

Agenda Supplementary

Meeting: Board

Date: Wednesday 13 December 2023

Time: 10:00am

**Place: Chamber, City Hall, Kamal
Chunchie Way, London E16 1ZE**

As provided for under section 100B(4)(b) of the Local Government Act 1972, the Chair is of the opinion that the Draft Business Plan 2024 Update should be considered as a late item. The reason for urgency is that not all information was available at the time the Board papers were published.

Copies of the papers and any attachments are available on [tfl.gov.uk How We Are Governed](https://tfl.gov.uk/How-We-Are-Governed).

This meeting will be open to the public, except for where exempt information is being discussed as noted on the agenda. There is access for disabled people and induction loops are available. A guide for the press and public on attending and reporting meetings of local government bodies, including the use of film, photography, social media and other means is available on www.london.gov.uk/sites/default/files/Openness-in-Meetings.pdf.

Further Information

If you have questions, would like further information about the meeting or require special facilities please contact: Shamus Kenny, Head of Secretariat

For media enquiries please contact the TfL Press Office; telephone: 0845 604 4141; email: PressOffice@tfl.gov.uk

Andrea Clarke, Interim General Counsel
Monday 11 December 2023

**Supplementary Agenda
Board
Wednesday 13 December 2023**

6 Draft TfL 2024 Business Plan Update (Pages 1 - 134)

Chief Customer and Strategy Officer and Chief Finance Officer

The Board is asked to note the paper and the draft Business Plan and the Capital Strategy and London Climate Budget submissions (that form part of the Greater London Authority Budget submission) and, recognising that a decision on approval of the draft Business Plan cannot currently be made: to delegate approval of the draft Business Plan for 2024 to the Finance Committee; delegate approval to the Finance Committee to change to the TfL Scorecard target for capital expenditure to align to the 2024 TfL Business Plan; and approve the change to the 2023/24 TfL Scorecard following confirmation of 2022/23 year-end safety results.

Board

Date: 13 December 2023

Item: Draft TfL 2024 Business Plan Update

This paper will be considered in public.

1 Summary

- 1.1 This paper considers TfL's 2024 Business Plan, which sets out TfL's plans for the three years from 2024/25 to 2026/27. Last year, TfL published its 2023 Business Plan – TfL's first detailed medium-term plan since the pandemic – and this year's plan builds on that work to ensure that we continue to protect our critical assets to run a safe and reliable transport system and to deliver our committed investment.
- 1.2 TfL has successfully delivered on its 2023 Business Plan and is on track to achieve operational financial sustainability in 2023/24 by delivering an operating surplus. Every penny of TfL's operating surplus is reinvested into improving our network and supporting the national economy.
- 1.3 However, it is not possible for TfL to finance its entire capital programme from its own sources of operating income. Consistent with other transport authorities, TfL will require capital funding from Government to support its capital programme.
- 1.4 TfL remains in ongoing discussions with Government on capital funding for 2024/25, but these have not yet concluded. Therefore, the 2024 Business Plan is provided in draft for the Board to note. It is proposed that the Finance Committee be given delegated authority to approve the 2024 Business Plan (with any necessary amendments) once we have certainty on Government 2024/25 capital funding.
- 1.5 In addition to the Business Plan, the GLA Budget submission includes a Capital Strategy, setting out a vision of TfL's future investment for 20 years, and the London Climate Budget, setting out TfL's operational carbon emissions to 2030. Both submissions are appended to this paper. The full document outlining TfL's draft submission to the Greater London Authority (GLA) has been published on our website at <https://tfl.gov.uk/corporate/publications-and-reports/the-mayor-s-budget>

2 Recommendations

- 2.1 **The Board is asked to note the paper and the draft Business Plan in Appendices 1 and 2 and the Capital Strategy and London Climate Budget submissions in Appendices 3 and 4 (that form part of the Greater London**

Authority Budget submission) and, recognising that a decision on approval of the draft Business Plan cannot currently be made:

- (a) delegate approval of the draft Business Plan for 2024 (with any necessary amendments) to the Finance Committee;**
- (b) delegate approval to the Finance Committee to change the TfL Scorecard target for capital expenditure, required as a result of the Department for Transport inflation funding outcome for 2023/24, to align to the 2024 TfL Business Plan; and**
- (c) approve the change to the 2023/24 TfL Scorecard following confirmation of 2022/23 year-end safety results.**

