

# Working together to support the London and UK recovery

Spending Review submission 2021

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There are shared challenges that we face as a country

# Commissioner's foreword

## We are playing a central role in London and the UK's economic recovery from the pandemic

Throughout the past 18 months, following Government guidance, we protected people from the virus while ensuring that essential workers were able to move around the city safely. This had a devastating impact on our finances, which we are now in the process of rebuilding. There are positive signs, with more people returning to the transport network as people make the most of everything our great city has to offer. Throughout August 2021, we regularly saw the busiest days on the Tube and bus network since the start of the pandemic.

The pandemic has brought into focus the shared challenges that we face as a country. We must ensure the economy recovers from coronavirus – and that recovery must be spread equally across the country – and we must meet the Government's decarbonisation targets to address the climate crisis. Transport will play a key role in all of these ambitions. Transport connects people to employment and educational opportunities, and ensures that people are rooted to their local community. Without an efficient and reliable transport network, people are more likely to use their car or not travel at all.

Before the pandemic, we were on track to deliver an operating surplus by 2022/23, having reduced our net operating costs on a like-for-like basis by almost £1bn over the previous four years and increased cash reserves to more than £2bn. We are committed to returning to a financially sustainable position by 2023 and have already taken significant strides to achieve this. In January 2021, having considered the new, harsh realities we faced, we published our Financial Sustainability Plan, which

outlined how major growth schemes such as Crossrail 2, Bakerloo Line Extension and Sutton Tramlink, while still important to London, were no longer our immediate priority. Other decisions that had originally been made before the pandemic, such as increasing capacity on the Northern and Jubilee lines and creating a crossing between Canary Wharf and Rotherhithe, also remained outside of our plans. In total, we have reduced our planned current spend on enhancements and extensions by £5.7bn over a 10-year period, compared to our pre-pandemic 2019 Capital Strategy.

What remains is a plan that protects core assets and services, ensuring we welcome people back to the network to support the UK's economic recovery, while attracting more people to move from using their cars to walking, cycling and using public transport to support the Government's global commitment to cut 68 per cent of carbon emissions by 2030. As set out in our Financial Sustainability Plan, we have committed to reducing bus services by four per cent to better match demand and have made changes to off-peak services on the Bakerloo, Jubilee and Piccadilly lines. Beyond this, now is not the time for material reductions in service.

This submission shows that, with relatively modest levels of investment, we will be able to make significant strides towards meeting all of our shared ambitions. London's economic recovery is inextricably linked with that of the wider UK. In turn, London's recovery is dependent to a large extent on the transport system. We stand ready to partner with Government over the next critical months and years.

# Supporting an economic and environmental recovery

We have a vital role to play in stimulating the UK's economic recovery, and supporting decarbonisation and the levelling up agenda

Ridership on our transport network is recovering as restrictions lift and public confidence returns. All the requirements of the emergency funding agreement we have with Government are being met, and beyond our Financial Sustainability Plan, we have set out a positive budget and Capital Efficiency Plan. These actions make us more efficient, materially reduce our costs and help us to support the Government's core priorities towards economic recovery, decarbonisation and the prioritisation of shovel-ready infrastructure projects that will create jobs and leverage innovation to support levelling up everywhere.

We have made good progress towards financial sustainability. However, we will need an estimated £500m in additional operational support through to the end of 2021/22 and an estimated £1.2bn for 2022/23 as we help get the London and UK economies back on track. Beyond that, we would only need Government support for investment from 2023/24, which all other transport authorities around the world require.

Support for our investment programme is essential to ensure there are safe and reliable transport services that keep London moving, working and growing. This investment provides attractive alternatives to a car-led recovery as we decarbonise our network and become more resilient to extreme weather events. We need additional support to accelerate specific schemes that will secure thousands of critically needed green jobs and help to achieve the UK's legally binding decarbonisation and air quality commitments.

We need to invest £2.5-3bn per year over the long term for this work, as we set out in our Long-Term Capital Plan. We need Government to commit to a long-term sustainable partnership, in addition to our existing funding sources, so we can plan, commit and deliver most effectively and achieve the best value for the public purse.

To ensure London and the UK's successful recovery from coronavirus we need:



**£500m**

in operational support through to the end of 2021/22



**£1.2bn**

in operational support for 2022/23



London needs a safe and reliable transport network



We are looking to support the Government's wider policy targets

We would like to partner with Government and, as stated by the Commissioner from his first day, move to a predictable and efficient system of multi-year investment control periods. This would enable £1-1.5bn of additional Government investment funding each year above current arrangements – matching the investment we have committed through the other viable sources of income available to us. This range reflects the fact that investment is only one factor in the level of funding required, alongside passenger demand, business rates and the level of new income we can raise.

