as a first step; and
- As a longer-term second step, London should move towards a distance-based model of smart road user charging by the end of the decade.

London First welcomes this development in the debate about road pricing in the capital. This discussion paper is designed to contribute to the debate about the next step for roads policy in the capital, rather than to define the ideal end state. As such it does not consider the costs, benefits, or design of a longer-term distance-based smart road user charging scheme that the Mayor has indicated will be required by the end of the decade. Significant work has been done on the options for a dynamic pay-per-mile road user charging regime (not least in the London context the comprehensive Centre for London report, Green Light²).

Whilst several cities in Europe have introduced cordon-based congestion charging schemes similar to the one London introduced in 2003 – and New York is intending to be the first North American city to follow suit – no comparable city has yet introduced an urban distance-based smart road user charging scheme. There are concerns about transparency, privacy, fairness, and the costs of administering a system that would require knowing exactly where every vehicle is at every hour of the day. But there is a deeper emotional explanation too. Since the introduction of mass market motor vehicles, there has been a century of individual, family, and business expectations about road use that have developed. For many, this has not been an abstract consideration but an absolute necessity for their lives; one which they cannot imagine managing without. Public policy has both reflected and shaped these notions which are embodied in the deeply embedded cultural trope of the road trip as the ultimate expression of freedom. For some this can be overcome, but even where this is embraced there will be transition costs.

Any changes to the conditions for driving are likely to arouse strong opinions, and that may be part of the explanation for the Mayor's two-step approach (not to mention, central government's hesitation to make progress on the national scheme that it acknowledges will be necessary as we transition to electric vehicles). It is expected that whichever proposals are taken forward in the first phase will form a significant and high-profile part of the Mayor's agenda for the remainder of his term; any future funding model for TfL; and the politics of the next mayoral election. As with any significant change of policy, there is a risk that the more ambitious objective of a distance-based smart road user charging system by the end of the decade will not materialise. With this in mind it is even more important to ensure that the "interim" options are the best that they can be as their lifespan may end up being longer than advertised.

¹ <https://www.london.gov.uk/press-releases/mayoral/mayor-announces-bold-plans-for-a-greener-london>

² <https://www.centreforlondon.org/reader/green-light/>

We know that even this first phase of the Mayor's plans will not be easy and there will be difficult trade-offs to be negotiated. To that end, this discussion paper is designed to set out two core ideas that we believe could help to build consensus across the city. The first is that the "short-term" or interim measures that the Mayor is looking to introduce by May 2024 could be best managed through a single integrated zonal scheme. The second is that any significant change in how road users pay for their access to and use of publicly maintained roads, should be accompanied by a set of measures that comprise a new contract with motorists.

Driving Value

Any sustainable solution must be based on how and why people use road vehicles. In short, it must work for motorists as well as the environment and public finances. Beyond the emotional and cultural sentiments of motorists, policy interventions need to recognise that many road journeys in London are essential for individuals and the economy, and many of these journeys would not be practical without a motor vehicle. Equally, we should be honest about the fact that all too often getting behind the wheel in the capital is a frustrating experience. Pre-pandemic, drivers lost an average of more than 140 hours per year – equivalent to 18 working days – to congestion³. That wasted time combined with delays to businesses delivering goods and providing services comes at a real economic cost, estimated at £5.1 billion annually.⁴

As we emerge from the pandemic, there are signs that this could get worse. Even at the height of the lockdowns, road traffic in the capital never dipped below 47 per cent of pre-pandemic levels (compared to 16 per cent for buses and around 4 per cent for the tube)⁵. This headline figure masked the fact that the streets of central London were deserted and the volumes further out were significantly higher. A year into the pandemic, a study by Huq Industries found that congestion on London's A-roads was 30 per cent higher than the months immediately before the pandemic hit the UK⁶. Through the various waves of restrictions, road traffic has consistently recovered more quickly than public transport and 2022 began with overall levels broadly equivalent to January 2020. Unlike work patterns and public transport commuting, Londoners' road use has not shifted dramatically and is swiftly reverting to the pre-pandemic norm with all of the attendant problems.

