

JANUARY 2014
#londoncostofliving

London Cost of Living Report

Fair Fares



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FOREWORD

Travelling to work, college, the shops or a hospital isn't a luxury; it's an essential activity for life for London's 8 million residents. As a matter of public policy we ask Londoners to use public transport rather than a car, when they can, to reduce the impact of their journey on our shared environment. So when fares are put up in London it's a matter of critical importance to millions; London's passengers cannot avoid the financial impact of fare rises on their family budgets.



This research shows that the above inflation fare rises in London are now seen by Londoners as a real issue in their daily lives. The survey of over 2,000 Londoners has shown that 84% think that public transport fares are too high.

This report also highlights how it's the poorest in our community who have been disproportionately hit by fare rises. Bus passengers have seen an unfairly higher rise in fares. Fare increases for bus users have been 18% above inflation under this Mayor, compared to 10% above inflation rises for tube users. In addition to this, passengers who can't afford a whole years' season ticket outlay are hit by higher fare increases and by poorer value for money in the ticket-products they have to buy – pay as you go and weekly or monthly travel cards. By being unable to afford annual travelcards, weekly travelcard users miss out on saving £504 a year and spend an extra £1.06 per journey.

While the Mayor has made efforts to restrain the GLA's share (precept) of the Council Tax in London, he has pushed up fares for 5 years if his six year administration thus far by more than the rate of inflation - meaning that the share of incomes being expended on fares has risen as a proportion of expenditure. While the GLA precept has fallen since 2008 by £10.82 for the average London home, a typical zone 1-6 travel monthly travel card passenger has seen their fares go up by £580 a year.

This report proposes that, in future, fares in London

- Should not rise above RPI in any given year;
- Bus passengers should not suffer a disproportionate increase and more effort should be made to share the cost of travel fairly between weekly, monthly and annual travel card holders;
- TfL should trial some new ticketing products which help the lower paid and part time workers, for example a part time employee travel card & early travel discounts;
- TfL should consider giving loyalty passenger points on longer term PAYG Oyster card users so that they can also gain some discount value for regular public transport use.

Val Shawcross

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FAIR FARES:

Tackling high public transport fares in London

'Completely unfair'

Living in London is hard enough without having to deal with the high cost of travel in the city. It is one of the most expensive cities in the world and as a student, studying here can be a great financial burden.

Why is it then that the Transport for London student Oyster card only gives 30% off on a travelcard?

This is poor value considering the fare hikes on the 19th of January. There is no discount for pay as you go which is important for numerous part-time students or students who travel off peak that study in London.

Considering that renting costs alone are so high in London; this is another blow to London students by the Mayor which is completely unfair.

Part-time student, London



FAIR FARES:

