5 The London Congestion Charging Scheme: The Evidence

John Peirson and Roger Vickerman
University of Kent, Department of Economics, Canterbury, UK

Abstract
In February 2003, the Mayor of London introduced road pricing for driving in a small area of Central London. The London Congestion Charging Scheme uses relatively simple technology, was implemented over two and a half years, faced political opposition and required the efforts of a determined political champion who refused to be put off. The £5 charge has reduced car movements by about 30%, and increased bus use and traffic speeds. The unexpectedly large reduction in car use is partly explained by the possibility of taking routes around the charging zone. For this reason, the implied elasticity of about -0.8 is greater than many other previous elasticity estimates. It is suggested that extending the Scheme to a larger area or applying a similar scheme to certain other cities may not be quite so successful.

5.1 Introduction

On 17 February 2003, the Mayor of London introduced the first major urban road charging scheme in the United Kingdom. It is estimated that the London Congestion Charging Scheme (LCCS) has reduced traffic congestion delays in the charging zone by about 30%. The consensus opinion has been that the scheme is successful and has encouraged other major urban areas in the United Kingdom and the world to consider the introduction of road pricing. This chapter describes the LCCS, examines its impacts and considers the relevance of this evidence to extending the charging area and the use of road pricing in other urban areas.

5.2 Background to the LCCS

In considering the successful setting up and operation of the LCCS, it is important to understand the political background to urban road pricing in the United Kingdom. It is common to find suggestions that traffic speeds in Central London are at the same level as those a century ago (House of Commons Committee on Transport, 2003). Since the early 1960s, it had become clear that the unrestricted
rapid increase in the use of urban roads would result in such high levels of congestion that it would have serious impacts on the quality of urban life and economic activity. As part of a solution to such problems, reports to Government such as the Buchanan Report (1963) and the Smeed Report (1964) both proposed charges for the use of urban roads. However, this proposal was not pursued seriously until the mid-1990s. In 1995, the London Congestion Research Programme, see Government Office for London (1995), considered a number of different proposals to reduce congestion and predicted substantial benefits.

In 1999, the Labour government set up the Greater London Authority (the local government authority for London) with the expectation that they would be the major political party in control of the authority. At the same time, the Labour government’s support for road pricing had been curtailed as a result of political pressure from groups representing motorists and freight hauliers following substantial rises in the price of fuel. In the Transport 10 Year Plan (Department for Transport, 2000), the government encouraged local authorities to bring forward road charging proposals where the revenue could be used to fund local transport expenditure.

In London, under the legislation which set up the Greater London Authority, the Mayor was allowed to introduce congestion charging on roads. In order to inform the new Mayor, a technical report on Road Charging Options for London (ROCOL) (Government Office for London, 2000) had been published prior to the Mayoral Election. The election of the Mayor in 2000 became a major political event with a Labour politician, Ken Livingstone, standing against the official Labour candidate and winning with 58% of the votes cast. An important element of the new Mayor’s manifesto was to reduce road traffic by 15% and “consult widely about the best possible congestion charge scheme to discourage unnecessary car journeys in a small zone of central London, to commence during the middle of my term of office, with all monies devoted to improving transport” (Livingstone, 2000).

The new Mayor strongly supported a London congestion charging scheme and brought forward proposals soon after being elected. This scheme and a later overall transport strategy were subject to a consultation process with the public, local councils, businesses and representatives of road users. The scheme was modified over the next 18 months, in particular with respect to discounts and exemptions. The final scheme was adopted in February 2002, only one year before its implementation.

An early 2001 MORI opinion poll found that 51% of Londoners were in favour of the scheme and 35% against, but a 2002 poll by the Committee for

---

1 An example of the Labour government being unwilling to increase the cost of road use was the removal in 2000 of the fuel price escalator which increased the tax on fuel to make fuel prices increase by 3% per annum over the rate of inflation.

2 Similar powers were made available to other local authorities, although to date only one other, Edinburgh, has made any progress towards the introduction of such a charge, planned for introduction in 2006 subject to the outcome of a public inquiry and subsequent referendum in 2004.