



FEDERATION OF SMALL BUSINESSES

RESPONSE TO TRANSPORT FOR LONDON

on

the consultation relating to the future of the Central London Congestion Charge Western Extension

October 2008

**The Federation of Small Businesses is the largest UK organisation
representing the self-employed and those who direct small businesses.
Its membership is in excess of 215,000.**

**This submission is produced by the FSB's London Area Policy Unit
on behalf of its members in Greater London.**

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SUMMARY

Following consultation with its members, the FSB supports Option 2 in the consultation document, the removal of the Western Extension.

We also believe that some of the issues included in Option 3 should apply to the congestion charge zone regardless of its boundaries and that any changes should recognise the needs and requirements of London's small business communities.

INTRODUCTION

The FSB has always objected to the fact that the Congestion Charge fails to differentiate between essential and non-essential vehicle movements – that the small business owner making deliveries or visiting customers is treated in the same manner as the commuter who chooses not to use public transport.

It is clear from survey work by the FSB and others that the congestion charge has had an adverse affect on many small businesses and we were particularly concerned by the expansion of the zone to include the area covered by the Western Extension. Research undertaken on behalf of the FSB by the Centre for Economics and Business Research in July 2005 showed that, *using TfL's own data*, the Western Extension was likely to result in the loss of as much as £236m of turnover to businesses in the area of the Western Extension, and the possible threat to as many as 6000 jobs¹

We welcomed the comments made by the current Mayor prior to his election about the need to recognise the particular needs of business² and the commitment in his manifesto to take account of the views of business.³ We also supported his comments made on BBC London in January that he would scrap the Western Extension, a promise reiterated in March 2008.⁴

The FSB further welcomed the spirit of the Mayor's business manifesto where he stated that he was committed to "approaching every consultation with an open mind... [using consultation] to help shape decisions, not simply to conform to legal requirements."⁵

¹ "Will tackling congestion empty West London's tills?" : CEBR 2005

² Boris Johnson : Address to FSB National Conference, March 2008

³ "Backing London Business" : Boris Johnson 2008, p6

⁴ thisislondon.co.uk/standard/article 1 October 2008

⁵ "Backing London Business", p6

TfL's CONSULTATIVE OPTIONS

To ensure that the FSB could respond to the consultation knowing that it was reflecting the views of its members, we undertook in September 2008 a survey of our members both inside and outside the congestion charge zone.

Of those surveyed, 14% has businesses based inside the original zone; 6% were based in the Western Extension and 80% were outside the zone.

When asked about the possible removal of the Western Extension, 70% of respondents supported its abolition.

We broke down those respondents according to where their business was located.

Those based inside the original zone favoured the abolition of the Western Extension by a margin of 52% to 30% (with 13% undecided).

Those respondents inside the Western Extension supported abolition by a margin of 85% to 8%, with 8% undecided.

Respondents from outside the charging zone supported abolition by 71% to 16%, with 13% undecided.

It is clear that **the small business community strongly supports the removal of the Western Extension.**

We believe that the Mayor should hold to his initial commitments to abolish it.

THE OTHER OPTIONS

We also surveyed the membership on other issues relating to the congestion charge, some of which feature in TfL's Option 3. We object to Option 3 since, while some of its provisions have merit, they should be extended to cover the whole congestion charge zone and not just the Western Extension.

To address the issues raised in Option 3, **we have long supported the ability to pay the congestion charge by direct debit.**

For business owners with fewer vehicles than currently required under the TfL fleet payment scheme, valuable business time is wasted keeping track of vehicle movements. We would support a provision enabling all vehicle owners to register their vehicle(s) for automatic direct debit payments.

As stated above, the FSB has always taken issue with the discrimination against businesses inherent in the congestion charge system.

The current survey showed that 86% of respondents believed that businesses inside the zone should receive the same discount rights as residents. This was a policy proposed in the FSB's Mayoral election manifesto⁶ and received implicit support from the current Mayor at the FSB election meeting in March 2008.

We support any proposal to give business vehicles inside the zone the same discount rights as residents.

The consultation raised the issue of a charge-free period in the middle of the day.

60% of respondents in the FSB survey favour a charge-free period during the day. However, we reject the idea of a charge-free period only operating in the Western Extension. **Any charge-free period must apply to the whole congestion charge zone.**

Equally, we strongly reject the proposal from London First of a two-tier charge as outlined in the media.⁷ It would be excessively complicated and seriously penalise those businesses who need to make multiple drops inside the two sections of the zone. We would point out that London First only represents the very largest businesses in the city. It does not appear to speak for, or to understand the issues facing, London's 600,000 micro- and small businesses. The congestion charge is already a financial burden on small businesses and there should be no move to increase that burden at a time of increasing economic pressures.

The consultation asked about increasing the residents' discount to 100%.

The FSB does not feel competent to argue for or against this, except to state that 59% of respondents in our survey said that all business vehicles should be exempt from the charge (although this was supported by fewer than 50% of business owners inside the charge zone). Nevertheless it is clear from the survey that **business vehicles inside the zone should receive the same discounts as residents.**

⁶ "Keeping London Open for Business" : FSB 2008

⁷ thisislondon.co.uk/standard/article 30.9.08