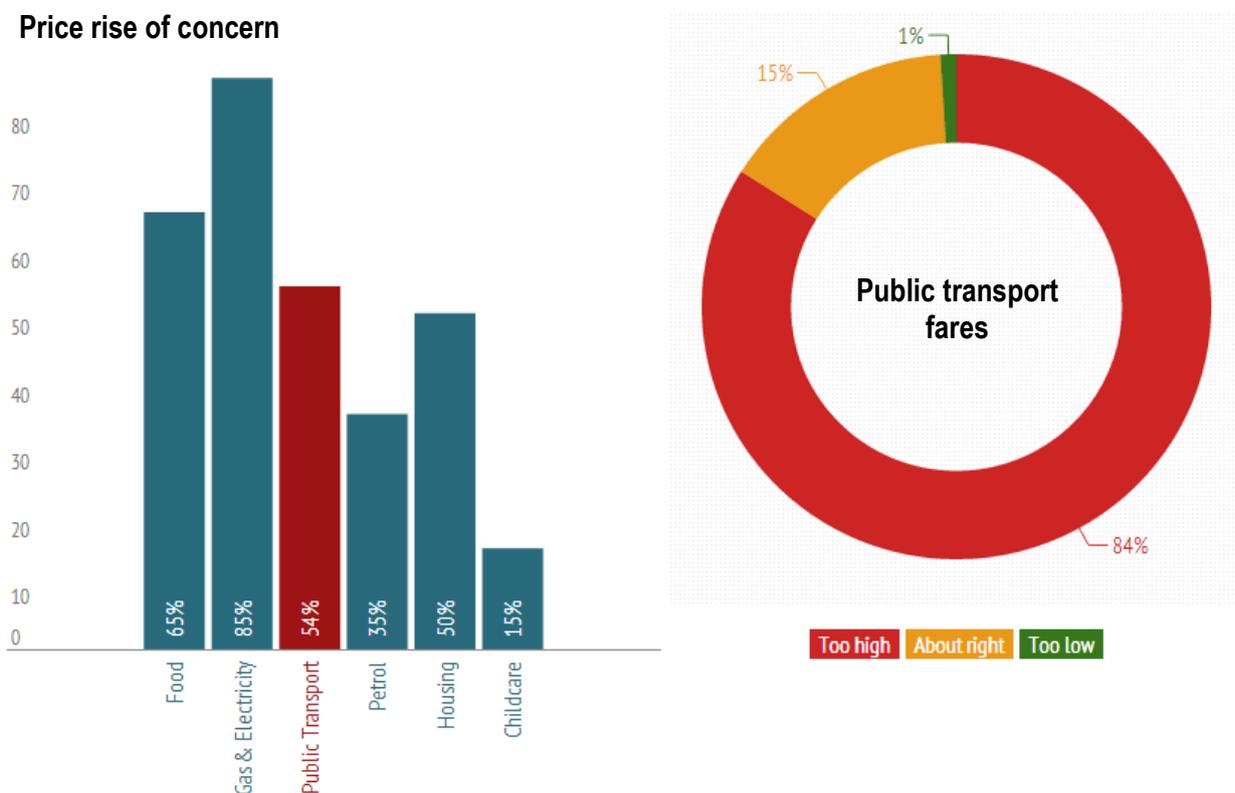
Tackling high public transport fares in London

WHAT LONDONERS HAVE SAID

Transport costs have increasingly become a key issue of concern for Londoners. Each inflation busting fare rise under the current Mayor has led to an influx of complaints from constituents. As such the cost of living survey sought the opinions of Londoners on public transport to see whether they think price matches quality and whether fares are fair.

Unsurprisingly, **54%** of respondents said that they **are concerned** about the rising price of public transport in London.ⁱ **84%** said that **fares are too high**.ⁱⁱ

