

# City of London Corporation Committee Report

<b>Committee(s):</b> Streets & Walkways Sub – Committee	<b>Dated:</b> 22 July 2025
<b>Subject:</b> TfL Congestion Charge consultation response	<b>Public report:</b> For Decision
<b>This proposal:</b> <ul style="list-style-type: none"> <li>delivers Corporate Plan 2024-29 outcomes</li> </ul>	Leading Sustainable Environment Vibrant Thriving Destination Flourishing Public Spaces
<b>Does this proposal require extra revenue and/or capital spending?</b>	No
<b>If so, how much?</b>	N/A
<b>What is the source of Funding?</b>	N/A
<b>Has this Funding Source been agreed with the Chamberlain's Department?</b>	N/A
<b>Report of:</b> Executive Director Environment	
<b>Report author:</b> Samantha Tharme	

## Summary

TfL are consulting on proposals for changes to the Congestion Charge, including:

- Increasing the daily charge from £15 to £18.
- Reducing the Cleaner Vehicle Discount (CVD) for electric vans and Heavy Goods Vehicles (HGVs) from 100% to 50% (25% from 2030)
- Reducing the CVD for electric cars from 100% to 25% (12.5% from 2030).
- Removing the 90% Residents' Discount for new applicants with a non-electric vehicle from 2027.

Officers recommend supporting TfL's proposals in our consultation response, with one amendment. The proposed changes support the City Corporation's Transport Strategy objectives. They will support the City Corporation's aspirations to reduce traffic levels in the Square Mile and facilitate the movement of people by the most efficient and sustainable modes of transport.

One amendment is suggested to ensure an effective balance between incentivising the uptake of cleaner vehicles where needed and continuing to manage traffic and congestion. The amendment is the full removal of the CVD for cars from 2030, rather than the proposed reduction to 12.5%. This is explained in more detail in Paragraph 17.

A summary of the proposed changes to the Congestion Charge is provided in Appendix 1. Full details of the proposed changes, the rationale for them and the expected impacts are available via the links provided under Background Papers.

## **Recommendation(s)**

- Members are asked to approve the proposed response to the TfL Congestion Charge consultation (Paragraph 17).

## **Main Report**

### **Acronyms**

- CCZ: Congestion Charge Zone
- CVD: Cleaner Vehicle Discount
- HGV: Heavy Goods Vehicle
- ICE: Internal Combustion Engine
- PHV: Private Hire Vehicle
- NOx: Nitrogen Dioxide
- ZEC: Zero Emission Capable

### **Background**

1. The Congestion Charging scheme was first introduced in central London on 17 February 2003.
2. The primary objective of the scheme is to manage traffic and congestion in central London by reducing the number of vehicles that enter the Congestion Charge Zone (CCZ) during charging hours.
3. The CCZ is the area within the inner London ring road, including all the City of London and parts of Southwark, Lambeth, Westminster, Camden, Islington, Hackney and Tower Hamlets.
4. The charge is currently £15 with a 100% discount for electric vehicles, a 90% discount for residents of the CCZ and a 100% discount for Blue Badge holders. There are also a series of exemptions, including for licensed taxis, motorcycles, coaches and vehicles in the disabled tax class.
5. The hours of operation are 7am to 6pm Monday to Friday and 12pm to 6pm on Saturdays, Sundays and bank holidays, except between Christmas Day and the New Year bank holiday.

6. The Congestion Charging scheme has now been in operation for more than 20 years and has been modified many times in that period to ensure its continued effectiveness in managing traffic and congestion in central London.
7. The Congestion Charge has contributed to the City Corporation meeting its Transport Strategy targets for a 25% reduction in motor vehicles and a 15% reduction in freight motor vehicles by 2030 (2017 baseline). Further reductions in motor traffic are required to meet the target for a 50% reduction in freight motor vehicles at peak periods by 2030 (against a 2017 baseline).
8. The City Corporation's 2024 Strategic Traffic Counts showed an 8% reduction in private motor vehicles since 2022, including a 5% reduction in freight motor vehicles over 24 hours.
9. The traffic counts also show that 51% more cars are seen in the Square Mile outside of Congestion Charge hours (6pm-7am) compared to during (7am-6pm). There is a 20% reduction in the number of cars at 7am and a 37% increase at 6pm.