This £1-1.5bn range includes all the contributions we can make through our existing operational efficiencies, new plans for capital efficiencies and the delivery of at least £500m of recurring income, either from vehicle excise duty or another source identified by the Mayor, on which separate work is ongoing. This long-term approach is common with other transport authorities, such as Network Rail and National Highways, and makes economic sense.

We welcomed the Government's commitment in the most recent funding agreement that we will continue work together on a long-term deal beyond December 2021. We have systematically met all the conditions for funding support laid

down by Government and believe that we must now move forward positively together to reach a long-term deal. Being able to plan for, and procure, with the confidence that multi-year control periods provide would enable us to achieve the best value for money and guarantee jobs in Goole and across the country. Without that, we can not secure optimal value for money from our supply chain or become an economic and efficient operator.

Moving to this level of investment over the next five years would enable us to continue our progress towards our Policy Consistent scenario and enable us to progress with a number of key projects that would contribute to delivering Government's economic, levelling up and decarbonisation priorities. Without this investment, we would risk having to move to a Managed Decline scenario, where we would have to retreat from running a network that is fit for London, to instead focusing only on the core, legal responsibilities of maintaining a safe and operable skeleton network. This would prevent the economic recovery that is needed and lead to an increase in car use, thereby unravelling the air quality and road safety advances we have seen and removing any possibility of achieving the mode shift required to support the Government and Mayoral carbon targets.

To play our part in meeting the Government's climate change, levelling up and economic recovery ambitions, we need:

 **£2.5-3bn**  
of investment per year over the long term

 **£1-1.5bn**  
of additional Government investment funding each year

# Opportunities for investment

Our projects are critical to achieve Government priorities on economic recovery, decarbonisation and levelling up



**£70m**

for the first three years to support zero-emission buses



**3,000**

green jobs in the UK as part of our move to zero-emission buses



**£70m**

per year to 2026 to modernise the Piccadilly line signalling



**36**

Piccadilly line trains per hour through central London with the new signalling



**£450m**

per year to get to a sustainable renewal rate of our rail assets, including replacing the Bakerloo line fleet



**20 years**

of UK train manufacturing secured through renewing our assets



**£100m**

per year to ensure our core streets assets are resilient



**£25m**

per year to provide more step-free access



**£125m**

per year for healthy streets and active travel



**£135m**

per year to support London's opportunity areas



**25,000**

new homes that would be supported with the proposed DLR extension to Thamesmead



**£500m**

revenue required in 2021/22



**£1.2bn**

revenue required in 2022/23

# Zero-emission buses

Electrifying our bus network is the single largest intervention we can make to de-carbonise our services and offers immediate benefits

Making our bus network zero emission would help achieve the Government's decarbonisation goals and create a more accessible and positive choice instead of car journeys, particularly in outer London. While we have a plan to transition our fleet to zero emission, we need some help from Government to transition as quickly as is necessary to adequately contribute to required climate mitigation by 2030.

As the Prime Minister wrote in the Department for Transport's Bus Back Better strategy, published this year: 'As successive Mayors showed in London, buses are the easiest, cheapest and quickest way to improve transport.' The strategy goes on to cite that London's contracting model with operators offers a proven, highly effective, accountable and best value for money framework to accelerate improvements in a bus network.

Utilising this operating model and working collaboratively with bus operators and manufacturers, a commitment to an investment of £190m would enable the delivery of 2,150 new electric buses, spread over the initial contract term of these buses. Only £70m of this cost would fall into the first three years (2022/23 to 2024/25) when the buses are introduced to the network. This would help to secure the Government's commitment to introduce 4,000 new electric buses.

There would be around 400 buses delivered in 2022/23, 900 buses in 2023/24 and 850 buses in 2024/25, including ongoing costs from 2022/23 and 2023/24. This investment is needed now to unlock the introduction of zero-emission vehicles on the routes we will contract in the next two to three years.



With proper investment, we can create a zero-emission bus fleet



We can support the infrastructure to drive decarbonisation

### Supporting the UK

Electrification of the London bus fleet will provide the critical mass for British bus manufacturers to set up production and enable other UK municipalities to progress with electrification, which would not otherwise be viable on an individual city basis.

We are positioned to place new orders and introduce new vehicles into service immediately – bringing dried-up manufacturer order books back to life with an infusion of orders that will instantly protect 3,000 green jobs in the UK. It will also immediately accelerate the shift in bus manufacturing to zero-emission vehicles in large numbers, driving down overall costs and enhancing products for the entire country.