Price rise of concern



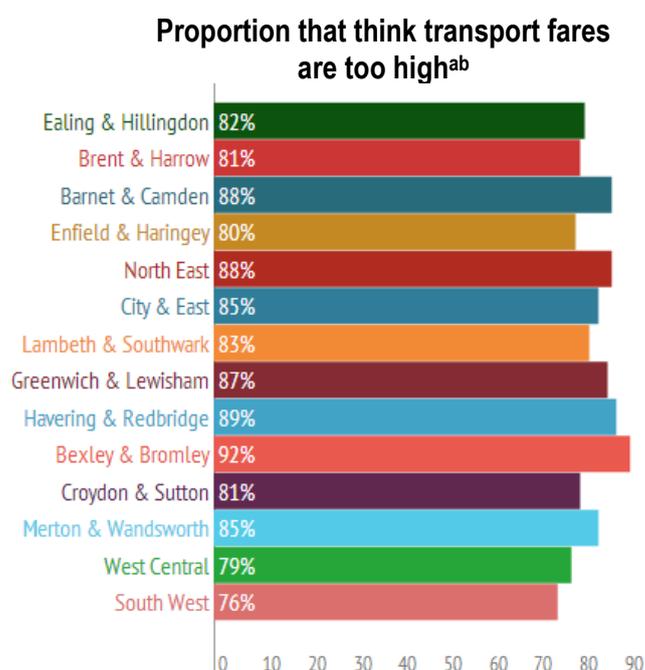
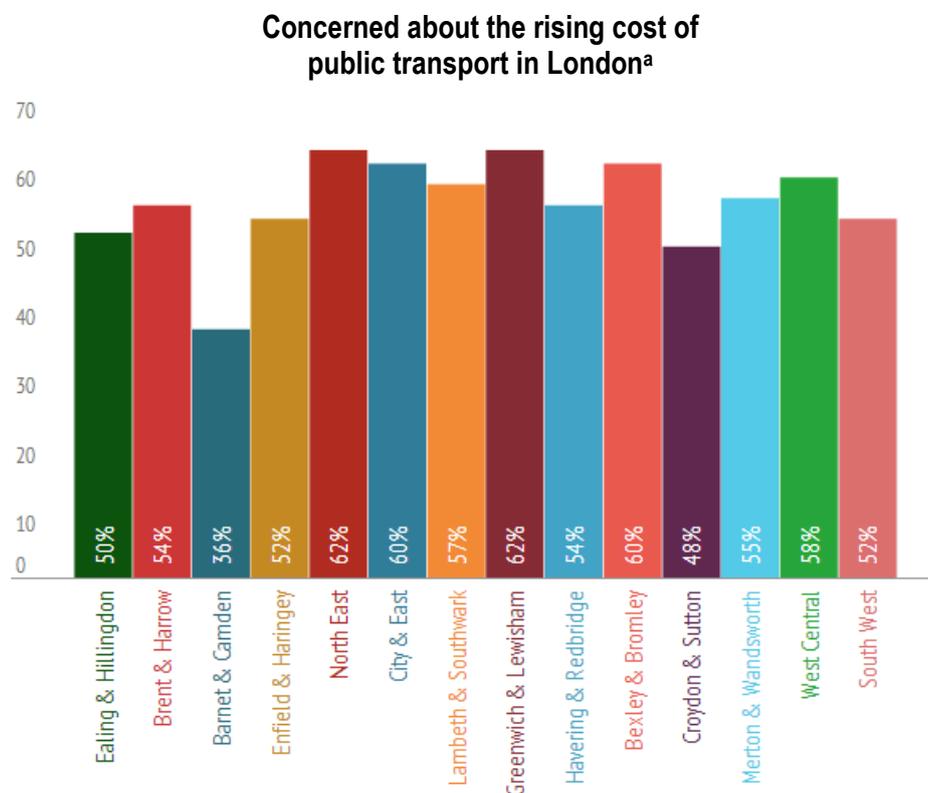
“I think the cost of living is too high, especially transport fares. Fares are raised too often without better service.”
Female, South Croydon.

“As a student in London, it is very difficult to afford to have a life. Transport is so expensive and even with a student Oyster card it drains all my money away.”
Student, Richmond-upon-Thames.

“As I am aged 82 and have a free pass, I am able to get out, but without it fares would be terrible. I don't have a car but petrol fares for my family are terrible.”
Pensioner, South Croydon.

FAIR FARES: Tackling high public transport fares in London

Breakdown by GLA constituency



^a All constituencies have a sample size of at least 100 for this question with the exception of Havering & Redbridge (80), Bexley & Bromley (60) and West Central (43).

^b Constituents from Barnet & Camden were given a separate paper survey that did not ask this question. This figure is from the 67 online survey returns for this constituency.

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HARDEST HIT LONDONERS

Whilst all Londoners appear to be concerned about the dramatic fare rises; some sections of society are particularly affected.

Parents

The survey showed that **63%** of parentsⁱⁱⁱ are concerned about the rising costs of public transport fares; **9% higher** than the average across London. **75%** of parents think that transport fares are too high.^{iv}

This could be the case due to the general financial strains parents may face elsewhere as a result of having dependents. Research undertaken by the Joseph Rowntree Foundation found that a working couple with two children would have to earn an additional £2,550 each compared to a single person to reach an adequate standard of living. They found that a lone parent would be required to earn an extra £8,750.^v

Renters and homeowners

Those who rent their homes are **10%** more concerned than those who are homeowners with **62%** of renters worried about fare increases.^{vi} Despite this, **82%** of homeowners still regard fares as being **too high**.^{vii}

According to Shelter, 'Generation rent' in London will have to save for 30 years before they can afford a house deposit.^{viii} As such, it is possible that they are feeling the squeeze from the cost of living crisis more so than others.