3 TfL 2024 Business Plan

Overview

- 3.1 The 2024 Business Plan builds on the plan agreed last year, when TfL made its first detailed medium-term plan since the funding uncertainty following the pandemic. In 2023/24, we are on track to achieve operational financial sustainability, to generate a surplus of £79m (including Places for London) and to no longer rely on Government funding to support our day-to-day operations.
- 3.2 Achieving financial sustainability means growing passenger demand and diversifying our income, maintaining our critical assets and continuously improving our cost-efficiency. This means our revenue will cover operating, renewals and net interest costs, and create a growing operating surplus from 2024/25 onwards to help fund new capital investment.
- 3.3 Our focus is now firmly on maintaining and building on this sustainability as the financial foundation for this Business Plan. We will grow our operating surplus and reinvest it into making our city and our organisation better.
- 3.4 This Business Plan gives us the means to continue to invest in improving public transport, protecting our critical assets and restoring investment to improve London's streets and air quality. While it intentionally does not significantly change our course from last year's plan, following our extensive stakeholder engagement in developing this year's plan, we have made the following changes:
 - (a) more money for the Sustainable Housing and Accessibility fund and for our Healthy Streets programme;
 - (b) fund the Elephant and Castle Stage 2 works, which will fit out the station box constructed in Stage 1;
 - (c) provide a contribution to the next stage of feasibility for DLR Thamesmead, supporting the delivery of thousands of new homes, and
 - (d) fund the new Superloop service to increase bus provision in Outer

London.

- 3.5 A summary presentation of the Business Plan is contained in Appendix 1 and the full document in Appendix 2.

2024/25 Capital funding

- 3.6 The draft 2024 Business Plan sets out how TfL's operating surplus will grow to around £500m by 2026/27. Every penny of TfL's operating surplus is reinvested into improving our network and supporting the national economy.
- 3.7 However, consistent with other transport authorities, it is not possible for TfL to entirely finance its capital programme from its own sources of operating income. DfT has recognised this position in our funding settlements since October 2020, making multiple commitments on long-term capital funding for TfL.
- 3.8 Based on these assurances, in the 2023 TfL Business Plan we made an assumption that Government would provide significant funding support for our programmes to replace life expired rolling stock and signalling. We have maintained this assumption in the draft 2024 TfL Business Plan.
- 3.9 TfL remains in ongoing discussions with Government on capital funding for 2024/25, but these have not yet concluded. Further work and negotiation are required with Government before the 2024 Business Plan can be finalised and approved, including refining the plan to meet any shortfall in funding.
- 3.10 Therefore, the 2024 Business Plan is provided as draft for noting. It is proposed that the Finance Committee be given delegated authority to approve the 2024 Business Plan (with any necessary amendments) once we have certainty on Government 2024/25 capital funding.

4 TfL 2023/24 Scorecard

Capital Expenditure

- 4.1 TfL's August 2022 funding settlement with Government recognised the risk of rising inflation and included a mechanism for further funding if the level of inflation forecast by the Office for Budget Responsibility (OBR) increased. Our Budget for 2023/24 assumed a Government inflation funding requirement of £181m. As our Budget showed us achieving operating financial sustainability in 2023/24, this funding was assumed to support capital expenditure.
- 4.2 On 26 July 2023, the Department for Transport (DfT) confirmed that TfL will not receive this additional funding in 2023/24. The pressure of £181m has been partly offset by an improvement in the final revenue scenario set by DfT of £44m (£23m in 22/23 and £21m for 23/24), as compared to our 2023/24 Budget, which will lead to an increased level of revenue true-up funding.

- 4.3 However, the remaining £137m of the gap will need to be closed through deferring capital expenditure, which means a lower level of capital expenditure is affordable compared to the assumption in the 2023/24 TfL Scorecard.
- 4.4 The impact of this needs to be considered alongside the level of Government capital funding support for 2024/25. Therefore, the Board is asked to delegate authority to the Finance Committee to approve change to the capital expenditure TfL scorecard target for 2023/24 to align to the final 2024 TfL Business Plan.

Colleague Killed or Seriously Injured

- 4.5 The 2023/24 TfL Scorecard Safety targets were set as percentage reductions on 2022/23 outturn results, which require a period of validation and investigation after the end of the year.
- 4.6 In the case of Colleague KSIs, the 2022/23 end of year figure increased on review, so we are proposing to seek approval from the Board to amend the absolute target and floor targets to be consistent with the percentage reductions agreed by Board in March 2023. This is set out in the table below.

Colleague KSIs	Original	Revised target
Target	18	22
Floor target	19	23

5 GLA Budget Submission

- 5.1 The Business Plan forms the core of our submission into the GLA Budget process. The GLA Budget submission also includes a Capital Strategy, which looks further into the future to set out an aspirational investment programme aligned to the ambitions of the Mayor’s Transport Strategy by 2041. This is summarised in the Business Plan presentation, with the full submission included in Appendix 3.
- 5.2 The London Climate Budget was a new element of the GLA Budget process last year and sets out our forecast operational carbon emissions to 2030. This is also summarised in the Business Plan presentation, with the full submission included in Appendix 4.