## **Proposals**

10. TfL are consulting on three proposals to be implemented on 2 January 2026:
  - Proposal A: Increasing the Congestion Charge from £15 to £18.
  - Proposal B: New Cleaner Vehicle Discount whereby the discount varies by vehicle type. The discount for electric vans and Heavy Goods Vehicles (HGVs) is reduced from 100% to 50%, and to 25% from 2030. The discount for electric cars is reduced from 100% to 25%, and to 12.5% from 2030.
  - Proposal C: A change to the Residents' Discount. From 2027, new applicants with a non-electric vehicle will not receive the 90% discount.
11. There are no proposed changes to the 100% discount for Blue Badge holders or the list of exemptions.
12. Compared to the 'do nothing' scenario the proposals are estimated to:
  - a. Reduce the number of vehicles in the CCZ by 2% by 2026 and a further 2.2% by 2030. The largest reduction is predicted in vans (-2.5%) and cars (-2.4%). Small reductions are predicted in Private Hire Vehicles (PHVs) (-0.1%) and HGVs (-0.5%).
  - b. Increase electric vehicle uptake by 0.9%.
  - c. Reduce NOx emissions in the CCZ during charging hours by -2.7% by 2026 and particulate emissions by -1.8%.
13. Proposal A: Congestion Charge
  - a. Proposal A is to increase the Congestion Charge from £15 to £18.
  - b. The aim of this proposal is to ensure the charge remains an effective deterrent given inflation and the comparison to tube and train fares.

- c. The Congestion Charge has progressively increased since its introduction to maintain its deterrent effect: £8 per day from July 2005; to £10 from January 2011; to £11.50 from June 2014; and to £15 from 2020.
- d. The charge was last increased in 2020, despite an increase in inflation and tube and rail fares.
- e. The increase from £15 to £18 is less than the increase in inflation for the same period.

#### 14. Proposal B: Cleaner Vehicle Discount

- a. Proposal B is to introduce a new Cleaner Vehicle Discount for electric vehicles whereby the discount varies by vehicle type.
- b. The new proposed CVD aims to achieve a balance between managing overall traffic and congestion in the CCZ and supporting further electrification of the fleet.
- c. The CVD will run in two phases, with discounts halving in 2030:
  - From 2 January 2026:
    - 50% discount for electric vans, HGVs and quadricycles (small cars in the 'L' category with government licencing via the DVLA)
    - 25% discount for electric cars
  - From 4 March 2030
    - 25% discount for electric vans, HGVs and quadricycles
    - 12.5% discount for electric cars
- d. The discount is higher for electric vans and HGVs as these customers may find it more difficult to switch to electric and require further support to do so.
- e. This is a reduction from the current 100% CVD, but this was due to be withdrawn altogether on 25 December 2025. Maintaining the 100% discount gives no incentive to reduce traffic by a shift to alternatives such as consolidation of deliveries and cargo bikes.

#### 15. Proposal C: Residents' Discount

- a. Proposal C is to change the Residents' Discount for new applicants to incentivise those residents who choose to own and operate a vehicle in the CCZ to do so in the cleanest available vehicles.
- b. Currently residents of the CCZ, including all City of London residents, receive a 90% discount, balancing their inability to avoid the charge if they drive during charging hours with the fact that they still contribute to traffic and congestion.
- c. From 1 March 2027, new applicants for the 90% Residents' Discount will only be eligible if they have an electric vehicle. All other vehicles will not be eligible for a discount.
- d. This would only apply to new applicants. No changes are proposed to those living in the zone who are already registered for the discount or who register

by 1 March 2027. This is to mitigate the impact on existing residents who may be reliant on their vehicle.

- e. Residents already registered by March 2027 will also retain the existing discount for any new or replacement vehicles.

16. TfL is also proposing to make several other changes which include:

- a. TfL will now increase the Congestion Charges regularly in line with TfL tube and rail fares and/or inflation, without consultation. This is already the way TfL tube and rail fares are increased and ensures that the charge remains an effective deterrent and driving in the CCZ remains more expensive than public transport.
- b. The consultation period for changes to the Congestion Charge will be reduced from 10 weeks to 6 weeks in line with comparable consultations and noting most people now complete the consultation online.
- c. Automated vehicles will be subject to the same criteria as other vehicles.
- d. The CVD will be applied automatically based on DVLA data so there will no longer be a need to register separately.
- e. Vehicles must be registered for autopay to receive the CVD.

### **Proposed City of London Corporation consultation responses**

17. TfL are inviting feedback to the consultation via an online survey. It is proposed to respond both to this survey and in writing to the Mayor of London along the following lines:

- a. The City Corporation continues to support efforts to reduce motor traffic and facilitate the movement of people by the most efficient and sustainable modes of transport. Reductions in traffic will also help improve air quality, reduce carbon emissions, make our streets safer and enable space to be reallocated to walking and wheeling, cycling, greenery and public spaces.
- b. It is important to ensure an effective balance between reducing motor traffic and incentivising the uptake of cleaner vehicles where driving is necessary.
- c. We continue to see the success of the Congestion Charge, with a notable decrease in private cars from 7am and increase from 6pm.
- d. The City Corporation agrees with Proposal A to increase the Congestion Charge from £15 to £18. It is important that the Congestion Charge remains an effective deterrent, therefore the pricing must be adjusted to keep up with inflation and maintain the gap with tube and rail fares. Private motor vehicle numbers in the City of London reduced by 8% between 2022 and 2024, but we would like to see this trend continue, including for freight vehicles where we have not seen the same level of reduction as other vehicle types.
- e. The City Corporation agrees with the element of Proposal B to reduce the CVD for electric cars. Given around one in five cars in the City are electric and the now established nature of electric cars and their associated

infrastructure, a higher discount provides less impact on traffic reduction, and the proposed discount looks appropriate to achieve a gradual change.