The additional investment would put London on a path to decarbonise its 9,000 buses by 2030, saving more than five million tonnes of carbon or the equivalent of the emissions from nearly four million petrol cars. With a commitment to longer-term funding, London's buses could be brought into scope to significantly support the Government's Nationally Determined Contribution commitment to reduce UK's carbon emissions by 68 per cent by 2030. Additionally, as new electric vehicles are introduced, we could help improve air quality and drive down emissions nationally by delivering up to 1,500 nearly new Euro VI hybrid buses, which produce at least 20 per cent less carbon emissions than conventional buses, to localities as they prepare their infrastructure for electric vehicles.

Finally, if the UK Investment Bank supported the national transition of zero-emission buses, we could make this money go further, potentially securing a 17 per cent reduction in bus leasing costs by providing a guarantee on the residual value of the bus. This will benefit the entire UK bus transition.



# Renewing Tube infrastructure

## We need to invest in the signalling and infrastructure for the Underground

We need to replace the very old and increasingly unreliable technology used for the signalling on the Piccadilly line with infrastructure that maximises the benefits of the new trains already under order to replace the life-expired fleet, which was built in 1973. With the proper level of funding, we could support this project at a lower cost. This is an investment for the next 50 plus years, providing reliable, faster and high-frequency services for this key artery serving Heathrow and the heart of central London.

Our Bakerloo line trains were introduced nearly 50 years ago and are the oldest trains in operation in the UK. Our Central line fleet will also need replacing soon. With additional investment of £450m per year, we could achieve the sustainable long-term rate of renewal of vital rail assets, including enacting the contract option to order the new deep level Tube trains for the Bakerloo and Central lines to replace these ageing trains. This would immediately secure train manufacturing in the UK for the next 20 years and would also be a 40 year plus investment in core transport infrastructure, which would otherwise become increasingly unreliable and costly to maintain.

Replacing ageing trains and signalling will bring in further green technologies, such as regenerative braking, more efficient signalling and minimising waste with our consistent train design across all deep Tube lines. When replacing technology that is 40 to 70 years old, the efficient and best value for money for farepayers and taxpayers is to order sufficient trains and infrastructure to future proof 50-year fleet lives, as it is very difficult to order additional trains once production lines are halted. Additionally, securing a consistent pipeline of orders now to replace ageing trains on the Bakerloo and Central lines, which are the two hottest lines on the London Underground, with modern, air-cooled trains is essential as we adapt our transport network to serve a future, hotter climate. These orders are key to the investment in the new Siemens manufacturing plant at Goole.



## 50 years

since our Bakerloo line trains were introduced



Investing in our rail assets would support the rest of the country

# Core asset resilience

## We must preserve our ageing assets, including roads, bridges and tunnels

We can protect and prolong the life of ageing roads, bridges and tunnels with full investment, avoiding the type of economically disruptive closures that have affected Hammersmith in recent years.

A commitment of secure, long-term funding would enable us to properly assess and prioritise the delivery of vital London transport climate change adaptation projects set out in the Adaptation Reporting Power submission we are making to Defra under the Climate Change Act 2008.

We also remain committed to working with Government and other stakeholders to resolve the issues with Hammersmith Bridge, noting it is not one of our assets. The full reopening of the bridge on permanent basis is a high priority for London and we support sufficient funding being made available to the London Borough of Hammersmith and Fulham to progress both short-term and long-term stabilisation and repair work.

# An inclusive, active network

## By making our network more inclusive we can support a positive shift to sustainable transport

With £25m per year, we would increase our work to improve the accessibility of transport through further step-free access projects and other local schemes that support housing development and encourage more people to use public transport.

With a higher level of investment of £120m per year, we continue to deliver our Healthy Streets portfolio to make London's streets safer, greener and better for people to walk, cycle and use public transport. As new travel patterns emerge after the pandemic, we must seize every opportunity to help shift these patterns towards walking, cycling and public transport use with focused, ongoing progress to improve our road space and connectivity routes throughout the city.



Creating more inclusive travel will help ensure a sustainable recovery

# Supporting Opportunity Areas

## We have a key role in supporting Opportunity Areas across London

There are a range of projects that can stimulate economic activity in key areas across London. With £135m in investment per year, we can support the funded and approved Housing Infrastructure Fund schemes on the DLR and London Overground in east London, which we are developing with the Ministry of Housing, Communities and Local Government. We could also continue our successful Growth Fund, which unlocks housing potential at constrained sites.