List of appendices to this report:

- Appendix 1: TfL 2024 Business Plan – presentation
- Appendix 2: TfL 2024 Business Plan – document
- Appendix 3: Capital Strategy submission
- Appendix 4: London Climate Budget submission

List of Background Papers:

None

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Appendix 1

Draft 2024 Business Plan



TfL Board

13 December 2023

Section 1

Context Setting



Strategic context



Using the new strategy to guide decision making:

- Our newly launched TfL strategy helps us to set the direction of travel to 2030 and as a result the Mayor's Transport Strategy and 2041
- Last year's business plan has been our starting point, and we have only made changes in line with our long term strategic outcomes and the Mayor's Transport Strategy.

Stakeholder Engagement:

We held several engagement sessions with our strategic stakeholders, to brief them on our capital funding needs and engage them in our business planning for 2024/25, seeking to understand their priorities for our network and their views on where we should prioritise spend.

We also used these sessions to remind stakeholders that their advocacy is highly valued and essential in making the case to Government for both the additional funding for 2024/25 and the necessity of long-term funding certainty for TfL.



There is a strong case for investment in London and public transport

TfL is the largest integrated public transport authority in the UK. A successful public transport system in London has far-reaching benefits:

- Enabling economic activity nationally as a transport hub for the UK's trains, coaches and highways
- Encouraging investment in the UK's green industries through our purchasing power as a consumer of zero-emission buses and green energy
- Supporting the London economy
- Supporting the UK economy

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The impact of London's economy on the UK

- London's economy was worth around £527bn in 2021 as measured by Gross Value Added, accounting for **23% of UK economic output**
- Each year, London contributes **£38bn to the Exchequer** (figure from 21/22)
- There are around 1 million registered private sector businesses in London, which represent approximately **19% of the total in the UK**
- There are around **6.3 million workforce jobs** in the city filled by both commuters and London residents (as of December 2022)
- **Tourism and the night time economy contribute £36bn** a year to London's economy overall and employ 700,000 people.

How transport unlocks growth

The transport network has a crucial role to play in making places viable to build homes and create jobs.

- The potential DLR extension to Thamesmead would support the delivery of **25,000 to 30,000 new homes** along the route as well as the creation of up to **10,000 jobs**
- The development at Canada Water and Surrey Quays will help unlock **14,000 new homes** in the area
- Between 2008 and 2021, the Elizabeth line supported the delivery of 55,000 new homes within one kilometre of its stations. During the same period, **the population living within one kilometre of stations grew by 35 per cent** compared to 13 per cent growth in London as a whole

TfL's investment supports the whole UK economy

How TfL supports the UK economy

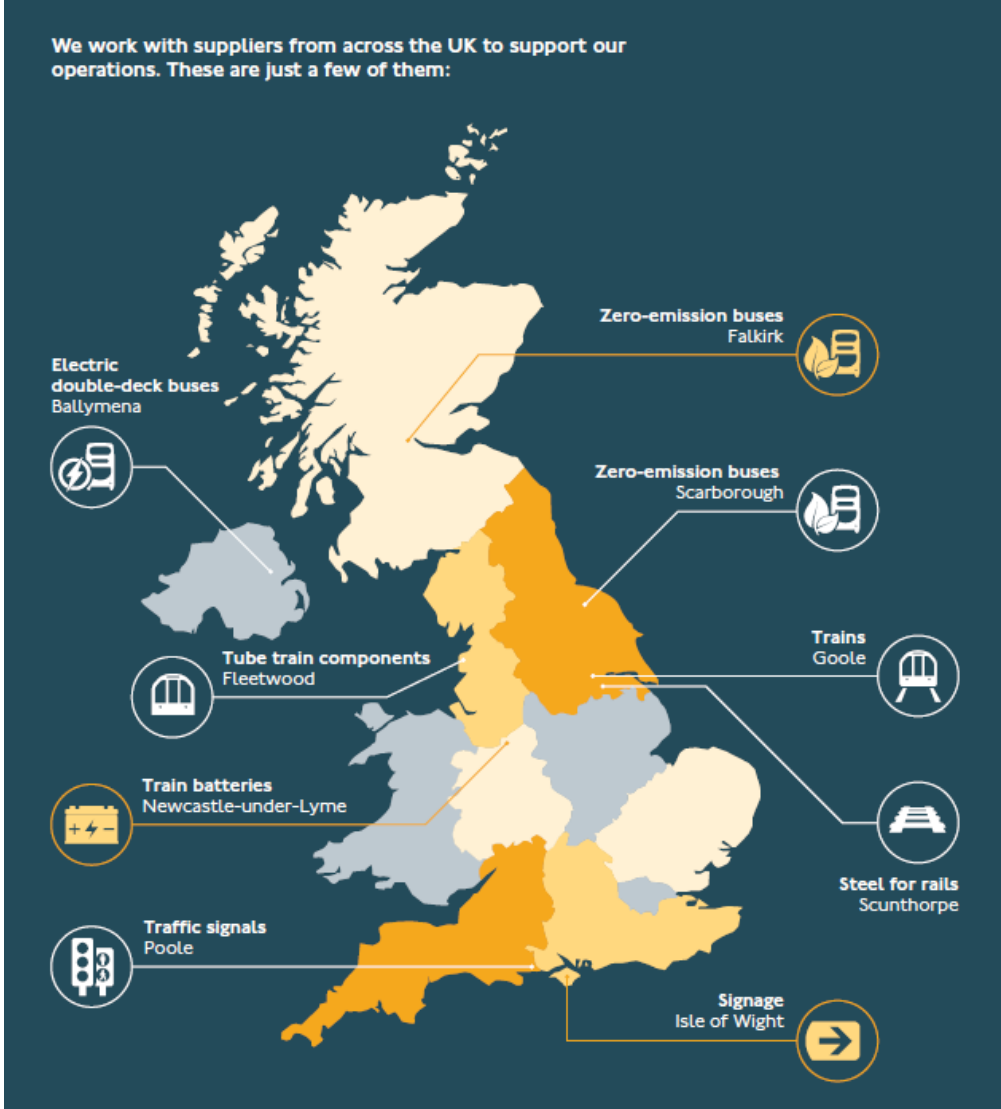
In 2022/23 TfL invested £6.5bn with 2,072 suppliers.