- f. The City Corporation would recommend a variation to the proposals with the full removal of the CVD for cars from 2030, rather than the proposed reduction to 12.5%. Given the expected number of electric cars that would be on the road by this date a discount should no longer be necessary and maintaining the discount will have less impact on overall traffic reduction.
- g. The City Corporation agrees with Proposal B to reduce the discount for vans and HGVs from 100% to 50%. The discount for electric vans should be higher than electric cars given the low number of electric vans within the UK fleet. In the Square Mile, 6% of vans are electric compared to 19% of cars. However, we have a policy to reduce total van numbers on City streets so agree the discount should be reduced as proposed. It is expected that numbers of electric vans will increase as the supply chain speeds up. Currently industry reports are that there is a time lag in availability of certain types of electric van. In the Square Mile, 3% of HGVs are electric, compared to 6% of vans and 19% of cars. Therefore, there are a relatively low proportion of HGVs on the road compared to other vehicles, but Internal Combustion Engine (ICE) HGVs create a disproportionate level of air pollution compared to other vehicles.
- h. The City Corporation agrees with Proposal C to change the Residents' Discount. We agree that the impact on residents with existing cars should be mitigated, but that residents should be incentivised to use electric vehicles for any necessary car journeys within the CCZ.
- i. The City Corporation does however ask that consideration be given beyond 2027 to the retention of the resident discount being attached to the vehicle rather than the resident, so that residents with existing vehicles are not impacted but those CCZ residents purchasing a new vehicle are incentivised to purchase an electric vehicle.
- j. The City Corporation agrees with the proposals for a new procedure to make routine changes to the Congestion Charge without consultation, so that charges can be increased in line with inflation and tube and rail fares.
- k. While we support the proposals, the City Corporation still believes there is a need for a smarter, more dynamic approach to road user charging which could be varied according to patterns of demand, vehicle types or by distance travelled. This would be more effective in reducing traffic levels and congestion in central London.

## **Corporate & Strategic Implications**

- 18. Strategic implications – Reducing motor traffic in the Square Mile supports delivery of the Transport Strategy by enabling more effective and efficient use of limited street space, reduces transport related carbon emissions, improves air quality, reduces road danger, and enables reallocation of space to walking and

wheeling, cycling, greenery and public spaces. Reducing congestion ensures that those necessary motor vehicle journeys are more efficient, saving people time and money.

19. Reducing motor traffic supports delivery of the Leading Sustainable Environment, Vibrant Thriving Destination and Flourishing Public Spaces outcomes of the Corporate Plan.
20. Financial implications – None
21. Resource implications – None
22. Legal implications – None
23. Risk implications – Reducing motor traffic in the Square Mile helps mitigate departmental risk ENV CO-TR 001 – Road Safety and corporate risk CR21 – Air Quality and CR30 – Climate Action.
24. Equalities implications – TfL have undertaken an Integrated Impact Assessment (IIA) on the proposed changes to the Congestion Charge. This incorporates an Equalities Impact Assessment.
25. Climate implications – Reducing motor traffic supports delivery of the Climate Action Strategy by reducing transport related carbon emissions and enabling street space to be reallocated to climate resilience measures.
26. Security implications – None.

## **Conclusion**

27. The proposed changes to the Congestion Charge will support the City Corporation's work to reduce traffic levels in the Square Mile and facilitate the movement of people by the most efficient and sustainable modes of transport. The importance of supporting the retail and hospitality trade in line with our Destination City strategy should be recognised, deliveries are still essential to allow these businesses to operate, therefore a balanced approach is necessary.
28. We have a suggested amendment to encourage an effective balance between incentivising the uptake of cleaner vehicles where driving is necessary and continuing to manage traffic and congestion. This is to remove the 12.5% discount for electric cars from 2030.
29. The proposed response to the consultation seeks to balance these issues and opportunities.
30. The summary of our proposed response is as follows:
  - a. We continue to support the principle of a Congestion Charge Zone.
  - b. We support the proposal to increase the charge from £15 to £18.
  - c. We support the proposal to reduce the CVD for electric cars but would recommend the full removal of the CVD for cars from 2030 rather than the proposed reduction to 12.5%.
  - d. We support the proposal to reduce the CVD for electric vans and HGVs.

- e. We support the proposal to change the Residents' Discount but would ask that consideration is given beyond 2027 to the retention of the discount being attached to the vehicle rather than the resident.
- f. We support the proposals for a new procedure for routine changes to the Congestion Charge.
- g. We still consider there is a case for smart road user charging.

## **Appendices**

- Appendix 1 – Summary additional information

## **Background papers**

- Supplementary information for the proposed package of changes to the central London Congestion Charge ([TfL Supplementary information](#))
- TfL website for all documents - <https://haveyoursay.tfl.gov.uk/congestion-charge-proposals>

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