Transitioning to electric vehicles will help with one of these problems – pollution – but they will do nothing to solve London's gridlock. In fact, on the current trajectory things will get worse. The statistics for the last couple of years aren't particularly helpful given the upheaval in patterns of demand wrought by the pandemic, but in the eight years prior to 2020 the number of miles driven on the capital's roads increased by more than 18 per cent. Needless to say, London's road capacity did not increase by 18 per cent.

In fact, there is evidence that London's roads are becoming less reliable for the capital's drivers. The highest profile example of this has been the ongoing saga of Hammersmith Bridge. Due to concerns about the safety and integrity of a structure built in the 1880s, the bridge has been closed to motor traffic since April 2019 creating significant local disruption. But this is just the tip of an underinvestment iceberg. TfL only controls approximately 5% of the road network in the capital, but has 45 road structures, bridges, and tunnels that are operating with interim safety measures. Six of these have been highlighted as being at high risk: the A40 Westway, the Rotherhithe Tunnel, the Gallows Corner flyover, structures at Brent Cross, Vauxhall Bridge, and the Croydon flyover. These six pieces of critical road infrastructure have a combined daily usership of approximately 420,000 people and significant investment is required in the next few years to avoid major closures.⁷ But it's not just the major structures that are suffering, a recent report from Go Compare used Freedom of

³ https://www.tomtom.com/en_gb/traffic-index/london-traffic/

⁴ <https://www.london.gov.uk/press-releases/mayoral/cost-of-congestion-in-capital-revealed>

⁵ <https://content.tfl.gov.uk/travel-in-london-report-14.pdf>

⁶ <https://inews.co.uk/news/environment/traffic-car-commute-london-up-30-per-cent-since-before-covid-pandemic-929784>

⁷ <https://board.tfl.gov.uk/documents/s17298/Budget%20update%20presentation.pdf>

Information requests to discover that London has enough potholes to stretch the length of 104 Premier League football pitches (if laid side by side).⁸

Few Londoners would argue that everything is fine on the capital's roads. But as soon as the discussion moves from problems to solutions, things tend to get heated and often end up in a stalemate. There is no silver bullet and pitting different road users against one another will achieve nothing productive. Even the most strident anti-car campaigners will (when pushed) admit that many car and van journeys remain an essential part of urban life. Large swathes of (particularly outer) London are still poorly served by public transport, and even where it does exist it won't work for every journey. Public transport is, for example, a particularly bad option for transporting large goods and delivering vital services that keep the capital – and its businesses – functioning. Many of those businesses are small outfits that are only viable on the basis of the road vehicle that they use. London and its economy will continue to need motor vehicles on our roads – and motorists will need to be part of any sustainable solution.

⁸ <https://www.gocompare.com/car-insurance/uks-biggest-potholes/>

Environmental and Financial Urgency

As any changes will involve trade-offs they are inherently political. Policymakers need to be aware of two overlapping contexts if change is going to be successful: the local and the national.

Since the creation of TfL in 2000, London has been considered by many to be a leader in road management policies. This reputation was established by the introduction of the Congestion Charge in 2003, which was supported by London First. This led to an immediate improvement in congestion within the zone and has contributed to traffic in and out of the central cordon reducing by 29 per cent between 2001 and 2019 (compared with a 10 per cent decrease at the inner London cordon and a 5 per cent increase at the outer London cordon)⁹. Despite the brief lifespan of the western extension to the Congestion Charge Zone (CCZ), subsequent policies have led to an Ultra Low Emission Zone that now covers everything within the north and south circular roads, and a Low Emission Zone across the remainder of outer London. Coupled with this, and the strengthening of the charges within the CCZ, has been the use of tolling at strategic points such as the Dartford Crossing as well as the Silvertown and Blackwall tunnels (once the former opens) and targeted schemes like airport forecourt drop off charges. Combined with the growth and reliability of the city's public transport system, this has allowed London to add around 1.5 million people to its population whilst keeping the capital's roads moving – albeit slowly and with high levels of congestion, economic inefficiency, and environmental impact. With recent population forecasts from the GLA predicting that London will be home to 11 million people by 2050, this is a feat that will need to be repeated just to maintain the status quo.

