

COMMUTER PAYBACK

PROVIDING REBATES FOR
FLEXIBLE COMMUTING



ROGER EVANS
GLA CONSERVATIVES
GREATER LONDON AUTHORITY

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INTRODUCTION

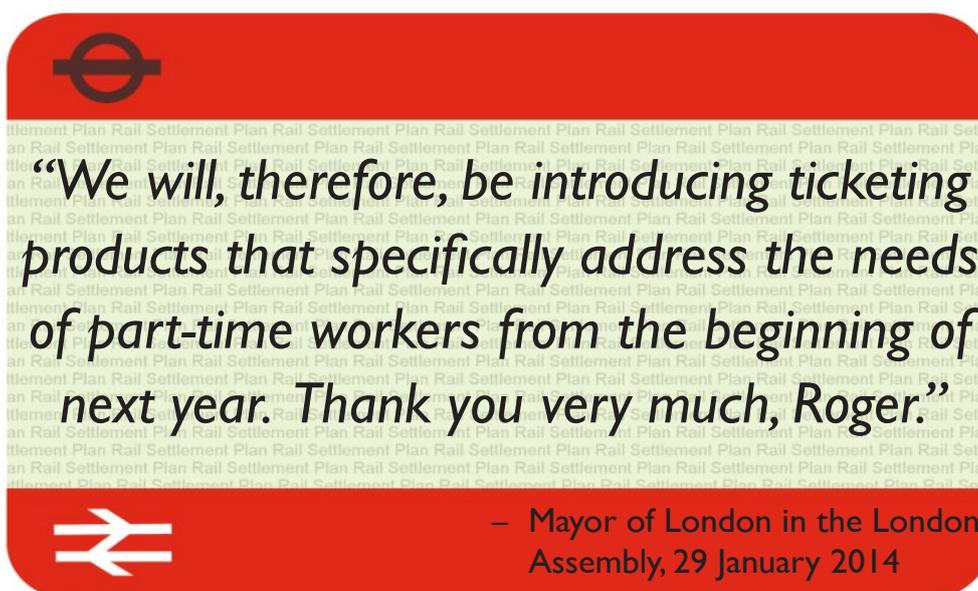
On 1st March 2013 I released a report entitled, *'Home Works: Why London needs to expand Home Working'*¹. Set against the backdrop of a 14% rise in tube passengers over the last 7 years and a total of 24 million journeys a day across the TfL network, the report made the case that there were many advantages for employers, employees and taxpayers as well as both national Government and Transport for London (TfL) in making it easier for Londoners to work from home. The logic of the report was straightforward: In order to encourage home working, Transport for London should adjust their ticketing policy to provide a financial incentive for commuters to work from home, even if just for a day or two per week.

My key proposals were as follows:

1. TfL, ATOC and the DfT should work together to introduce a 3-day per week Travelcard. This would use Oyster technology to enable commuters to travel for any three weekdays every week.
2. In addition, a rebate facility should be added to regular season tickets. This would allow commuters to pay for a 'full-time' season ticket and then receive a discount for every day they choose not to travel. By starting with the assumption that a full working year equates to 225 days of work, it is possible to calculate the average daily cost of a Travelcard. I suggested that the daily rebate should be set at 70% of this daily cost.

FOLLOWING THE FIRST REPORT

The initial response to the *Home Works* report was positive. However, although I received many supportive e-mails from Londoners, the Mayor was not initially convinced. Nevertheless, I continued to make the case for more flexible ticketing, both in public and in private and eventually it paid off. On Wednesday 12th February the Mayor announced that from January 2015, TfL would introduce some form of flexible ticketing. He made clear that he had been persuaded by the logic of my argument and my consistent lobbying of him and Transport for London.



1. <http://glaconservatives.co.uk/wp-content/uploads/2013/02/Home-Works.pdf>

Suggested daily commuter rebates for cycling, walking or working remotely



**An annual zone 1-3 Travelcard costs £1,472 – working out to £6.54 per day based on a 225-day working year. If the commuter rebate is set at 70% of this (£4.60 per day), this would work out at an annual sum of £207 if the person walks or cycles to work one day a week. Using the same method, a commuter rebate for a zones 1-6 season ticket, costing £2,228, would work out at £310.50, if the person works remotely or from home one day a week.²*

THE ADVANTAGES OF THESE PROPOSALS

Although 'Home Works' was a report that focused on home working, it quickly became clear that the specific proposals within it would have a number of positive ramifications. As evolving technology has enabled increasing flexibility around the way in which we work, the ticketing options available have not kept pace.