Young people

The survey results reflect this impact upon young people and show that they are feeling the hardship the most with **72%** of 16-30 year olds being concerned; more than double the proportion of those **over 60 (35%)**.^{ix} This difference is likely due to respondents over 65 being eligible for free travel with the freedom pass initiative. **80%** of those over 60 however recognise that public transport fares are too high.

BAME

Those from Black, Asian and minority ethnic (BAME) communities are significantly more concerned than their white counterparts on this issue with **73%** of BAME respondents saying that they are worried compared with **58%** of white respondents.^x **92%** of BAME respondents said that public transport is too expensive.^{xi}

The reasons behind this could be due to the higher proportions of BAME groups living in poverty. Research has shown that half of all people in poverty in London are from BAME backgrounds.^{xii}

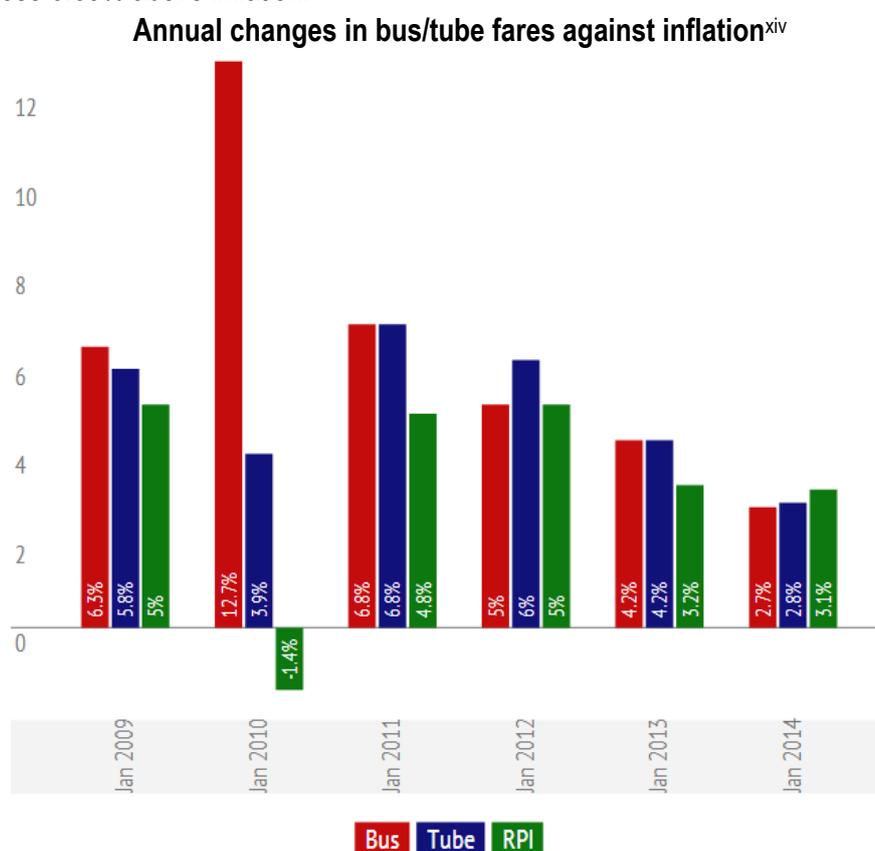
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WHAT OTHER RESEARCH HAS SAID

Figures from Transport for London (TfL) confirm what Londoners have been voicing and show that **from January 2009 until January 2014**, public transport fares have risen annually above inflation. This has virtually become the norm in the Mayor's business plan for TfL and has been **hitting those on lower incomes the hardest**.

In total, **fares have risen 13.12% above inflation** during this period.^{xiii} This is almost double the amount compared to the fare increases under the previous Mayor. From January 2001 to January 2008, fares rose 6.63% above inflation.^{xiv}



Since Boris was elected, **headline bus fares have risen by 43.8%**.

