

London Congestion Charging
(Submission to the London Assembly)
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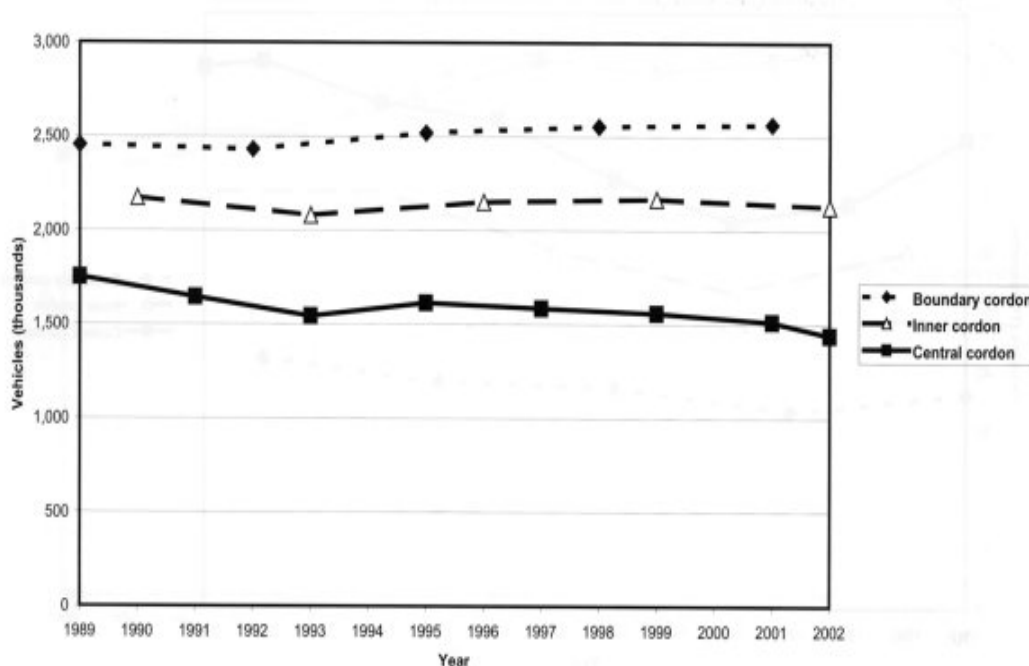
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I. Introduction

The Bromley Borough Roads Action Group (BBRAG) has campaigned for several years to improve both public and private transport facilities in London, and more specifically in Bromley. We wish to ensure that expenditure on traffic management, road safety and other transport facilities is spent wisely. We now have over 70 subscribing members and publish a bi-monthly newsletter that is distributed to over 150 members, politicians and other people interested in local transport matters. We also maintain a web site containing much useful information on transport matters and campaign on local issues which have the support of our members. Our members, as residents of London, are affected by the Congestion Charging scheme which is why we are making this submission.

When the Congestion Charging scheme was first proposed, there seemed to be widespread acceptance that such a development was worth investigating. Traffic speeds in London seemed to be falling, and congestion was getting worse, even though traffic volumes entering London were not rising (see chart below for trends in that regard). The causes of this were open to debate but included frequent road works created by utilities operations and alleged “anti-car” traffic management policies of TfL such as rephasing of traffic lights and new bus lanes. Moreover, public transport usage was rising due to a buoyant economy and more employment in central London but there was little investment being made to improve it. In addition it was recognized that public transport in London was exceedingly poor quality and expensive in comparison with other major cities. It therefore seemed a good idea to “kill two birds with one stone” by introducing a Congestion Charging scheme that would reduce congestion and provide the funds to improve public transport. Indeed BBRAG did not oppose the scheme initially.

Fig. C1: Radial 24 hour all motor vehicle movements in London, both directions combined, 1989-2002



Clearly congestion charging schemes have been successful in reducing congestion and gained wide public acceptance in such countries as Norway and Singapore, particularly where as in the former example the scheme was used to finance additional road building. It is worth pointing out however that the technical details of other schemes are quite different and these countries had particularly problems in terms of geography that worsened congestion (and advantages in some regards in respect of implementation issues).