Then came the pandemic. London's transport network relies on public transport passengers for more than 70 per cent of its revenue – a figure twice as high as many equivalent global cities like New York and Paris. As the only mode of transport that returns a surplus to TfL, the most important revenue stream is from London Underground. And prior to the pandemic, tube revenues were heavily weighted towards the peak time journeys in and out of central London, i.e. commuters. As anyone who could was told to stay at home for significant periods of the last two years, those revenues collapsed, and those commuters developed new habits based on new-found remote working skills and technologies. Much has been made about the potential long-term impact on public transport services in the capital as a result of this collapse in funding (and, as of March 2022, the lack of a sustainable long-term funding deal to close the gap) but less has been said about the impact on road maintenance and investment, particularly on the strategic road network which makes up 5 per cent of the capital's roads and is directly managed by TfL.

How much of the change in work and travel patterns will stick as the pandemic recedes is far from certain but few, if any, are now predicting a return to five days per week in a central London office being the norm for white-collar workers. This will undoubtedly bring some benefits to some individuals and firms, but the impact on how London's transport network is funded is nothing short of disastrous. This lack of transport funding has necessitated a new creativity about revenue streams and, in the context of London's roads, tipped the balance in favour of doing something rather than not. Even in an optimistic scenario there is a significant hole in TfL's finances for the foreseeable future. A London First report with Arup¹⁰, estimated that the gap that needs to be filled is between £0.5bn and £2bn per year, and that the "traditional levers" (such as existing devolved tax powers, fares policy and operational efficiencies) are unlikely to be sufficient. This is due to both the politics at play and the minimal fiscal devolution that only provides the Mayor with a limited number of revenue raising

⁹ <https://content.tfl.gov.uk/travel-in-london-report-14.pdf> (It should be noted that the strategic cordons discussed here are not strictly identical to the charging zone boundaries.)

¹⁰ <https://www.londonfirst.co.uk/sites/default/files/documents/2021-01/TransportInLondon.pdf>

powers, whilst every Londoner contributes £4,350 each year to public spending outside the capital. As well as being an opportunity to address London's chronic congestion, changing the way that drivers are charged is one of the few areas consistently identified as being capable of delivering the scale of revenues required to maintain London's world-leading transport network.

In parallel, national policy conversations are primarily driven by the fiscal challenges that a transition to electric vehicles will present for the Treasury in the future. At present the Treasury receives around £40 billion every year from duties and taxes levied on drivers. That equates to one in every twenty pounds of government revenue and the impact on public finances will be significant if an alternative source is not found by the time the sale of new fossil fuel cars and vans is outlawed in 2030. As Julian Glover points out in the foreword to a recent Policy Exchange paper on the subject, driving a hybrid or electric car in the UK at the moment is virtually free and, "The most powerful force in British government, HM Treasury, can't tolerate that for ever."¹¹ And that's without considering the equity impacts of these arrangements which are significant given electric vehicles remain unaffordable for many. These are not trivial issues, but it is not (in the short term at least) directly relevant to any changes that the current Mayor makes to road charging schemes in the capital before the next mayoral election, not least because the Vehicle Excise Duty and Fuel Duty paid by Londoners is almost entirely spent outside London. Were London to control the revenues raised by London's drivers, there would be more than enough money to fix crumbling infrastructure, such as Hammersmith Bridge, and make the wider transport network financially self-sustaining. Whilst this lack of devolution adds to the short-term funding challenge in the capital, it does (perhaps counterintuitively) help to insulate London from the medium-term challenges facing the Treasury – so long as city policy doesn't get overtaken by national policy.