- The cost of a **single** peak/off peak bus ticket now costs £1.45.
- The cost of a **weekly** bus pass has **increased** to £20.20.
- The cost of a **monthly** bus pass has **risen** to £77.60.
- The cost of an **annual** bus pass has **increased by £256** to £808.^{xv}

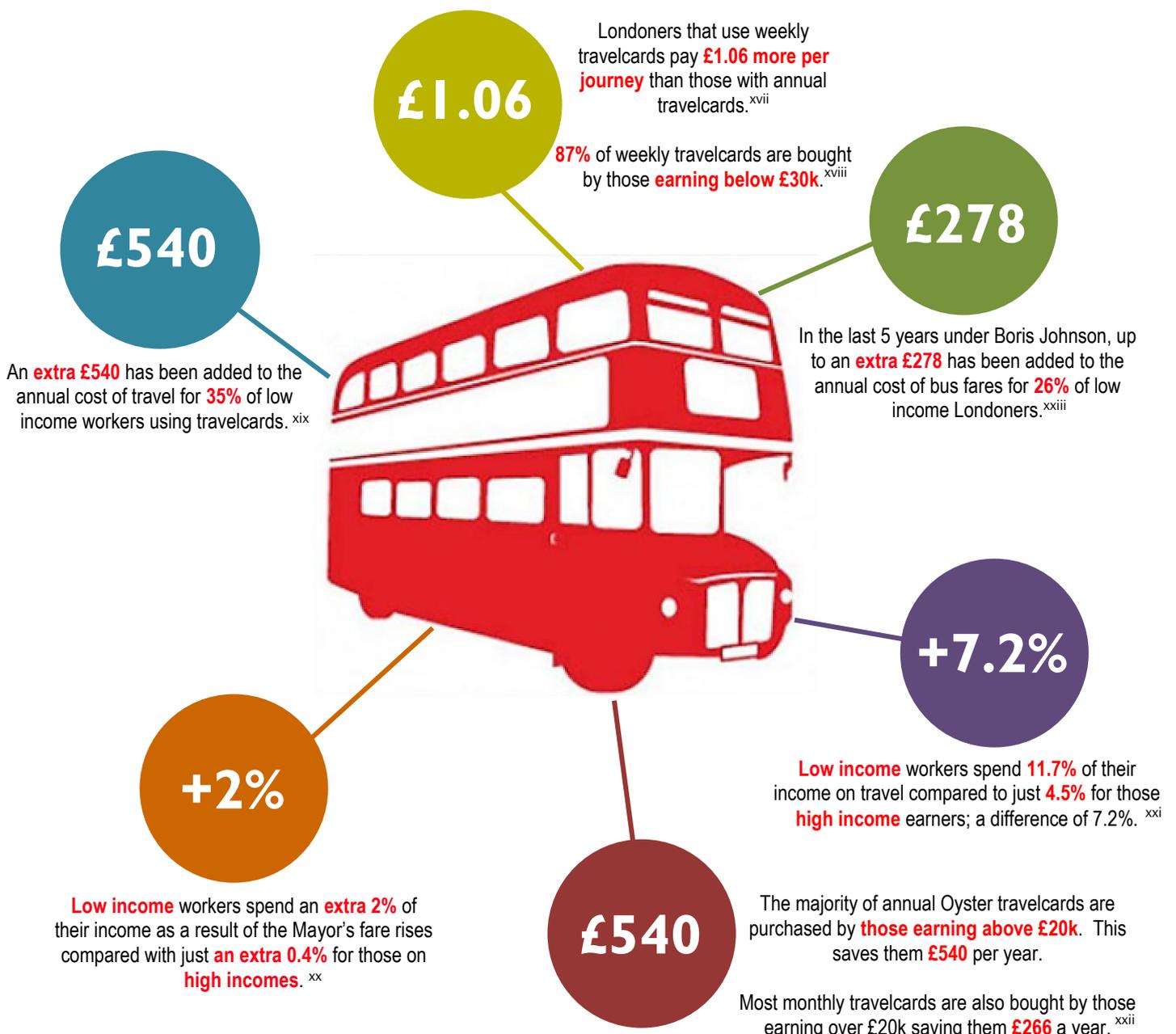
Tube fares have risen too.