However when the details of the London Congestion Scheme were announced, there were major concerns expressed by many people. For example 47% of the public opposed it in the responses to the Mayor's consultation exercise, whereas only 36% were in favour. There were clearly going to major "gainers" and "losers" from the scheme, as in fact has turned out to be the case, with some individuals benefiting, but others being disadvantaged.

Now that the scheme has been in operation for some months, it is possible to look at the effects of the scheme, and compare the original expectations with the result. Our view is that although the scheme has been a success in some regards, it has also failed in others, and in total there is no clear net benefit.

We are therefore opposed to continuation of the scheme unless major changes are made so as to reduce costs and increase revenue (and changes made to where the net revenue is applied). Our detail objections are made below.

2. Objections to the Congestion Charging Scheme

BBRAG's objections to the scheme are as follows:

2.1 Failure to meet objectives

The original objectives of the scheme were clearly defined in the "Greater London (Central Zone) Congestion Charging Order 2001: Report to the Mayor, February 2002" and the following is quoted from what it said (section 1.2 - Reasons for Making the Scheme Order):

A - it would reduce congestion, not only within, but also beyond the charging zone; road users would have quicker and more reliable journey times, and traffic queues would reduce;

B - it would improve bus operations - their journey times and reliability are severely impeded by traffic congestion;

C - it would produce substantial net revenues; which by law must be spent on improving transport within Greater London....;

D - it would benefit business efficiency as growing congestion is a serious threat to business and employment in London;

E - it would make central London a more pleasant location....;

Item C above was clearly intended to indicate that the scheme would provide substantial cross subsidies to other transport improvements, and the Mayor made it clear that this was primarily to be on public transport. In the short term, as he lacked control of the underground, this was to mean improvements to bus services.

Item E was unfortunately not very specifically defined, although many people said at the time (including the Mayor) that it would reduce air pollution and noise. However the Report to the Mayor made it clear that any significant improvements in those areas were unlikely to occur as most of the heavily polluting vehicles (buses, taxis, and HGVs) would likely not reduce in volume.

What are the results to date, based on the recent “Congestion Charging - 6 Months On” report from TfL and other evidence? Each item is considered in turn below:

2.2 Reduction in Congestion

This objective clearly seems to have been met within the zone. According to the recent TfL report traffic within the congestion charging zone is down by 30%, and this is backed up by personal experience. However the claim that it would improve congestion in the surrounding area has not been met. The TfL report (para 3.29) suggests that there was no overall change on main roads, although it suggests the effect has been mixed and further research is necessary. Other reports suggest improvements in East London, but degradation to the west of the zone. However, it appears that diversion of traffic around the congestion zone is not all that substantial so increased congestion of peripheral routes (and the inner ring road), seems not to have worsened as some people expected.

2.3 Improved Bus Operations

The TfL report suggests that bus reliability has improved considerably, and believes that is due to the effects of the congestion charge. No data is provided on bus journey times, although this would probably depend on scheduling anyway.

2.4 Substantial Net Revenues to Spend on Transport Improvements

In this case there is a clear failure. The net revenue from the scheme was originally anticipated to be over £200 million. This was reduced to £130 million before it went operational, and is now likely to be about £58 million in the current year taking into account the recent additional contribution to Capita’s costs. This is unlikely to improve much in future years as currently about a third of revenue is from penalty charges which presumably will decline as people get used to the system, although there may be some reduction in operating costs in later years.

In fact the original revenue estimate in 2002 was for a gross £257 million including £34 million in penalty charges. The latest estimates in the TfL report indicate a gross revenue of £165 million including £50 million in penalty charges.