There are some specific examples of good projects, such as the Tottenham Hale station link bridge, where we had been due to contribute through the Growth Fund, but are no longer able to do so in

the current financial situation. Having to pull out in this way threatens the future of these important schemes, but we would be able to reinstate our planned contributions with this level of funding for infrastructure to support opportunity areas.

A separate bid of £4.8m to the Ministry of Housing, Communities and Local Government housing fund is being prepared to support further feasibility and design work for the proposed DLR extension to Thamesmead, which would support 25,000 new homes. We hope that Government will continue to engage positively with this work as it progresses to meet the shared priority of supporting the development of adequate levels of housing in London.



Our services can support the development of homes and jobs

# Moving London forward together

## We will continue to play our vital role in the recovery from coronavirus

We will continue to deliver on all our commitments to reduce costs and demonstrate value for money in our investment programme, while keeping London moving safely and delivering innovation solutions for the best public transport outcomes.

Transport is vital to the successful recovery from coronavirus and to achieving the policy goals set out by both the Mayor and the Government. Working with the rest of the country, we can help to decarbonise transport – including transitioning one third of the UK's bus fleet to zero emission – as well as ensuring that Londoners choose public transport over the private car. We must also ensure the recovery is felt equally across the city and the country.

Now is not the time to focus on premature, extensive cuts to services, which would threaten the progress outlined above. Instead, now is the time to commit to steady and sustained investment to enable us to play our full role in stimulating the economic recovery, decarbonising the transport network, and providing a pipeline of projects that will support manufacturing and jobs across the country.

Working together, we can ensure that transport plays its role in the challenges we all face over the next decade.



We will help ensure London recovers and thrives in the future

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## About TfL

Part of the Greater London Authority family led by Mayor of London Sadiq Khan, we are the integrated transport authority responsible for delivering the Mayor's aims for transport.

We have a key role in shaping what life is like in London, helping to realise the Mayor's vision for a 'City for All Londoners' and helping to create a safer, fairer, greener, healthier and more prosperous city. The Mayor's Transport Strategy sets a target for 80 per cent of all journeys to be made by walking, cycling or using public transport by 2041. To make this a reality, we prioritise sustainability, health and the quality of people's experience in everything we do.

We run most of London's public transport services, including the London Underground, London Buses, the DLR, London Overground, TfL Rail, London Trams, London River Services, London Dial-a-Ride, Victoria Coach Station, Santander Cycles and the Emirates Air Line. The quality and accessibility of these services is fundamental to Londoners' quality of life. By improving and expanding public transport and making more stations step

free, we can make people's lives easier and increase the appeal of sustainable travel over private car use.

We manage the city's red route strategic roads and, through collaboration with the London boroughs, we are helping to shape the character of all London's streets. These are the places where Londoners travel, work, shop and socialise. Making them places for people to walk, cycle and spend time will reduce car dependency, improve air quality, revitalise town centres, boost businesses and connect communities. As part of this, the Ultra Low Emission Zone scheme and more environmentally friendly bus fleets are helping to tackle London's toxic air.

During the coronavirus pandemic we have taken a huge range of measures to ensure the safety of the public. This includes enhanced cleaning using hospital-grade cleaning substances that kill viruses and bacteria on contact, alongside regular cleaning of touch points, such as poles and doors, and introducing more than 1,000 hand sanitiser points across the public transport network.

Working with London's boroughs we have also introduced Streetspace for London, a temporary infrastructure programme providing wider pavements and cycle lanes so people can walk and cycle safely and maintain social distancing.

At the same time, we are constructing many of London's most significant infrastructure projects, using transport to unlock much needed economic growth. We are working with partners on major projects like the extension of the Northern line to Battersea, Barking Riverside and the Bank station upgrade.

Working with Government, we are in the final phases of completing the Elizabeth line which, when open, will add 10 per cent to central London's rail capacity. Supporting the delivery of high-density, mixed-use developments that are planned around active and sustainable travel will ensure that London's growth is good growth. We also use our own land to provide thousands of new affordable homes and our own supply chain creates tens of thousands of jobs and apprenticeships across the country.

We are committed to being an employer that is fully representative of the community we serve, where everyone can realise their potential. Our aim is to be a fully inclusive employer, valuing and celebrating the diversity of our workforce to improve services for all Londoners.

We are constantly working to improve the city for everyone. This means using data and technology to make services intuitive and easy to use and doing all we can to make streets and transport services accessible to all. We reinvest every penny of our income to continually improve transport networks for the people who use them every day. None of this would be possible without the support of boroughs, communities and other partners who we work with to improve our services.

By working together, we can create a better city as London recovers from the pandemic and moves forward.