These proposals would benefit vast numbers of Londoners. It is worth considering that even those who were unable or unwilling to take up one of the flexible ticketing options, would benefit from a reduction in overcrowding. However, the following groups would stand to benefit from these proposals directly:

Cycle or walk to work for a day or two per week

Currently, once people have bought a Travelcard, the money they have spent is a sunk cost and it becomes logical to use as much public transport as possible. This is not to suggest that Travelcard holders are often to be found sitting on a Jubilee Line train travelling between Stanmore and Stratford as many times as they possibly can in a single day. However, it does mean that commuters are less likely to abandon the bus or the Tube in favour of cycling to work. A system of rebates would give people an added incentive to free up their space on public transport by cycling or walking to work.

The best reasons to cycle are; it is often the fastest way to travel around London, it is almost certainly cheaper than the alternatives and it is healthier to travel under your own steam. Knowing that each day you cycle to work will effectively earn you money in the form of a rebate on your Travelcard will make it much more likely that you'll take the plunge.

The ramifications of a Travelcard rebate for public health are hugely exciting. The Mayor and Transport for

². See index for all zone calculations

London recently published a document entitled, '*Improving the health of Londoners: Transport action plan*'.³ In many ways it is an excellent piece of work, and its key aims of increasing cycling and walking and improving air quality are clearly absolutely right. Flexible ticketing – and particularly the introduction of a rebate for underused Travelcards – would be a fantastic way of boosting both walking and cycling.

For example, a Wimbledon resident who cycled to work every Friday for 45 weeks of the year would receive a £207 rebate on their Zone 1-3 annual Travelcard. It is easy to see how this would be a spur to keep going on a cold, wet March day. Equally, it is not hard to envision that after benefiting from the rebate, that same commuter might well consider cycling to work for a second day a week.

Part Time Workers

As currently constituted, London's ticketing system is simply not designed for part-time working or part-time workers.

Currently, if you work for three days a week and need public transport for your commute, then you have a difficult decision to make. For example, a one-day Zone 1-6 Travelcard costs £17, a weekly Zone 1-6 Travelcard costs £57.20 and a monthly Travelcard costs £219.70. If you plan to only travel on public transport on the three days a week that you are working, then you would be best off paying £51 for 3 one-day Travelcards.

Someone working for three days per week could work as many as 15 days of a calendar month or as few as 12 days. 12 single Zone 1-6 Travelcards would cost £204, 13 would cost £221 and 15 would cost £255. Therefore, logically, it only becomes worth buying a monthly Travelcard in the months where you will work a minimum of 13 days. This example could be seen as an anomaly, but in fact it is a bizarre demonstration of the fact that the current system ignores part-time workers.

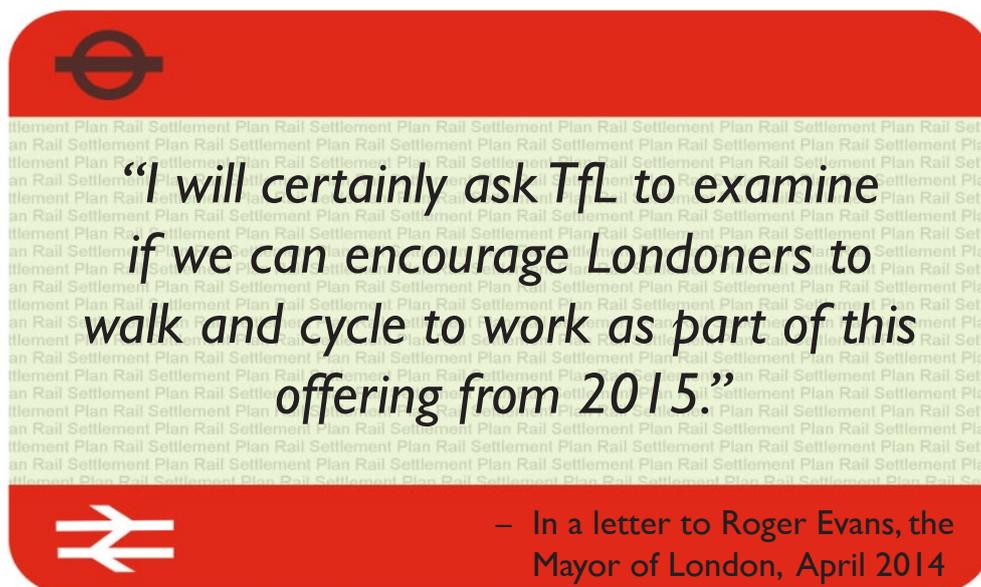
Consider a young mother living in Southgate. Before she had her first child she worked full-time and earned £25,000 per year. In order to commute into Central London she paid £1800 for her Zone 1-4 annual Travelcard. That equates to 7.2% of her salary. However, after finishing her maternity leave she now wishes to return to the same job part-time, working for 3-days per week. Her salary is cut on a pro rata basis to £15,000 per year. However, she still pays £1800 for her Travelcard. So her commute now eats up 12% of her pre-tax salary.