Note that TfL claim the shortfall is down to the unexpected success of the scheme, but that in fact does not account for the shortfall in revenue. Originally they estimated that 154,000 cars would enter the zone daily, and this has in fact reduced

to about 125,000 in the reported figures, so that is only a 19% reduction and other vehicle numbers are actually greater than forecast. So the reduction in expected revenue is clearly not solely down to reduced traffic flows. Some reasons are given in the TfL report for this shortfall (see para 4.3), and one of them which is probably the prime cause is higher rates of evasion than anticipated.

Whatever the reason, the net revenue of between £50 to £70 million is not enough to substantially help the London transport operating budgets or enable investment in infrastructure (the operating subsidies for buses alone will soon be running at over £1 billion per year).

It also means that if you exclude penalty payments, for every £5 charge payment, £4.20 of it goes to cover operating expenses, and only 80p goes on improving transport. This must be one of the most inefficient ways of collecting public funds ever devised. About £100 million per annum is being used to subsidise unproductive jobs, mainly in Coventry and Glasgow where Capita operations are located, which would surely be much better spent on more useful services.

2.5 Benefits to Business Efficiency and Employment

The latest TfL report seems not to have covered any benefits to business in terms of improved goods transport efficiency or an improved business environment, ie. no studies seem to have been done on these issues. However retailers have reported a significant decline in trade in some areas. The Mayor denies that this is due to a decline in visitors, citing the fact that car users were only a small minority of shoppers while shoppers as measured by foot fall have declined. However, he ignores the fact that it could well be that more wealthy shoppers drove in preference to taking public transport and if they object to the cost and inconvenience of paying the charge, and cease visiting central London, then there could be a disproportionate impact on retail trade.

It therefore seems likely that the congestion charge is having some negative impact on retail trade, and possibly other businesses.

2.6 Improvements to the Environment

There is nothing in the recent TfL report on this subject, which is odd bearing in mind that I have been advised that they have received some time ago an initial report on air quality in the congestion charging zone, post implementation. However as it was predicted to not have any significant effect, we can possibly presume that it is either neutral or worse. It seems very unlikely that this alleged benefit of the scheme will actually be achieved.

Based on the above, it is clear that only two out of the five planned benefits of the scheme have actually been achieved.

Mr Livingstone has recently said (eg. on the Ask Ken television programme) that the prime objective of the scheme was to cure congestion and he would have pushed ahead with it irrespective of the cost, but that was certainly not what was said by

him and others when promoting the scheme. In addition there are the following disadvantages which we see in the scheme as it stands:

2.7 Technical Unreliability and Poor Enforceability

It is clear that from the shortfall in revenue that there has been substantial evasion of the congestion charge (see above). Clearly the reliability of the automatic camera reading technology is not as good as was anticipated (figures of over 95% recognition were initially expected but that fell to 85% before the scheme even commenced operation). Problems of light reflections from number plates were one cause mentioned in some reports. From your own authors tests of the reliability of the scheme, it initially seemed to be lower than 50% accurate in identifying offenders, although this has improved more recently. Perhaps this was because of the extra people put onto manually reading number plates that was announced when the extra funding for Capita took place, but clearly this extra labour is undermining the economics of the scheme.

In addition the follow through when penalty charge notices have been issued has been poor (for example appeals conceded or enforcement abandoned for no good reason) and even TfL admit in their recent report that they are only winning 51% of appeals (see para 7.13). This is much lower than the rate that applies to parking appeals which use a similar appeals system.

In fact 30% of the overall revenue in the current year is expected to come from penalty charges which is symptomatic of the size of this problem, and probably indicate a correspondingly large number of evaders who are not even being issued with penalty notices or who avoid payment. These problems are surely bringing the system into disrepute, and it seems likely to the author that these problems will worsen as people become familiar with how to evade the system.

One problem with the congestion charging scheme that has been pointed out by some writers is the strong incentive to not license a motor vehicle, and hence avoid payment by simply being untraceable. Police have reported in the past that as many as one in ten drivers may be unlicensed and uninsured which creates major problems for law enforcement. The impact of the congestion charging scheme may encourage that even more, as the penalty for not licensing a vehicle can be less than the annual cost of paying the charge. It is odd that the recent TfL report does not provide the data on how many Penalty Notices are either not issued, or enforcement abandoned, because the car is not registered or the owner not traceable. This would have been useful data.