- 93% were based in the UK
- Two-thirds were based outside London
- 49% were small to medium enterprises

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This amounted to:

- A total economic output of **£5.9bn in gross value added to the UK economy**
- Supporting **more than 100,000 jobs across the UK**

Analysis shows that for every £1m spent by TfL, 16 jobs are supported in the wider economy.



The need for long-term capital funding for transport has been recognised by Government

Government have recognised the need for capital funding for TfL in funding settlements since October 2020

We are on track to achieve operational financial sustainability by rebuilding our revenue and reducing costs to create an operating surplus in 2023/24.

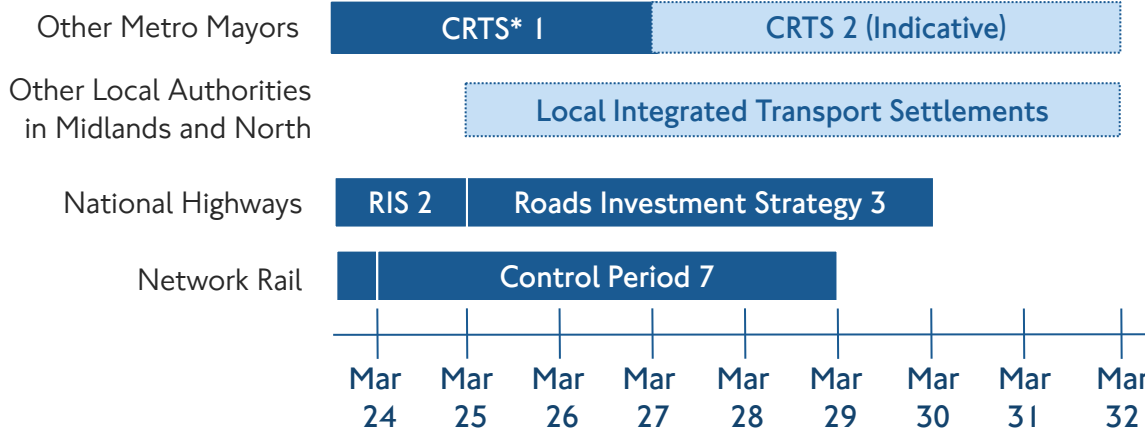
This plan grows our operating surplus to around £500m by 2026/27 every penny of which will be reinvested into improving our network and supporting the national economy. However, we cannot finance our entire capital programme from our own operating income sources.

DfT have recognised this position in our funding settlements since October 2020, making multiple commitments on long-term capital funding for TfL.

Based on these assurances, in the 2023 TfL Business Plan we made an assumption that Government would provide significant funding support for our programmes to replace life expired rolling stock and signalling. We have maintained this assumption in the 2024 TfL Business Plan.

Government provide long-term capital funding settlements to other transport authorities

Funding settlements in place for comparable transport authorities in the UK



In July 2023, Government stated it was not possible to provide TfL a capital funding settlement beyond the current Spending Review Period (March 2025), but requested that TfL make a funding submission for capital funding for 2024/25 only. Based on this, in September 2023 TfL made a submission for capital funding in 2024/25.