In many ways it is unfortunate that the catalyst for policymakers seriously engaging with these issues is the financial, rather than the economic and environmental challenges. Road users may treat proposals of change with greater suspicion if they are explicitly or implicitly linked to the finances of central or local government. But there is a growing body of evidence to suggest that opposition may not be as significant as some assume. In 2021, SMF conducted polling¹² which found that when road pricing is presented as a replacement for existing road and fuel duties, more than a third of people support the idea, against about a quarter who oppose (with more than a third of respondents open to persuasion). Notably, London was the only region to pass 50 per cent support for road pricing (with opposition at just 17 per cent).

And there remains a genuinely pressing set of policy issues that are unrelated to money. Poor air quality is cutting short the lives of 4,000 Londoners every year, with the impacts being felt unevenly as Black and Minority Ethnic Londoners, for example, are more likely to live in areas with toxic air¹³. The Mayor has made significant strides on this front through the expansions to the LEZ and ULEZ schemes outlined above, but concern is growing about the particulate matter produced by the brake and tyre wear of all cars, even those with no tailpipe emissions (and it should also be remembered that the manufacture of those vehicles comes at a significant environmental cost). Meanwhile, carbon emissions are cutting short the prospects for humanity, and national and city government have set targets for reaching net zero (2050 and 2030 respectively) that will be unachievable unless emissions

¹¹ <https://policyexchange.org.uk/wp-content/uploads/A-New-Deal-for-Drivers.pdf>

¹² August 2021 Opinion survey of 3,000 adults <https://www.smf.co.uk/wp-content/uploads/2021/10/Road-to-ruin-Oct-2021.pdf>

¹³ <https://www.london.gov.uk/press-releases/mayoral/bame-and-poorer-londoners-face-air-quality-risk>

from road vehicles are addressed. In 2018, transport accounted for a quarter of London's greenhouse gas emissions, with road transport accounting for three quarters of the transport total¹⁴.

¹⁴ <https://data.london.gov.uk/dataset/leggi>

Options on the Table

It is into this context that the Mayor of London has recently outlined his objective to reduce car kilometres by 27 per cent by 2030. He has suggested that this will require a distance-based form of smart road user charging by the end of the decade, but such a scheme would be technologically and politically complex. Whilst work to resolve and refine these challenges takes place – an ongoing process with which London First will continue to engage – the Mayor proposes to expand the ULEZ to the cover the whole of Greater London. Three other options were on the shortlist published by City Hall at the start of 2022:

- Modifying the conditions of the ULEZ so that more vehicles are subject to the charge;
- A new clear air charge for all but the cleanest vehicles driven within the Greater London boundary; and
- A new Greater London boundary charge for non-London registered vehicles coming into the capital.

Given the public desire to tackle air quality, and the successful roll out of the ULEZ to the north and south circulars in late 2021, it is understandable that the further expansion ULEZ has been announced as the Mayor's preferred option. The ULEZ has rightly been applauded for its meaningful impact on air quality; the three years before the pandemic saw roadside nitrogen dioxide concentrations decrease by 44 per cent¹⁵. But it is important to remember what it is – and what it is not – designed to achieve. It is, as the name suggests, an emissions-based scheme designed to limit tail-pipe emissions and thus clean up London's air. It will become redundant over the next decade as Londoners shift to cleaner electric vehicles. In fact, it is already less valuable from a revenue perspective than its designers expected. The expansion of the ULEZ to the north and south circular roads in 2021 raised significantly less money than was projected precisely because the shift to cleaner vehicles is happening faster than anticipated. Figures from TfL show that in the first month of operation 92 per cent of vehicles in the expanded zone were compliant (and therefore exempt from paying the charge) against a forecast of 80 per cent¹⁶. Good news for the capital's air quality, but not for TfL's finances. This should not be a surprise as the ULEZ scheme was never intended to provide a sustainable revenue stream for London transport. Nor is it designed to meaningfully address congestion.

Other than the Greater London boundary charge – which was effectively vetoed by central government due to its disproportionate impact on those living just outside the boundary of the GLA who have no say in electing the Mayor of London – three of the four shortlisted options suffer from these same parallel inbuilt flaws. Whilst they would be likely to incentivise an accelerated transition to cleaner vehicles, they would do little to address congestion and are not the basis for long-term sustainability in London's transport funding.