- The cost of a **7 day zone 1-4 travelcard** has increased to **£45**.
- The cost of a **monthly** zone 1-4 travelcard has increased to **£172.80**.
- The cost of an **annual** zone 1-4 travelcard has **increased by £328** to £1,800.^{xvi}

FAIR FARES:

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Further figures from TfL show that these fare rises have particularly hit those on lower incomes. Those earning below £20,000 per year have faced **disproportionately higher fares** when compared to those on high incomes thus compounding the cost of living crisis for working people across London. Those on lower incomes are being forced to pay more via expensive ticketing options and essentially subsidise the discounts offered for higher income earners.



FAIR FARES:

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POLICY ANALYSIS

Higher costs for lowest incomes

To make work pay, fares have to be set at a fair rate. The inflation-busting rates of the last five years under the Mayor have seriously impacted the cost of living for working people in London.

With 84% of Londoners saying that fares are too high, it is clear that the fare increases have not been met with an increase in the quality of service.

The figures show that these fare increases have particularly impacted those earning the least. Currently, people on the highest wages pay £540 less than those on the lowest wages. In addition to this, low income workers have had to pay proportionally more of their wages on travel than those on high incomes as a result of the fare rises.

Bus vs. Tube

As the figures above show, the fares for bus travel have increased by around 45% and the fares for tube travel has increased by around a third. Whilst both of these fare rises are substantially above inflation and will mean reduced disposable income for Londoners in general; the fare rise on bus travel will particularly hit lower income families the most.

Figures from TfL show that 51% of bus users are earning less than £20,000 per year. 34% of bus users earn less than £15,000 per year. ^{xxiv}

In contrast to this, the statistics show that 70% of those that use the tube earn above £20,000 per year. 20% of tube users earn above £30,000 per year. ^{xxv}

Waste and cuts

Whilst fares have hit the pocket of Londoners; public transport services are either being wasted or cut.

In 2012, the Emirates Air Line cable car opened and has cost over £18 million to the tax payer. Figures show that it only carries 4 regular commuters. ^{xxvi} In a roundtable regarding disability costs at City Hall, experts from disability organisations indicated that opportunities have been squandered to invest in accessibility improvements for London's buses.

Meanwhile, the Mayor recently broke a manifesto promise by announcing that he will be closing every ticket office on the Tube by 2015 and cutting 750 jobs. ^{xxvii} The reduction in staff numbers has led to concerns that there may not be enough staff to respond in emergency situations, as well as to help commuters. For example, between January 2008 and July 2013 there was an average of 120 station closures every year because of staff shortages. This can only get worse with 750 less staff. Furthermore, with less staff on the stations, there are concerns that those users with accessibility needs will have nobody there to help them when they arrive at the station.

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London compared with Paris and New York

London is lagging behind similar capital cities on public transport fares.

A single ride on the Paris Metro costs €1.70^{xxviii} (£1.40). A single ride on the New York subway is \$2.50^{xxix} (£1.52). A single from Morden to London Bridge is £2.70 or £3.80 during mornings from Monday to Friday^{xxx}. All transport systems are different and have different funding regimes, but it is clear that fares in London are higher than they need to be.

Upgrades and investment into New York's subway has led to over half of New Yorkers using the subway system.^{xxxi} It is important for our economy and environment that the Mayor invests more into public transport and ensures that fares are made affordable.

With cuts in the Government grant, even more of the burden for funding transport in London will fall on the fare payer. We need to ensure that other avenues of finances are found to help; as has been the case with the funding for Crossrail and the Northern Line Extension. The 'Raising the Capital' report by the London Finance Commission stressed the need for sustainable financing for London's future transport needs.^{xxxii}

FAIR FARES:

Tackling high public transport fares in London

RECOMMENDATIONS

The Mayor needs to **limit his fare rise to RPI or less each year**. This would help Londoners at a time when their living standards are being squeezed. It's important for our economy and the environment that public transport fares are affordable. Many people who work in London commute from outside of the city and will be hit hard by these rail fare increases. This puts pressure on family budgets and could damage London's economy.

Under this Mayor tube fares have gone up by 10.11% above inflation. Bus fares have gone up by an eye-watering 18.6% above inflation. It is clear that the Mayor is placing the burden squarely on the shoulders of bus users, who tend to be less well off than those who use the tube. We need to ensure that decisions on where to raise fares are based on those users ability to pay.