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The replacement of the 1973 Piccadilly line stock and 1972 Bakerloo line stock is our largest programme requiring Government capital support

Deep tube programme

- The Deep Tube Supply Agreement is intended to deliver standardised trains and signalling systems across the deep tube lines
 - This will replace the oldest trains in our fleet, and the Bakerloo line trains are the oldest trains currently in passenger service in the UK
 - The Piccadilly line trains are the first order in the contract while the Bakerloo line rolling stock is the next planned order, allowing TfL to take advantage of efficiencies by using the whole line option
- New trains feature walk-through carriages, air conditioning, improved accessibility and customer information

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	Piccadilly Line Upgrade programme (Stage 1)	Bakerloo line
Status	<ul style="list-style-type: none"> • Committed, 94 new trains scheduled from 2025 	<ul style="list-style-type: none"> • Funding needed in 24/25 to start preparatory work
Benefits	<ul style="list-style-type: none"> • They both contribute to TfL’s financial sustainability. Piccadilly line accounts for about 10% of LU total ridership Bakerloo line estimated to be the 14th busiest passenger railway in the UK • They support continued economic growth as they are key corridors for business, commuters and visitors • At least 50 per cent of the Piccadilly line trains will be assembled in Siemens’ £200m new facility in Goole, East Yorkshire. This is forecast to create 700 direct jobs and 1,700 in the supply chain 	

The other programmes in our funding case support economic growth, jobs around the UK and unlock new homes

Core funding case

DLR Rolling Stock	<ul style="list-style-type: none">• Committed, funding required for new trains and enabling infrastructure• Project will deliver an operating surplus, which will be further increased by the new trains
Trams replacement	<ul style="list-style-type: none">• Programme starts in 2024/25 for depot and infrastructure works and preparing for Tram procurement.• Trams network crucial to interconnectivity across South London• Fleet currently inadequate to meet peak service requirements, presenting a risk of line closures, with no intervention.
Four Lines Modernisation	<ul style="list-style-type: none">• Nearing completion. 5% of overall spend to go, which secures the journey time benefits of the project• Deferral would be poor value for money and would lead to increasing costs of maintaining redundant assets

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Discussions on our core funding requirement remain ongoing, although Government has confirmed some additional investment

Constructive discussions with Government have continued since submitting our 2024/25 funding request in September, but these have not yet concluded. However, recent Government announcements have provided investment in projects that will improve outcomes in London (across TfL and boroughs):

- **£23m for Bus Rapid Transit for Thamesmead** from the Department for Levelling Up, Housing and Communities (DLUHC)'s Brownfield and Industrial Land Fund.
- **£15m over two years for local highways maintenance in London** from DfT's local highways maintenance funding (TfL's share is £0.95m p.a.) each year. £235m for London over 11 years.
- **Gallows Corner and Catford Major Road Network** projects are at an advanced stage of DfT approvals.
- **£30m to two London borough projects** (Croydon and Enfield) from DLUHC's Levelling Up Fund

Section 2

What this plan delivers



Healthy streets and healthy people

Strategic outcome alignment:

	Green		Colleague
	Customer		Finance
	Safety & Security		

Achieving our strategic outcomes

<p>TfL’s Carbon Emissions Our operations are net zero carbon</p> <p>London’s Carbon Emissions London’s transport carbon emissions - net zero</p> <p>Climate Adaptation Sustainable drainage - Add 40,000 square metres of catchment area</p> <p>Green Infrastructure & biodiversity</p> <p>Air Quality Reduce nitrogen dioxide concentrations to <19-26 µg</p> <p>Active Travel On track to meet 80% mode share by 2041 (active travel contribution)</p>	<p>Road Safety 70% reduction of road KSIs from 2010-2014 baseline</p> <p>Customer Safety 50% reduction of customer KSIs from 2022/23</p> <p>Risk of Crime Reduce the risk of being a victim of crime by a third, from 2022/23</p> <p>Colleague Safety No colleagues killed or seriously injured</p> <p>Public Transport Service Reach 4.3 billion annual journeys (PT contribution to mode share)</p>
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Headlines from the business plan

- **Mode share, active travel and congestion:** £150m pa invested in safe and active travel each year over the course of this plan, growing by inflation from 2025/26 as well as additional funding for Boroughs in walking, cycling and expanding the bus priority programme.
- **Road safety:** Progress expected through lower speed limits, changes to the Direct Vision Standard Phase 2, continued delivery of the safer junction programme and Bus Safety Programme.
- **Air quality:** Electrification plans for our bus fleet with a 2030 target – the largest scale plans of this nature in the UK; additional funding prior to 2030 is required to maintain this trajectory. Continuing to fund the Mayor’s Air Quality Fund.
- **Green infrastructure:** Continued £15m p.a. funding to support sustainable drainage and unlocking the benefits of biodiversity. Additional funding would be required to reach TfL net zero operations.
- **Renewables:** Our work to secure power purchase agreements is integral to delivering our plan to source 100% of our electricity from renewable sources by 2030

Key 2024 changes

	Active Travel	Healthy Streets: £150m funding now increases with inflation from
	Road Safety	25/26

A good public transport experience

Achieving our strategic outcomes

Public Transport Service

Reach 4.3 billion annual journeys (PT contribution to mode share)

Customer Care & Experience

At least two thirds of Londoners actively agree we care about them

Active Travel

On track to meet 80% mode share by 2041 (active travel contribution)

