

London Chamber of Commerce and Industry's response to Transport for London's consultation on proposed changes to the Congestion Charge

INTRODUCTION

1. London Chamber of Commerce and Industry (LCCI) is the capital's largest independent business advocacy organisation. We represent the interests of firms of all sizes, from micro-businesses and sole traders through to large, multi-national corporates, across all 33 London local authority areas – genuinely reflecting the broad spectrum of London business opinion.
2. As the voice of London business, we seek to promote and enhance the interests of the capital's business community through representations to central government, the Mayor and London Assembly, Parliament and media, as well as international audiences. Through business surveys and commissioned research, LCCI seeks to inform and shape debate on key business issues.

CONSIDERING THE PROPOSED NEW OPERATING HOURS FOR THE CONGESTION CHARGE

1. The aim of the Congestion Charge is to reduce traffic on London's busy road network in the defined geographical area, with the added benefits of reducing pollution. LCCI welcomes measures that encourage people to use public transport in Congestion Charge Zone and keep the road network free for businesses who require it for their day-to-day operations.
2. LCCI recognises the significant funding challenges that Transport for London (TfL) is currently facing, and that the temporary changes to the Congestion Charge in June 2020 were agreed with the Government as part of its funding deal. LCCI also recognises the need to avoid a car-led recovery in London, in which the road network is already at capacity. Those changes to the Congestion Charge that were made during the pandemic – raising the fee from £11.50 to £15.00 and the broadening of the operating hours – were nevertheless a sizeable change for businesses, representing a large cost burden.
3. LCCI therefore supports the proposed changes to the weekday operating hours of the Congestion Charge, which will enable more businesses that rely on commercial vehicle use¹ to operate without bearing additional costs. The current hours are detrimental to businesses that seek to use London's congested road network, even outside of the 'peak' working day².
4. Considering the operating hours of the Congestion Charge on the weekend, LCCI again welcomes the reduction in hours to 12:00pm to 6:00pm. This will help to bring more people into the Central Activities Zone, in which businesses have seen substantial challenges as a result of the Covid-19 pandemic. However, this still represents two additional days of charging compared to the operating hours of the Congestion Charge before the Covid-19 pandemic. Businesses in the Central Activities Zone will face higher costs on the weekend at a time when many are still recovering. Visitor numbers have improved as the lockdown restrictions have been pared back, but the reduced volume of inbound international tourism still represents a sizeable challenge to businesses in the CAZ.
5. There is the broader issue that the Congestion Charge effectively remains a tax on businesses who use vehicles in the Zone, regardless of necessity. For industries such as freight and logistics, for whom operations depend on using road vehicles, this is a significant cost. Feedback from LCCI members suggest

¹ Such as in the logistics industry.

² Considered to be 8:00am to 6:00pm.

the Congestion Charge is too blunt a tool that unfairly penalises businesses that operate in the charging Zone, but cannot do so without using the road network.

6. The proposed removal of the Auto Pay and Fleet Auto Pay discounts also represent both additional cost and administrative burdens, particularly for those that use Fleet Auto Pay. It is therefore disappointing to see this useful tool removed from the future operation of the Congestion Charge.
7. There is also no hiding from the fact that the Congestion Charge fee will remain at £15.00 per day, a much higher cost compared to the pre-pandemic level (£11.50, with the option for discounts under Auto Pay and Fleet Auto Pay). Given that there are many businesses that rely on a vehicle for operations, maintaining this new elevated fee will be a disappointment and represent a cost burden going forward.

CONCLUSION

8. In conclusion, LCCI supports the proposals to reduce the operating hours of the Congestion Charge from current levels. However, the raised cost (compared to pre-pandemic levels) represents a significant cost burden for companies that rely on vehicles for their business, and it is disappointing to not see a return to the lower, pre-Covid-19 charge. Whilst fully recognising that TfL is facing sizeable funding issues, the Congestion Charge should not be leant on as a tool to plug spending gaps as it will hit businesses at a time when many are also struggling with cost pressures.
9. Longer-term, there still needs to be a discussion around road user charging in the capital. With the widening of the Ultra Low Emissions Zone, and reports of a further boundary charge for vehicles entering London, there must be consideration given to a more streamlined system of road user charging.

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