

Transport for London

Low Emission Zones Charging Scheme

Four-Year General Programme for Applying Net Proceeds¹

Transport for London (“TfL”) is the charging authority for the Low Emission Zones Charging Scheme (“the LEZ/ULEZ Scheme”) set out in the Greater London Low Emission Zone Charging Order 2006 (“the Scheme Order”). Pursuant to the LEZ/ULEZ Scheme, charges are payable in respect of vehicles which do not meet the emissions standards imposed by the Scheme and are not otherwise exempt when they are used in either the Low Emission Zone (“the LEZ”) or the Ultra Low Emission Zone (“the ULEZ”). Non-payment of the charges will usually result in a penalty charge notice being issued. More information about the LEZ/ULEZ Scheme, including the emissions standards which apply in the LEZ and ULEZ, the level of charges and exemptions is set out in the Scheme Order and, in addition, at www.tfl.gov.uk/modes/driving/ultra-low-emission-zone and www.tfl.gov.uk/modes/driving/low-emission-zone.

The LEZ currently applies London-wide, that is, to the vast majority of Greater London. The ULEZ currently covers an area which includes central and inner London up to but not including the North/South Circular Roads. From 29 August 2023, the ULEZ is to be expanded London-wide and will cover the same area as the LEZ.

The net proceeds of a charging scheme must be used only for any purpose which directly or indirectly facilitates the implementation of any policies or proposals set out in the Mayor’s Transport Strategy (published March 2018 and revised in November 2023) and provides value for money (and to make good any deficit from the scheme from the previous 10 financial years).² “Net proceeds” for a financial year are the amounts received under or in connection with a scheme (in practice generally charging and enforcement revenue) less expenses incurred for or in connection with the scheme, in each case for the relevant financial year.

TfL has forecast that the LEZ/ULEZ Scheme will generate net proceeds of under £200m per year for the first two years then the net proceeds decline after that. Appendix A sets out the full breakdown and description for the current and next four financial years, that is, the 2023/24 to 2026/27 financial years. As the programme is being published in the last month of the current 2022/2023 financial year, the actual and forecast net proceeds received in this financial year have also been included in the programme.

In line with the Mayor’s Transport Strategy, the net proceeds will be applied to selected elements of the following programmes.

Healthy Streets and Healthy People

(I) Walking and cycling

- Management of borough streets and the Transport for London Road Network (TLRN) in a way that makes walking, cycling and public transport attractive and appealing choices for journeys.
- Delivery of a London-wide strategic cycle network.
- Protection, improvement and promotion of walking in London.

¹ Produced by TfL pursuant to the requirement in paragraph 20 of Schedule 23 to the Greater London Authority Act 1999.

² Pursuant to the requirements in paragraph 15 of Schedule 23 to the Greater London Authority Act 1999.

- Renewal of borough streets and the TLRN network to ensure that journeys are reliable and provide a good experience.

(2) Safety

- Application of the Bus Safety Standard to new vehicles joining the fleet. This includes mandating the fitting of speed limiting technology. As part of the Bus Safety Standard, from 2024 all new buses entering the London bus fleet must have additional safety features.
- Implementation of the Direct Vision Standard (DVS) phase 2 in 2024.

(3) Environment

- Continued delivery of zero emission (“ZE”) buses to meet our commitment for a full ZE bus fleet by 2034 or sooner if possible.
- Continued investment in new and innovative ZE bus technology and infrastructure, such as pantograph technology.
- Making TfL’s own fleet of around 1,000 support vehicles zero emission.
- Shifting TfL’s electricity supply to renewable energy and rolling out electric vehicle charge point hubs
- Improving air quality and the environment, including implement and operate an expansion of the ULEZ London-wide
- Climate change adaptation measures, including Sustainable Drainage Systems (“SuDS”) and green infrastructure.

Good Public Transport Experience

(4) Buses

- Maintaining bus service levels to provide capacity and connectivity opportunities.
- Improvements to bus connectivity and capacity in outer London
- Opportunities to increase frequencies on existing routes during off-peak times in outer London are being explored and will be consulted on in due course

(5) Customer information

- Installation of a wave of new bus countdown boards across every borough in the capital. More than 300 additional signs will be in place by December 2023, boosting the overall number of boards by 12 per cent.
- Improvements to the TfL “Go” app to integrate account and payment functionality, so that customers can plan, pay and travel in one fully inclusive, integrated digital experience.

(6) Rail

- Continued renewal and investment in the rail network to ensure a safe, reliable, frequent service can be provided, which will reduce demand on the road network.

Four Year General Programme, Annex A

Net Proceeds to 2026/27

Net proceeds of the LEZ/ULEZ scheme are calculated based on all revenue items (amounts received and expenditure) received or paid for, under or in connection with the LEZ/ULEZ Scheme. It includes depreciation and impairment of relevant assets and capital financing charges. Certain expenditure is incurred in respect of the LEZ/ULEZ Scheme and other charging schemes and/or functions of TfL, and is apportioned appropriately to the LEZ/ULEZ Scheme. Net proceeds do not include capital expenditure (for example, implementation costs).

Table A sets out the LEZ/ULEZ Scheme's projected income and expenses over the current and next four financial years to 2026/27, from which we can derive the projected net proceeds.

Table A - Net proceeds from 1 April 2022 to 31 March 2027

	£ Millions, rounded				
	Actuals, unaudited	Estimates			
		22/23	23/24	24/25	25/26
Income*	501	459	666	248	51
Toll facilities and traffic management	(330)	(254)	(427)	(156)	(26)
Net Operating Surplus	171	205	239	92	25
Administration, support services and depreciation**	(9)	(20)	(32)	(31)	(30)
Capital financing charges***	-	(5)	(9)	(9)	(9)
Net Proceeds	162	180	198	52	(14)

* Income for 2022/23 includes income from LEZ and inner London ULEZ only (expansion of ULEZ London-wide comes into force on 29 August 2023).

** Implementation costs (capital expenditure) of an estimated £159.5m for the expansion of the ULEZ London-wide in August 2023 are being funded by the Greater London Authority's treasury management function. The depreciation of the implementation costs will be charged to the scheme account and are included in this line.

*** Capital financing charges are the interest costs of c£9m per annum in respect of the scheme funding from the GLA.