Accessibility

Halve additional time compared to 2016

Growth

36% of London population living in high PTAL areas

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Headlines from the business plan

- **Major projects:** All existing major projects - 4LM, Piccadilly line upgrade, DLR trains (subject to Government capital funding) and Silvertown Tunnel continue to delivery. Additional funding allocated for the completion of the new Elephant & Castle station entrance and ticket hall and for feasibility studies of the DLR extension to Thamesmead.
- **Maintaining investment in renewals:** £4.7bn allocated towards the renewals workbank over the next 5 years, however this is still significantly below the required investment rate to reduce the workbank and will result in constrained spend and some lower priority High Cost Renewals being deferred.
- **Improving bus speeds:** Existing planned delivery of our bus priority programme, including 25km of new bus lanes included as well as continued operating of the Superloop service.
- **Accessible:** Accelerated delivery through the of Sustainable Housing and Accessibility (SHA) fund, utilising the third party funding it can secure as well as an additional £20m in 26/27.
- **Attracting new customers:** Continued delivery of Bus Action Plan and 4G/5G rollout in 2024 on LU & Elizabeth line

Key 2024 changes

Public Transport Service	Bus service levels: Superloop incorporated. Additional bus km growth in Outer London.
Accessibility	SHA Fund: An extra £20m p.a. needed to accelerate delivery in 26/27
Growth and connectivity	DLR Thamesmead feasibility (TfL contribution – match funding from HMG required) Elephant & Castle Stage 2 (station fit out) included

New homes and jobs

Strategic outcome alignment:

- Green
- Customer
- Safety & Security
- Colleague
- Finance

Achieving our strategic outcomes

Growth

36% of London population living in high PTAL areas

Green Infrastructure & biodiversity

Operating surplus

Income always exceeds our costs, Like-for-like costs at inflation -2%

Engagement

Better than the UK-wide benchmark

Representation

Halve the gap where we are not representative

Headlines from the business plan

- **Sustainable Housing & Accessibility fund:** As well as leveraging third party funding, and an additional £20m in 26/27 to accelerate delivery of home development schemes alongside accessibility.
- **DLR Thamesmead:** TfL contribution towards feasibility for a potential DLR extension to Thamesmead to support growth in south east London. The extension would require additional investment in later years for delivery.
- **Places for London:** Our commercial property company, Places for London, will provide sustainable revenue to reinvest in public transport. 20,000 homes will be started by 2031, many of which will be affordable.
- **Elephant & Castle station:** Completion of stage 2 of the project – the fit out of the station box created in stage 1 – will enable plans for 7,500 new homes and 10,000 new jobs in the Elephant & Castle Opportunity Area.

Key 2024 changes

Growth and connectivity	Sustainable Housing & Accessibility Fund: An extra £20m allocated to accelerate delivery in 26/27
	DLR Thamesmead feasibility (TfL contribution – match funding from Government required)
	Elephant & Castle Stage 2 (station fit out) included

Spotlight: London Climate Budget 24/25

What is the Climate Budget?

The Climate budget summarises the measures each functional body is implementing to achieve the 2030 net zero target. 'Table A' includes measures funded within the TfL Business Plan and 'Table B' includes unfunded measures. This year the submission also requires a 'Table C' which are measures that support operational greenhouse gas emissions reductions, climate resilience and adaptation in parts of the city outside of the TfL estate and fleet.

Our projections

Our plan reduces our emissions in 2030/31 to 205 kt CO₂e - a reduction of 87% versus 2015 levels. With further funding we could reduce our emissions in 2030/31 by a further 25%, a reduction of 95% versus 2015 levels.