¹⁵ <https://www.london.gov.uk/press-releases/mayoral/92-per-cent-of-vehicles-comply-with-expanded-ulez>

¹⁶ *ibid*

A Sustainable Integrated Zonal Solution

The Mayor has made clear that, given the urgency of the environmental and financial challenges in London, he is not willing to wait for a “perfect” distance-based scheme to be ready before acting. The next step on London’s roads will be incremental, not least because if the target date of May 2024 is to be met then any new system will need to rely in large part on existing infrastructure. But in order to be successful, it will need to meet a longer list of criteria. It should not be based solely on emissions but instead factor in other considerations from the start, primarily congestion. It should recognise that some road journeys are essential – both for individuals and for keeping the city functioning – and should not be unduly penalised, but also that different parts of the city have different levels of alternative transport provision. And, of course, it needs to be fair – and, crucially, seen to be fair – in order to be accepted by Londoners. In this regard, simplicity could be a virtue.

Any charging schemes are designed to shift the incentives of individuals but run the risk of being perceived as just an additional and unavoidable cost. As such, an integrated scheme should enable more people who want to live a car-free life to do so. And it should ensure more people have better alternatives that become more appealing than habitual car use. One in three car trips in London could be walked in less than 25 minutes, and two-thirds could be cycled in 20 minutes. That might be harder with a young child and pram in tow or whilst lugging around a ladder and toolbox, but many short journeys could be done differently and that would make driving a much more pleasant and efficient experience for those who do need to get behind the wheel.

There are two recent examples that provide some guidance. The first is the Congestion Charge. Before its introduction in 2003, central London’s roads were gridlocked. Whilst Londoners disagreed about how to address this, few thought that the status quo was a good thing for the city. The then mayor, Ken Livingstone, settled on a simple flat rate for driving in a tightly defined zone – just 8 square miles – and coupled this with increased investment in alternative modes of transport, primarily a significant expansion of London’s bus network and notable improvements in reliability of bus services. By investing in public transport alternatives alongside the introduction of the Congestion Charge, City Hall was providing both a carrot and a stick. That helped with the sense of fairness, as did provisions like the 100% discount for Blue Badge holders. And by providing a clear and measurable objective that Londoners wanted – reducing congestion – even some of those who were sceptical could be persuaded to see how it played out before reaching their conclusions. When the system was switched on without issue and congestion in central London was both measured and felt to be improved, opposition largely dissipated.

The second example is the Oyster Card. London was a pioneer when it introduced the Oyster Card in 2003. It made moving around the capital easier as people could travel without thinking about what ticket they needed for each trip. Like the Congestion Charge, there was a simplicity in both the rationale and the customer experience. But the new ticketing system also enabled policymakers to establish different prices and introduce daily and weekly fare capping (without investing in a travelcard or season ticket type ticket that relies on knowing how much travel you will do in the future) that helped to keep costs manageable for passengers. It also worked with the grain of the zonal pricing system that had been in place on the public transport network since the 1980s. This made intuitive sense to most users and helped to contribute to the sense that fairness had been built in from the start.

A single system of zonal charges and prices caps on London’s roads might not be the perfect solution from the perspective of an economist but if it were to be effective and to deal with the objections around cost, complexity, privacy, and fairness then it might be the smartest idea to pursue until those

concerns are addressed. (The SMF polling referenced above found a notable increase in opposition to road pricing if it was presented as a variable (or dynamic) price rather than a fixed cost per mile, and when the scheme relied on a black box or app-based tracking.) This is in line with the Mayor's recent commitments, but would go one step further and deliver additional benefits that the current preferred option from City Hall would not. It would be a single, simplified system that would be easier to understand and therefore likely to be more trusted by those paying. It would also not be based solely on emissions and it would not, therefore, have in-built limit to its lifespan.