2.8 Losers and Winners

One of the reasons for dissatisfaction with the system is that there are winners and losers. The main gainers from the system are those people who can afford the £5 charge, who travel in regularly and during rush hours. Those people who only visit London by car occasionally and outside rush hours get little benefit and yet pay the same. The extra inconvenience of having to pay (which can often take 10 minutes) is a major extra penalty if you are travelling from London suburbs such as Bromley when the journey time can be as low as 30 minutes (ie. it increases the time by 33%).

Other groups of people who are particularly disadvantaged are those who live just outside the congestion charging zone and who have to pay if almost every day if their social patterns are not to be disturbed and those who work shifts but have to leave or arrive during the charging times and where public transport is not available to them (for example, hospital staff, firemen).

These effects are socially divisive also in that it tends to be the lower paid who are most severely affected. In effect the congestion charge allows the wealthy to purchase road space at the expense of the less wealthy. Of course one could argue that there is no reason why road space shouldn't be sold to the highest bidder in the same way as railway or airline seats are, but in those cases these organisations are primarily commercial in nature whereas traditionally the road network has been seen as a social provision and funded by government.

Our members in Bromley are also concerned that the financial transfer to public transport is also only benefiting a small minority. To date there has only been extra investment in bus services but most of this seems to have gone into the provision of extra buses for central London. In Bromley there is very little benefit from this as buses are a minority mode of transport for Bromley residents, and it is not practical to get a bus into London. Even if future expenditure is put into the underground, Bromley residents will not benefit. In effect, Bromley residents have to all pay the charge if they choose to drive into London, but get no transfer benefits whatsoever.

2.9 Poor Public Acceptance

Although travel behaviour seems to have significantly changed because of the congestion charge (clearly many people will have been forced by economic circumstance to change their behaviour short term) there is clear evidence that a substantial proportion of people are unhappy with the scheme. The TfL report suggests 30% of London residents oppose it (see para 8.16), but other surveys have shown more substantial opposition. Our members have been against the scheme by a large majority since it was introduced, and there seems to be a hard core of people who do not accept the principle of congestion charging (and probably hence the high evasion rate). Of course, the TfL statistic also ignores the views of people who are resident outside the Greater London area, most of whom would be likely to oppose it, but who often travel into London.

Motoring organisations such as the Association of British Drivers have consistently opposed the scheme and the AA Foundation had the following to say: *"The scheme has been rushed through with inadequate development to a political timetable and has avoided independent scrutiny. Singapore took years of "test and learn" to develop their scheme."* They also report that Singapore only gained wide acceptance of the scheme by using the revenue to offset other motoring taxes. The Singapore scheme is also much more flexible in that it can vary charges by street and time of day, whereas London's is a flat rate.

Simply from the level of infringements, some of which are presumably deliberate and some accidental, it is clear that public acceptability of the scheme is low (even an accidental infringement is likely to instantly create opposition to the scheme).

2.10 The Objections to Extension

It has already been proposed that the scheme be extended to the west to cover Kensington and Chelsea and other areas such as around Heathrow, or even the whole of London within the M25, have been advocated by some politicians. The extension to the west is a natural consequence because separating Kensington from the City of Westminster (ie. by Park Lane as a divisor) was a pretty artificial dividing line. Unfortunately London has no natural dividing lines, other than possibly the green belt around the edge, so any boundary line is likely to be pretty arbitrary. Also residents realise that it is better to be within the zone than without as you pay a nominal charge if your home is within, so we will no doubt see further calls for extension. But to extend the scheme very far will defeat the object of it because if most of the drivers who previously drove into central London are now paying a reduced charge, it is no disincentive. The only way this would work is if you have different regions with their own charge (rather like permit parking schemes where you have zones, and which also are extended repeatedly for the same reason). But the administrative hassle of paying several charges as you drove, for example, through three zones across London (plus presumably elsewhere if other regional towns follow suit) would be totally unbearable. In essence we would argue that the scheme as it stands does not provide a sound longer term framework and has logical defects such as this. At best it is a stop-gap measure before a more general national scheme can be introduced.

