

Date: 6 October 2021

Item: Spending Review Submission

This paper will be considered in public

As provided for under section 100B(4)(b) of the Local Government Act 1972, the Chair is of the opinion that this item should be considered as a matter of urgency. The reason for urgency is to provide the latest financial information to meet the Government’s consultation response timetable.

1 Summary

- 1.1 The Government’s Spending Review will be announced on 27 October 2021. The deadline for submissions is 30 September 2021.
- 1.2 TfL has a clear offer to Government that can stimulate the UK’s economic recovery, decarbonisation and the levelling up agenda while still delivering the Mayor’s Transport Strategy.

2 Recommendation

- 2.1 The Committee is asked to note the Spending Review submission.**

3 Purpose

- 3.1 Our comprehensive spending review submission reflects the realities of constrained funding and the uncertainty of future demand – notably in a reduction and deferral of capacity investment. Crossrail 2, Bakerloo Line Extension and Sutton Tramlink, while still important to London, are no longer the immediate priority. Additional capacity on the Northern and Jubilee lines also remains outside of our plan. In total we have reduced our planned spend on enhancements and extensions by £5.7bn over a 10-year period compared to our pre-pandemic 2019 Capital Strategy.
- 3.2 For London to play its part in the recovery from coronavirus and continue providing public transport services TfL will need revenue support of £500m for the rest of the year and £1.2bn through 2022/23. Beyond that, we are working to need Government support only for investment from 2023/24, which all transport authorities around the world require.

- 3.3 Support for our investment programme is essential to ensure the safe, reliable transport services that enable London to function. This investment also provides attractive alternatives to a car-led recovery as we decarbonise our network and adapt to be more resilient to extreme weather events. This plan supports the Government's commitment to cut 68 per cent of carbon emissions by 2030, and TfL's ambitions to improve London's air quality. Additional support can accelerate specific schemes that will secure thousands of critically needed green jobs and will help to achieve the UK's legally binding commitments on decarbonisation and improved air quality.
- 3.4 TfL needs to invest £2.5-3bn per year over the long term in this work, as has been set out in our Long-Term Capital Plan. In order to plan, commit and deliver most efficiently for the public purse, we need Government to commit to a long-term sustainable partnership in addition to our existing funding sources. We would like to partner with Government and move to a predictable and efficient system of multi-year investment control periods, which would enable £1-1.5bn of additional Government investment funding each year above current arrangements. This range already includes TfL contributing all we can through our existing operational efficiencies, new plans for capital efficiencies and the delivery of £500m of recurring income, either from Vehicle Excise Duty (VED), Greater London Boundary Charge (GLBC) subject to full assessment, consultation and Mayoral decision, or another source of income. This long-term approach is common with other transport authorities such as Network Rail and National Highways and makes economic sense.
- 3.5 This additional investment would unlock:
- (a) transitioning the bus fleet to zero emission: electrifying the bus network is the single largest intervention in achieving the de-carbonisation of our own services. A three-year programme (with longer-term financial commitment) can deliver 2,150 new electric buses, supporting Government's commitment to deliver 4,000 buses;
 - (b) Piccadilly line signalling modernisation: replacing very old and increasingly unreliable technology with infrastructure maximising the benefits of the new trains already under order to replace the life-expired fleet built in 1973;
 - (c) vital rail asset renewal: enable TfL to achieve the sustainable long-term rate of renewal of vital rail assets, including enacting the contract option to order new deep level Tube trains for the Bakerloo and Central lines to replace the ageing trains;
 - (d) core asset resilience: ensure TfL to protect and prolong the life of ageing roads, bridges and tunnels – avoiding economically disruptive closures;
 - (e) securing an inclusive network to drive mode shift: increasing the accessibility of transport through further step-free access schemes and other more local schemes that will support housing development and encourage more people to use public transport; and
 - (f) stimulating economic activity in opportunity areas: support projects to stimulate economic activity in key areas across London, including the Housing Infrastructure Fund schemes on the DLR and London Overground, as well as continuing the Growth Fund that unlocks housing potential at constrained sites.

3.6 These opportunities are outlined in greater detail in the attached Spending Review submission.

List of appendices to this paper:

Appendix 1: TfL Spending Review Prospectus

List of Background Papers:

None

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