

Living on the edge:

The impact of travel costs on low paid workers living in outer London

executive summary



↘ introduction

London has a world-class public transport system with an extensive and comprehensive network, and higher levels of accessibility to public transport compared to the rest of England. However, in recent years, rising housing costs in inner London mean there has been a noticeable increase in the number of people working in low income jobs who live in outer London yet still travel to work in central London because that remains the main centre of employment. The relative cost and accessibility by public and private transport might limit the type and location of employment that jobseekers living in outer London¹ are likely to consider.

London TravelWatch, London Councils and Trust for London wanted to better understand the choices people in work in low income jobs and jobseekers living in outer London have to make about how to travel to work. The project partners also wanted to understand the impact these choices have on quality of life as well as how they relate to choices about where to live, where to work, and how much they can afford to spend on other essential expenditures that may affect their access to work.

We interviewed 2,854 Londoners, representative of the London population as a whole, held eight focus groups and 17 in depth interviews for more qualitative insights.

¹ For this report, outer London is the 14 boroughs situated around the edge of the Greater London Authority area plus the boroughs of Brent, Ealing, Haringey, Barking and Dagenham and Merton.

↘ key findings

- **Most people living in London are resigned to the high cost of travel;** they need to get to work and have no choice but to put up with the costs involved because they lack viable alternatives.
- 64% of all Londoners who commute to zone 1, which equates to around 1 million people - tend to choose the quickest or best journey available to them to get to work, including many people on a lower income. **36%, or a projected 500,000 commuters, are not using the quickest or best journey option available to them.**
- However, **travel cost is one of the main factors in the route chosen by one in four**, or a projected 180,000 people, commuting to Zone 1 from outer London and the equivalent of around 145,000 workers living in outer London choose the cheapest route to work rather than the shortest or most convenient.
- 9%, or a projected **70,000, outer London residents who commute to zone 1 could get to work faster if they spent more.**
- Over one in five, or a projected **156,000, commuters who commute from outer London to zone 1 have to cut other spending to pay for travel to work.**
- London residents earning more than £600 per month have to work approximately 20 minutes every day they work to pay for that day's commuting costs. **This increases sharply to 54 minutes for those earning £200 to £599 and 1 hour 56 minutes for those earning less than £200.**
- Travel to work accounts **for almost one tenth of a manual worker's average earnings.**
- **Lower earners are more likely to use the bus** and some choose this method to reduce their travel expenditure.
- Everyone is concerned about rising travel costs but **people on low incomes are worried that further increases could affect their ability to earn a higher salary by working in Zone 1.**

**“I feel sort of trapped, I don't have any other choices and I have to take the Tube at set times to get to work”
(London Underground commuter, female, north London)**

↘ context and research

Poverty in London

The profile of poverty (where someone is in poverty if they earn less than 60 per cent of median income after housing costs) in London has changed. Traditionally, the dominant picture of poverty has been of people who are out of work and living in social housing in inner London, but this is changing to one of more people in low income jobs living in private rented housing in outer London. *London's Poverty Profile*² reveals that:

- There are currently 2.25 million people living in poverty in London, a figure which has risen from 1.9 million a decade ago.
- 10 years ago, of the London residents living in poverty, half were in inner London and half in outer London, but the percentage in inner London has now fallen to 42 per cent and risen to 58 per cent in outer London. This now represents 1.3 million people in outer London compared to 940,000 in inner London.
- Unemployment in London is at its lowest level since 2008, however the past decade has seen an increase in the number of working-age adults in poverty from 1.1 million to 1.4 million, with the large part of this rise among working families. 60 per cent of children and working-age adults in poverty now live in a household where someone is in work.
- The number of part-time workers who wanted, but could not find, full-time employment grew by 87 per cent over the period from 2004 to 2012, however underemployment (i.e. people lacking work or not working as many hours as they would like) fell by 1.7 percentage points between 2013 and 2014.
- 21 per cent of London residents are paid below the London Living Wage, which was £9.15 per hour in 2013/14. The number of low-paid jobs increased for the fifth consecutive year to 690,000 in 2014, representing a 13 per cent increase on 2013. 43 per cent of part-time jobs and 11 per cent of full-time jobs are low paid.

The research

Three different research methods were employed to gather both new quantitative and qualitative data.

- Three waves of a London omnibus survey completed by 2,854 respondents.
- Eight focus groups with six participants per group.
- 12 depth interviews with individual jobseekers living in outer London.
- Five depth interviews with individuals whose first language is not English.

² <http://www.londonpovertyprofile.org.uk/>

↘ further findings

The disproportionate effects of travel costs

On average, London workers spend around £100 per month, or 7.3 per cent of their monthly earnings, on travel to work. Higher earners spend 6.8 per cent of their individual income on transport, compared to 9.2 per cent for lower earners.

Widespread resignation about the cost of travel

Travel costs are perceived as high, but commuters are resigned to paying these costs as there is little choice other than to increase their journey time to Zone 1, or find potentially lower-paying work locally in outer London.

