

# New England University Transportation Center



NE University Transportation Center  
77 Massachusetts Avenue, E40-279  
Cambridge, MA 02139  
Phone: 617-253-0753  
Fax: 617-258-7570  
web.mit.edu/utc

**Principal Investigator:**

Jose Gomez-Ibanez

**Title:**

Professor of Urban Planning and Public Policy, Harvard Kennedy School

**University:**

Harvard University

**Email:**

[jose\\_gomez-ibanez@harvard.edu](mailto:jose_gomez-ibanez@harvard.edu)

**Phone:**

617-495-1341

**Co-Principal Investigator:****Title:****University:****Email:****Phone:**

## Final Report

*Project Title:*

*Case Studies of Transport for London*

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The New England University Transportation Center is a consortium of 8 universities funded by the U.S. Department of Transportation, University Transportation Centers Program. Members of the consortium are MIT, the University of Connecticut, University of Maine, University of Massachusetts, University of New Hampshire, University of Rhode Island, University of Vermont and Harvard University. MIT is the lead university.

This project was motivated by the election of Ken Livingstone as Mayor of London in 2000. Mayor Livingstone campaigned on a platform of improving transportation service through such innovative means as congestion pricing. Mayor Livingstone relied on his transportation agency, Transport for London (TfL) to implement his ambitious agenda and he recruited Robert Kiley, who had previously headed the transit agencies in Boston and New York, to head and revitalize TfL.

The plan of the project was to write at least one teaching case on the reforms being implemented in London. The cases were intended for use in masters' level graduate courses in transportation policy, planning and management. Eventually two cases were written and disseminated through the Case Program at Harvard's Kennedy School of Government.

### **Congestion Pricing in London**

The first case illustrates the politics and economics of congestion charges as a means of reducing traffic congestion. The case focuses on the decision Mayor Livingstone had to make in July 2004 about whether to expand the area where congestion charges applied. Skeptics had predicted fierce popular opposition or chaos from the original scheme, which was implemented in February 2003 and required that cars and trucks pay a charge of £5 (US\$7.95) to enter an 8-square-mile area of Central London between the hours of 7:00 am and 6:30 pm, Monday through Friday. The critics were confounded, however, when the £5 charge resulted in a substantial reduction in Central London congestion and the payment and enforcement mechanisms proved to be remarkably convenient and fair. The Mayor's proposal to extend the £5 charge to a congested area immediately to the west seemed risky, however, since the technical and political problems of charging might grow disproportionately with the size of the charging zone.

The main case, *Congestion Charging in London (A): The Western Extension* (HKS case no. 1787.0) describes the experience with the original Central Area charging scheme and the proposal for the western extension. *Congestion Charging in London (B): The Economics of Congestion Charging* (HKS case no. 1788.0) is a technical note that explains the economics of congestion charges. The (A) case can be used with or without the (B) case depending on the backgrounds of the students and the purposes of the instructor.

### **The Crossrail Project**

The second case illustrates the challenges of developing a convincing economic case and developing sufficient political support for an enormously expensive and risky infrastructure project. The case focuses on the decision of Prime Minister Gordon Brown whether to commit to funding for Crossrail, an ambitious project designed to relieve overcrowding on London's underground and railroad services by building a 21 kilometer (13 mile) tunnel under Central London and supporting improvements at a cost of £16 billion.

Two versions of the case are designed to serve different teaching purposes: *Crossrail (A): The Business Case* (HKS case 1889.0 and 1899.3) focuses on the efforts of a team of analysts in the TfL and Mayor's Office to persuade their counterparts in Her Majesty's Treasury that the risky and expensive project was worthwhile. It raises issues about the role of policy analysts and

analysis in government and illustrates various analytic methods, including benefit-cost analysis. A sequel (HKS case 1899.1) describes Treasury's funding decision and subsequent application of the analytic techniques used to convince Treasury. The second version, *Crossrail (B): The Politics of Approval* (HKS case no. 1899.2) describes the factors that led the Mayor of London and the London business community to champion the project and their efforts to persuade others. It is designed to support a discussion of political strategy, mobilization of support, and entrepreneurship in an urban context, including the evolution of strategy over time as new challenges emerge.

Instructors can obtain review copies of the cases at the website of the Harvard Kennedy School's Case Program at <http://ksgcase.harvard.edu>.