The Mayor and Transport for London need to **introduce the following ticketing options** that will reduce the burden on Londoners:

- **One hour bus tickets**
- **Part time travelcards**
- **Early bird fares**
- **Loyalty discounts for regular PAYG Oyster card users**

To ensure quality in our public transport service; this report urges Transport for London to **implement the following 4 demands from the Transport Salaried Staff's Association's proposed Passenger Charter**^{xxxiii}:

1. **Turn up and travel** – An assurance for disabled passengers that they can turn up at any accessible tube station and be able to use the tube. This requires suitably trained staff to be available in all locations whenever stations are open – night or day - to assist passengers as necessary.
2. **A friendly face and a helping hand** - A visible staff presence throughout all stations – including on platforms, in ticket halls and on gate lines - throughout tube opening hours, with the skills to assist passengers with any difficulties with machines/barriers etc. and to provide travel advice and information.
3. **Safe and secure** - Well-maintained, safe and secure stations. Fully health & safety-trained staff on all stations to assist in case of emergency, accident or disturbance. Staff present on stations at all times – including at night – to offer passengers reassurance, and to provide assistance if necessary.
4. **Clear communication and updates** - Regular announcements and clear notices providing updates on disruptions, delays and general travel information throughout the day and night. Staff available to answer queries and provide advice, particularly for visitors to London.

METHODOLOGY

The London Cost of Living Survey ran from September 24th 2013 until January 6th 2014. Paper surveys were distributed across all constituencies in London and the survey was also available online.

In total, 2,366 Londoners responded to our survey. 872 Londoners answered the paper versions and 1,494 answered the online version. The respondents were self-selected.

The results reflect similar findings from the GLA's own Annual London Survey which shows that getting cheaper fares is Londoners' top concern.^{xxxiv}

The breakdown for the London Cost of Living Survey can be found at <http://cityhalllabour.org/>.

Other sources of research can be found in the references.