Operational carbon emissions, historic and projected

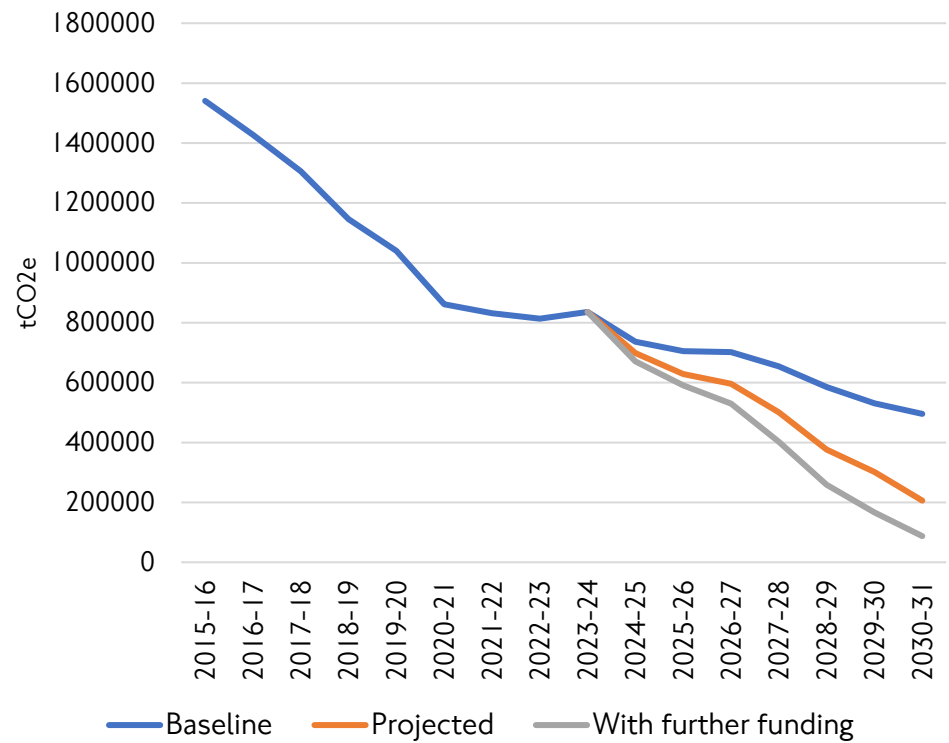


Table A - Key Funded Measures

Measure	tCO ₂ e savings in 2030/31	3-year Business Plan funding
ZE Buses 2034	220,000	£296m
PPAs	50,000	£1m
Buildings decarb	13,500	£36m
Support Fleet	3,500	£4.5m
Solar Private Wire	1,750	£1m
Bus shelter LEDs	TBC	£0.5m
TLRN LEDs	100	TBC
Traction measures	4,000	£0.25m+

Table B - Key Unfunded Measures

These are mostly high level estimates as they are pre-initiation. Includes Green Finance Fund applications.

Measure	tCO ₂ e savings in 2030/31	Funding required to 2030
ZE Buses 2030	110,000	£500m
All Buildings	16,000	£2,500m
Support Fleet HGVs	TBC	TBC
Dial-A-Ride Fleet	1,200	£40m
LEDs (TLRN, Fleet)	800	£24m

Adaptation Measures

We have included funding for adaptation, but there is potentially more that could be included, particularly in Table B.

Section 3

How our finances deliver this plan



Our Finance Strategy builds on our 2023 Business Plan, to show what we will do to build a sustainable financial future

Our strategic priorities



Continually improve our efficiency

We need to continue to be affordable for our customers and the taxpayer. We'll do this by improving working practices to make TfL a great place to work, and targeting continuous savings.



Diversify and grow our revenue

We need to attract more customers on to our network, reduce our reliance on fares income and motivate our colleagues to achieve our revenue goals.



Build our resilience and continue to invest

We need to continue to run a safe and reliable transport system that delivers for London. We need to prepare for whatever challenges lie ahead and, through steady investment, deliver vital improvements for London.

Our 2030 success measures

Ensure our income always exceeds our costs, growing our operating surplus

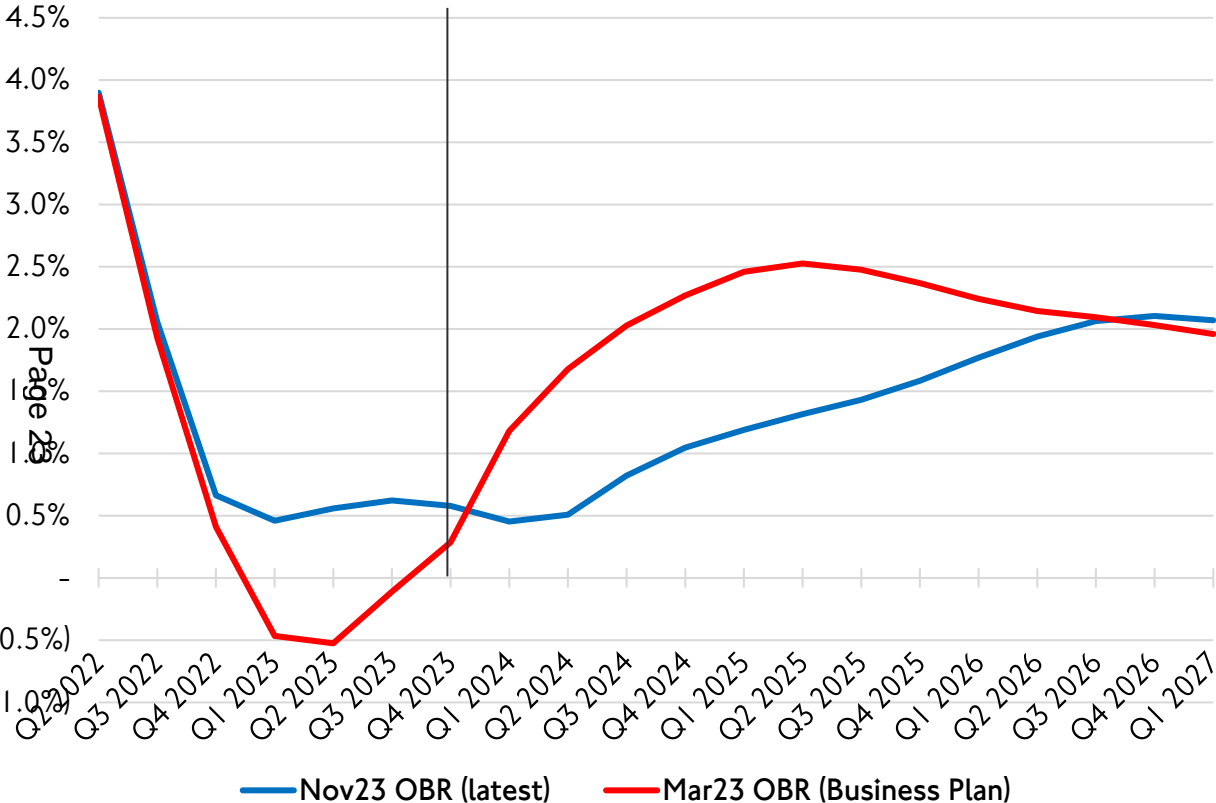
Control our costs in real terms, targeting inflation minus 2 per cent