Based on the current boundaries that exist to administer the Congestion Charge, Ultra Low Emission Zone, and Low Emission Zone, three concentric zones could be established almost overnight. To adapt the language of the Oyster Card, the Central Zone would be the area covered by the existing Congestion Charge. It's an area with some of the densest and most efficient public transport in the world. These alternatives mean that choosing to drive within the Central Zone would attract a high premium. This reflects the situation today and the new charge would replace the existing Congestion Charge. The Inner Zone would cost less than the Central Zone and would stretch to the north and south circular roads, in line with the current ULEZ boundaries. Whilst the Outer Zone would be the cheapest to reflect the lower levels of public transport available between the north and south circular roads and the GLA boundary.

On this basis, all the existing charges could be incorporated into a single daily charge at a fixed price point that depends only upon how polluting your vehicle is and which zone(s) you access. Autopay systems could be established to lessen the burden of bureaucracy for regular drivers. It would be predictable with no complicated algorithm trying to work out exactly how far you drove and at what time of day. Exemptions and discounts could be included based on the policy preferences of City Hall, such as for those who are unable to use public transport, or residents in postcodes particularly poorly served by public transport. Weekly and monthly price capping could also be utilised to keep costs affordable for businesses that rely on using London's roads. Just because the next step will be incremental does not mean that it cannot be more integrated.

A New Contract with Motorists

This type of integrated zonal solution should be coupled with a new contract with the capital's motorists. Legally, revenues from road pricing schemes must be spent on transport and, as part of an integrated zonal scheme, a significant portion of the money raised from drivers should be used to ensure a better experience for road users with guaranteed levels of investment in road maintenance (a concept found to increase support for road pricing in SMF's polling referenced above). A single integrated scheme also provides the opportunity to think differently about exemptions, caps, and parking charges. As with the existing schemes, certain drivers could be offered exemptions, discounted rates, or allocations of free miles or driving days. This could include disabled people, those on lower incomes, or those living in areas with lower public transport accessibility. And, recognising that small businesses providing essential services in the capital are likely to be high volume users, a single integrated scheme could offer weekly and monthly capping – in much the same way that the contactless and Oyster Card caps keep fares manageable for high frequency public transport users. Other outdated schemes that apply to certain commercial vehicles, such as the London Lorry Control Scheme, could also be wrapped into an integrated scheme with a daily surcharge for the noisiest HGVs replacing a scheme designed in the 1980s that, by some estimates, now results in journeys that are up to 50% longer and more polluting than they need to be despite significant reductions in noise levels from modern HGVs.

An underexamined aspect of road use is parking. The way in which many of us store our vehicles is going to undergo a seismic shift in the coming decade. The need to charge a car battery rather than stopping for a few minutes mid-journey to re-fuel will lead to new infrastructure on our streets – the Mayor's Electric Vehicle Infrastructure Strategy highlights that London will need around 40,000 to 60,000 charge points by 2030 – and necessitate new behaviour too. If you are occupying one of the charging spots on your street, it will not be acceptable to leave your car parked there for as long as you like. The standard mechanisms used to control residential parking are not built to manage these new challenges and even on the current model they are loss making for London's boroughs, contributing to the significant financial pressures on local government. Residential parking is systemically undervalued across the capital with permits costing between £29 and £230 whilst the operating costs per space average £295 in outer London and £336 in inner London¹⁷. But what if the way in which we park vehicles in London were to be integrated into the scheme, overcoming the historical disconnect in vehicle use and vehicle storage policy? An integrated scheme could correct that by offering a substantial "residents' discount" to anyone who bought a more sustainably priced annual parking permit.