REFERENCES

- ⁱ London Cost of Living Survey (24/09/13 - 06/01/14). 1,279 out of 2,366 respondents said that they are concerned with the rising price of London transport fares.
- ⁱⁱ Ibid. 1,792 out of 2,137 said that public transport fares are too high.
- ⁱⁱⁱ Ibid. 157 out of 269 of those that claim child benefit said that they are concerned with the rising price of London transport fares.
- ^{iv} Ibid. 187 out of 269 of those that claim child benefit said that public transport fares are too high.
- ^v 'The living standard squeeze tightens as minimum cost of living soars 25% since downturn' - <http://www.jrf.org.uk/media-centre/minimum-cost-living-soars>.
- ^{vi} Ibid. 443 out of 712 renters are concerned about transport fares compared to 609 out of 1,164 homeowners.
- ^{vii} Ibid. 959 out of 1,164 homeowners said that public transport fares are too high.
- ^{viii} "Generation rent": Young people need 30 years to save for a house deposit, says Shelter' - <http://www.independent.co.uk/property/generation-rent-young-people-need-30-years-to-save-for-a-house-deposit-says-shelter-8664419.html>.
- ^{ix} Ibid. 165 out of 230 respondents aged 16-30 are concerned about transport fares compared to 58 out of 182 aged over 60.
- ^x Ibid. 196 out of 269 BAME respondents said that they are concerned about transport fares compared to 634 out of 1,086 white respondents.
- ^{xi} Ibid. 247 out of 269 BAME respondents said that public transport fares are too high.
- ^{xii} 'Ethnicity, low income and work' - <http://www.londonpovertyprofile.org.uk/indicators/topics/ethnicity-low-income-and-work/>.
- ^{xiii} Transport for London Fares 2000-2014. Table A1: TfL headline fare increases from 2001-2014.
- ^{xiv} Ibid.
- ^{xv} Transport for London Fares 2000-2014. Calculated from bus fares since January 2009.
- ^{xvi} Ibid. Calculated from travel card fares since January 2009.
- ^{xvii} Ibid. Comparison of zone 1-4 travelcards on basis of 253 working days in 2013 (http://www.work-day.co.uk/workingdays_holidays_2013.htm) with 2 journeys per day and 52 weekly travelcards in a year.
- ^{xviii} Transport for London income levels and ticket purchasing behaviour (25/10/13). Figure based on correlating TfL's social grade with their income levels (A=£40,001-over £75,000; B=£30,001-£40,000; C1=£20,001-£30,000; C2=£15,001-£20,000; D=£10,001-£15,000; E=up to £10,000). TfL sample shows that 2,819 out of 3,249 weekly travelcards were bought by C1-E passengers.
- ^{xix} Ibid. TfL sample shows that 1,256 out of 3,490 C2-E passengers bought a weekly travelcard. Increase of annual cost on basis of 52 weekly travelcards in a year and compares January 2008 zone 1-4 price with January 2014 price.
- ^{xx} Transport for London Fares 2000-2014. Low income figure based on January 2014 cost of 52 zone 1-4 weekly travelcards compared to January 2008 cost as a proportion of £20,000 salary. High income figure based on January 2014 cost of a zone 1-4 annual travelcard compared to January 2008 as a proportion of £75,000 salary. TfL sample shows that 34% (124 out of 366) of annual travelcards are bought by those in social grades A and B.
- ^{xxi} Ibid. Low income figure based on January 2014 cost of 52 zone 1-4 weekly travelcards (£2,340) as a proportion of £20,000 salary. High income figure based on January 2014 cost of a zone 1-4 annual travelcard (£1,800) as a proportion of a £40,000 salary.
- ^{xxii} Ibid. Annual travelcard savings calculated as difference between the cost of 52 weekly zone 1-4 travelcards (£2,340) and an annual zone 1-4 travelcard (£1,800). Monthly travelcard savings calculated as difference between cost of 52 weekly zone 1-4 travelcards (£2,340) and 12 monthly zone 1-4 travelcards (£2,073.60). TfL sample shows that 90% (331 out of 366) of annual travelcards and that 79% (1,503 out of 1,894) of monthly travelcards were bought by those in social grades A-C1.
- ^{xxiii} Ibid. Bus fare rise figure on basis of 253 working days in 2013 with 2 journeys per day. Pay as you go fare for January 2014 (£1.45) compared with fare for January 2008 (90p). TfL sample shows that 26% (4,676 out of 17,909) of those in social grades C2-E purchased Oyster prepay/pay as you go bus fares.
- ^{xxiv} Ibid. TfL sample shows that 17,909 out of 35,373 bus users were from social grades C2-E. It also shows that 12,083 are from social grades D and E.
- ^{xxv} Ibid. TfL sample shows that 8,162 out of 11,652 tube users were from social grades A-C1. It also shows that 2,364 are from social grades A and B.

REFERENCES

^{xxvi} 'Only 4 regular commuters using Emirates Airline cable car, TfL admits' - <http://snipelondon.com/scoop/only-four-regular-commuters-using-emirates-air-line-cable-car-tfl-admits>. The Cable Car cost £60 million to build. There is a £36 million sponsorship deal with Emirates. They also received an £8 million grant from the European Regional Development Fund. So a funding gap of £18 million remains.

^{xxvii} 'London Underground in 24-hour plans as ticket offices shut' - <http://www.bbc.co.uk/news/uk-england-london-25025888>.

^{xxviii} <http://rtw-travel-guide.com/paris-metro-cost-2014/>

^{xxix} <http://www.mta.info/nyct/fare/NewFares.htm>

^{xxx} <http://www.tfl.gov.uk/tfl/tickets/faresandtickets/farefinder/current/>

^{xxxi} 4.3million people ride the subway system everyday - <http://www.ny.com/transportation/subways/>

^{xxxii} Raising the Capital – The report of the London Finance Commission - <http://www.london.gov.uk/sites/default/files/Raising%20the%20capital.pdf>

^{xxxiii} <http://www.tssa.org.uk/en/campaigns/blt/passenger-charter.cfm>

^{xxxiv} Annual London Survey – Research Report 2011 <http://www.london.gov.uk/sites/default/files/Annual-London-Survey-2011.pdf>

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