3. Our Proposals

BBRAG believes that unless the congestion charging scheme can be improved, that it should be abandoned. The benefits do not outweigh the costs. If the prime objective of the scheme was simply to reduce congestion, then an annual cost of £165 million (which is currently the revenue raised from users) could certainly be spent in many other ways to reduce congestion by the amount currently experienced. In fact there are many simple ways to reduce congestion in a particular area, such as central London which is currently covered by the scheme, at much lower cost than that.

The recent TfL report claims a net benefit (Table 3 after paragraph 5.12) but conveniently excludes £50 million of penalty charge payments incurred by users, many of which might have been accidental oversights or mistakes.

How can the system be improved? Here are some proposals on that issue:

3.1 Clearly the system has to be made more profitable if it is to provide a better margin of revenue over cost, and contribute more to public transport provision. One thing that could be done would be to raise the congestion charge, but that would probably reduce revenue further, and raise evasion further, so that does not seem to be viable. Unfortunately the TfL report contains no breakdown of operating costs so whether those can be reduced is difficult to determine, but clearly reducing the hours of operation of the charge may enable some cost savings (see below for more on this).

3.2 Improving acceptability of the scheme is clearly one aspect to be looked at. One of the major cause of congestion is rush hour commuters travelling by car, and this is where the congestion charge has had the biggest impact. But there is no need to have the congestion charge apply all day to deter such users. Simply covering the hours from 7 am to 10 am would be sufficient, and would probably enable major cost savings in operations. The people who currently travel in during the middle of the day see little benefit in the congestion charge scheme, and object to paying the charge, so this would improve acceptability of the scheme.

3.3 Another way to improve acceptability and reduce costs would be to permit so many trips per month by users without incurring a charge. Again daily commuters would still be deterred, but the occasional shopping visit or business trip by a resident outside London would not be deterred - indeed the advantage would be that they would not even have to learn how to pay the charge. Penalty charge notices might simply not be issued unless you infringed more than 5 times in a month. This would also minimise the objections to the scheme from those people who have suffered erroneous penalty charges, or where they were issued from simple user mistakes or oversights. The labour to process the “non-regular” payers and chase up infringements would also be substantially reduced.

3.4 Another way to minimise penalty charges and hence improve acceptability would actually be to tell people when they had infringed, and give them 10 days to pay. If the system is as reliable as claimed, then there would be few cases where people did not end up paying. This would avoid people having to remember to pay which can easily be overlooked. By implementing this facility and reducing the hours during which the congestion charge applies, it might be possible to reduce operation of the call centres to a single shift, thus making major cost savings.

3.5 Acceptability would also be improved if the money raised was clearly spent on improvements to transport that benefited all people (not just the small minority that use buses, as at present). If it was clearly being applied to other transport systems such as the underground and surface rail then it would gain more support, and we would also like some it to be applied to improving the road network.

3.6 Another issue with acceptability is that anyone resident outside London gets much fewer benefits from the cross subsidies to public transport than do London residents. If they travel into London at all they come in by car or surface rail, and probably make very little use of central London transport services such as buses. To improve acceptability, we would exclude these people from the congestion charge also.

If some of the above proposals were incorporated into a revised scheme, then it may enable it to be made more acceptable and more economic. Although the latter would need a full study, it unfortunately seems unlikely to make it comparable to other tax raising methods in terms of efficiency. The cost reductions may save money, but presumably a lot of the costs are fixed. Improving acceptability would also reduce revenue, so the fundamental economics of the system may not be enormously changed. The above proposals are therefore only put forward as suggestions to be considered if it is politically unacceptable to close the scheme altogether.

Note though that we would certainly object to expanding the scheme to other parts of London until and unless the above mentioned problems are resolved.