The average car spends 95 per cent of its life parked somewhere and the 43 per cent of cars that are parked on-street in London cover an area the size of ten Hyde Parks¹⁸. Reducing this land-take is the only viable way to create significantly more road space in most of London. As a result, any scheme that is intended to reduce congestion will be more likely to succeed if it enables a reduction in the overall number of road vehicles in the capital. This should make use of both the disincentive of cost and positive incentives to help Londoners think differently about their options for travel. When Ken Livingstone introduced the Congestion Charge he also pledged that every Londoner would live within 400m of a bus stop. The Mayor should make a similar pledge for shared micromobility and shared electric cars, working with car club providers to enable Londoners to hire from any company anywhere in London without multiple memberships. But public transport will remain a fundamental part of the

¹⁷ ibid

¹⁸ <https://www.centreforlondon.org/reader/parking-kerbside-mangement/>

equation for anyone choosing to live a car-free life in the capital and Londoners should be incentivised to try this lifestyle with a compelling scrappage scheme that provides mobility credits (such as those being trialled in Coventry). Londoners could be offered different options to accommodate different preferences with credits being able to be used to travel free on all TfL services for several months or receive free access to shared car schemes if, instead of just replacing their existing vehicle with a cleaner one, they give it up entirely. Similar schemes need to exist to create the right incentives for commercial fleets to both transition to cleaner vehicles and reduce the size and mileage of their vehicles, without putting an unreasonable cost burden on end consumers.

At a time when the cost of living is rising, a single integrated road charging scheme needn't be expensive for drivers either. A rough and ready calculation based on payment rates from the Congestion Charge suggest an average Outer Zone charge of just £1.55 (the cost of a bus ticket), and an average Inner Zone charge of £2.50 would raise about the same as the existing (Central Zone) Congestion Charge. That's nearly £400 million¹⁹ that could be used to fix Hammersmith Bridge and invest in new bus routes to cater to the changed travel patterns as more people work from home more of the time or create a daily hopper ticket to equalise the cost of driving and taking the bus in Outer London, not to mention filling in potholes across the capital. This is an opportunity for a new contract with motorists: better maintained roads, faster journeys, and improved alternatives to the car for those that want them.

¹⁹ This calculation is based on pre-pandemic crossings of the strategic road cordons recorded in the Travel in London report and the pre-pandemic revenues from the Congestion Charge scheme which were just shy of £400m annually. It should be treated as a rough approximation.

Annual revenue from the Congestion Charge / (Annual total crossings of the central cordon x Daily Congestion Charge) = 0.162.

$0.162 \times (2.5 \times \text{Annual total crossings of the inner cordon} + 1.5 \times \text{Annual total crossings of the outer cordon}) = 387,909,900$

Full modelling should be done to determine the appropriate exemptions, precise levels for a daily charge in each zone which should, as outlined elsewhere, vary according to vehicle emissions. But these figures should give a reasonable idea of the order of magnitude of revenues that could be raised from an affordable scheme.

Conclusion

Travel is becoming a much more integrated experience – especially in dense urban areas with good public transport, such as London. Very few Londoners are solely drivers, or solely public transport users, or solely walkers or cyclists. We lead complex lives and we want the roads to be flowing freely and safely whether we're on a bus, behind the wheel, in the backseat of an Uber, walking, cycling, or scootering. We also want public transport to be available for the journeys that we need to take, and for those services to be safe, reliable, and affordable. And we want to breathe air that isn't toxic and to work together to achieve net zero targets.

Road pricing schemes will continue to have a role to play. This will necessarily involve taking difficult decisions in the design and implementation of any new scheme(s) or modifications. Not least because most of us agree on the urgent need for action but have different personal priorities. In time-pressured debates, the perfect can too often end up being the enemy of good, leading to inertia. Taking small but sensible steps forward is often how progress is achieved, especially in an environment as complex as London. Progress will also rely on people and businesses being able to see value for money in any scheme, rather than it just being an additional cost. Because that's how fair and sustainable contracts get agreed.

So, we welcome the Mayor's desire to develop and consult on interim solutions and hope that this paper helps to sketch out a simpler, more sustainable, and more integrated charging scheme that could form the basis of a new contract with London's motorists. We hope that it will stimulate discussion among London First members and stakeholders who share an interest in our mission to make London the best city in the world in which to do business and we welcome responses and further conversations about the issues discussed.

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April 2022