People who live in London are concerned about the rising cost of travel in the future. With this in mind, lower earners may be more prepared to choose a longer, cheaper commute or reluctantly accept lower-paying work locally.

The journey time differential

Two-thirds of London commuters want the quickest and best journey to work, regardless of cost. The average journey time for London commuters is 45 minutes, increasing to 57 minutes for those commuting from an outer borough to Zone 1. Lower earners are more likely to use the bus spending, on average, 26 minutes on buses versus 20 minutes for higher earners.

Bus users are more likely to choose their route because of cost. Bus-only usage is higher among those earning less than £1,750 per month (10-12 per cent compared to 5-7 per cent for those earning more). However, bus-only journeys from outer boroughs to Zone 1 are impractical and may only be possible when working off-peak.

There are limited route choices to get to work from outer London in a reasonable amount of time. Any attempts to lower costs often involve longer journey times. This might involve substituting a bus journey for a walk, or train for a bus. Opportunities to travel by bus are greater for those who can travel to work off-peak, for example those who usually start work later in the day or who are informally allowed some late starts.

Travel costs and quality of life

One in five have to compromise spending on other household expenditures to pay for travel costs (with an almost equal share between utilities, looking for special offers when food shopping, clothes shopping, socialising and making non-essential purchases), because there is little scope for reducing travel costs.

conclusions

The majority of people are choosing the quickest and most convenient transport to get to work. However, a significant number of people in work on a low income living in outer London are choosing a cheaper, rather than a quicker commute to work in central London. There is a widespread sense of resignation about the cost of travel in London, as well as a concern about how people on a lower income will cope with rising travel costs in the future. These findings have implications for the London economy in that the lowest earners in the capital are less able to take full advantage of the transport network to access job opportunities. Compromises are being made in other household expenditures to cover travel costs. More research and monitoring are needed on the travel choices available to the lowest earners in London and to ensure that public transport is affordable to all those living and working in London.

Research participants suggested several potential improvements which might ease transport costs for those living and working in London on lower incomes.

- **Concessionary fares**

Low-income earners could benefit from a concessionary fare, similar to existing discounts and concessions, to reduce the burden of travel costs. Over one in five research participants support this. Participants also recommended tax-free transport tickets for people on low incomes.

- **Improving awareness of existing discounts**

Those living and working in London on a low income could benefit from an improved promotion of existing travel discounts, such as the recently reduced daily cap for Oyster and contactless card users to one fifth of the cost of a seven-day Travelcard to benefit part-time workers. Participants in this research would appreciate such flexible ticketing to accommodate working from home.

Similarly, jobseekers could be more consistently made aware of the Jobcentre Plus Travel Discount. The research reveals mixed levels of awareness and usage. Without exception, participants viewed it positively as something to help with getting to interviews, helping in the first few months of employment and offering a social lifeline when unemployed.

- **Season tickets and Travelcards**

Research participants would like it to be easier to obtain season ticket loans, including for a part-time season ticket offering lower prices for workers travelling less than five days a week. Participants also supported assistance or a subsidy to pay for weekly or monthly season tickets

Off-peak travelcards could be reinstated to benefit flexible working schedules, especially for those commuting from the outer boroughs to central London, which may also help to relieve congestion during peak times. Research participants said they would appreciate fares to incentivise those able to travel off-peak.

While it may be difficult to secure such benefits in the current economic climate, we think it is important that decision-makers understand the impact that fare levels can have on the choices made by those on low incomes.

- **Other potential improvements**

Employers could be encouraged to cover the cost of travel to job interviews, with successful applicants reimbursed only when they start the job.

Transport for London could give more prominence to the 'one more journey' facility on Pay As You Go Oyster and contactless card payments, similar to that available on London buses.

Bus and train services could be extended for travel in the early morning, late evening, night and at weekends. This would benefit people in low-paid jobs, which may tend to start and finish outside traditional hours.

**“ The bus would triple the length of time it takes to get to work; is it worth the time? You just want to get home as quickly as possible at the end of the day ”
(male respondent, north London)**

**“ For job interviews, I have to jump on the Tube because I can't be late ”
(unemployed male, east London)**

project partners

London TravelWatch is the independent consumer body responsible for representing the interests of all who use public transport in London. It is accountable to, and funded by, the London Assembly. It covers all modes of transport, and its work is underpinned by a series of statutory powers and duties.

Trust for London is the largest independent charitable foundation funding work which tackles poverty and inequality in the capital. Each year, it provides around £7 million in grants and, at any one point, is supporting some 400 voluntary and community organisations.

London Councils represents London's 32 boroughs and the City of London. It is a cross-party organisation that works on behalf of all of its member authorities regardless of political persuasion. London Councils makes the case to government, the Mayor and others to get the best deal for those living and working in London and to ensure that its member authorities have the resources, freedoms and powers to do the best possible job for their residents and local businesses.

BDRC Continental, the UK's largest independent research consultancy was commissioned to conduct the research.

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