This is the hidden cost to part-time work. Whilst it is perfectly reasonable that a 3-day Travelcard would cost more than 3/5 of a full time Travelcard – as to do otherwise would be to undermine the purpose of the Travelcard discount – it is demonstrably unfair that there is no reduction at all.

Home Workers

Some jobs are not suited to working from home, and politicians should not be telling businesses how to operate. Nevertheless, as '*Home Works*' demonstrated, there are many advantages to individuals and businesses if more employees have the flexibility to sometimes work from home. My twin proposals – of a 3-day Travelcard and a system of rebates for underuse of full-time Travelcards – would give employees an incentive to work from home for a day or two per week.

3. <http://www.tfl.gov.uk/cdn/static/cms/documents/improving-the-health-of-londoners-transport-action-plan.pdf>



MAKING SENSE FOR TRANSPORT FOR LONDON

The benefits of these proposals for Londoners are obvious. Those who are able to reduce their usage of public transport will receive a rebate, those who work part-time will pay a more reasonable fare and those who have no choice but to continue to commute full-time will see a reduction in overcrowding. However, there is also a clear reason why TfL should welcome this proposal and it boils down to one word: capacity.

There are effectively two ways in which London could react to population growth and the increase of jobs in the Capital:

1. Expand provision and capacity by as much as can be afforded.
2. Increase flexibility so that people have a real incentive to avoid unnecessary journeys.

The first option is already happening and there is a clear need to continue to expand capacity. When Crossrail is completed in 2018, it will effectively increase London Underground's capacity by 10%. There is a very strong business case for building Crossrail 2. 'Home Works' made clear that "it should go without saying that London will still need Crossrail, Crossrail 2, longer trains on mainline rail, tube line upgrades, driverless trains, a new airport, improved river transport, better cycling facilities and a hundred other transport improvements."⁴ As London's population continues to surge the difficulty of keeping up with the necessary levels of transport provision will become ever more difficult.

Therefore, whilst the first option will be necessary, it will not be sufficient. The second option, by helping those who are able to do so to reduce their travel, will also be crucial in increasing the efficient use of resources. This option would help to ensure that London as a whole makes the best use of its transport infrastructure.

4. <http://glaconservatives.co.uk/wp-content/uploads/2013/02/Home-Works.pdf>

CONCLUSION AND NEXT STEPS

In January 2015, Transport for London will introduce some form of flexible ticketing. Introducing a 3-day per week Travelcard and a system of rebates for underusing 'full-time' Travelcards would be hugely beneficial to London and Londoners. These measures would encourage home working, help make part-time work pay, provide a boost to walking and cycling and reduce overcrowding on London's public transport.

Introducing a more flexible ticketing approach is a major step change and it is crucial that we engage with as many Londoners as possible to produce the right system. We have a once in a generation opportunity to fundamentally reform our patterns of work and how we travel. Therefore, I recommend the following to drive this forward:

1. **Transport for London to hold a full and open consultation that seeks the views of Londoners on how best to implement these proposals. This should start as soon as possible in order to allow as many Londoners as possible to have their say.**
2. **Following the public consultation, TfL should announce their full flexible ticketing plans by October 2014.**

In addition, with the publication of this report, I am announcing my own 90-day public consultation. I urge all Londoners, whether you work part time or full time, as an employee or an employer, at home or in the office, to visit <http://glaconservatives.co.uk/flexible-ticketing> and have your say

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The Calculations for the suggested cost of the daily rebate.

Annual Travelcard for Zone 1 = £1256 = £5.58 per day*

Annual Travelcard for Zone 1-2 = £1256 = £5.58 per day*

Annual Travelcard for Zone 1-3 = £1472 = £6.54 per day*

Annual Travelcard for Zone 1-4 = £1800 = £8.00 per day*

Annual Travelcard for Zone 1-5 = £2136 = £9.49 per day*

Annual Travelcard for Zone 1-6 = £2228 = £9.90 per day*

*Assuming a 225 day working year and using TfL TravelCard pricing.⁵

Suggested rebate set at 70% per day and rounded to the nearest 10p. This would equate to:

Annual Travelcard for Zone 1 = £3.90

Annual Travelcard for Zone 1-2 = £3.90

Annual Travelcard for Zone 1-3 = £4.60

Annual Travelcard for Zone 1-4 = £5.60

Annual Travelcard for Zone 1-5 = £6.60

Annual Travelcard for Zone 1-6 = £6.90

5. <http://www.tfl.gov.uk/cdn/static/cms/documents/tube-dlr-lo-adult-fares-jan-2014.pdf>



FEEDBACK

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Email: assembly.tories@gmail.com



ROGER EVANS
LONDON ASSEMBLY
Greater London Authority
City Hall, The Queen's Walk
London SE1 2AA