Secure long-term funding approach and settlement by 2025

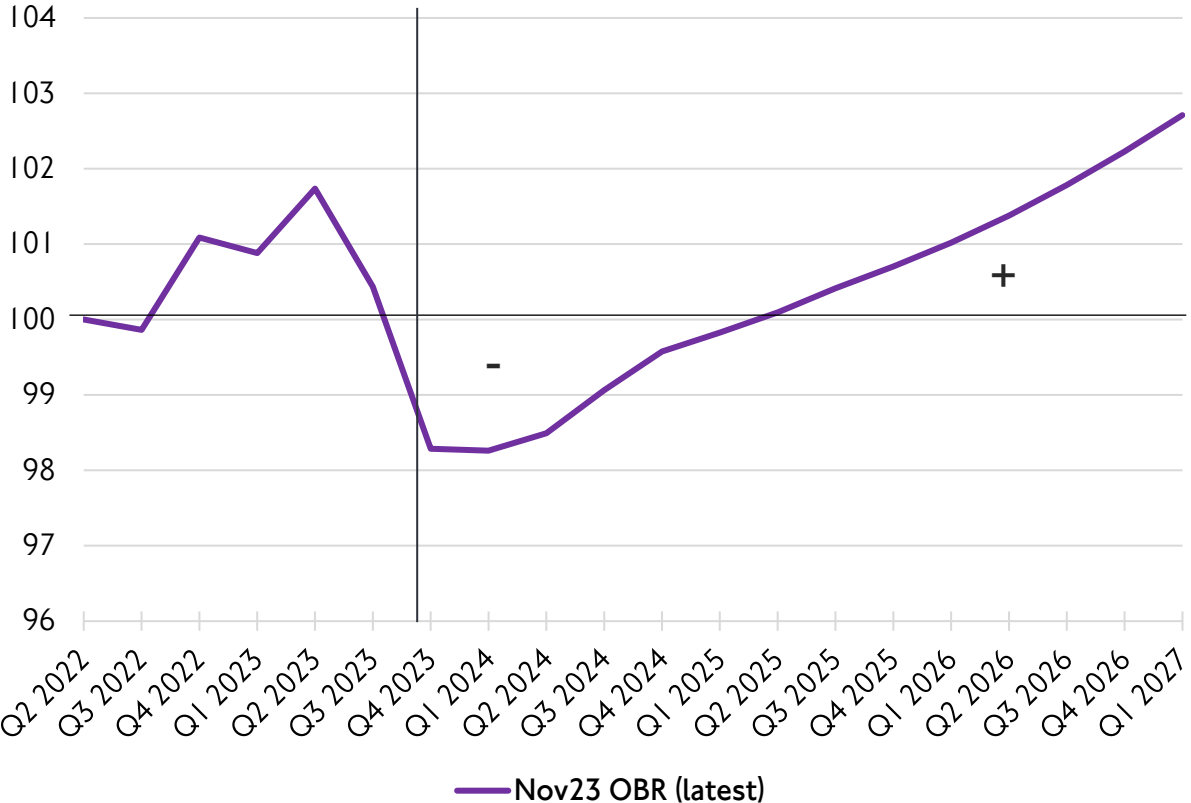
- Diversify and grow our revenue
- Continually improve our efficiency
- Build our resilience and continue to invest

We are still facing an uncertain economic environment

United Kingdom Real GDP Growth - 2022/23 to 2026/27



UK Real Household Disposable Income (Q2 22/23=100)



The macroeconomic environment remains challenging, as the Nov23 OBR forecast indicates that while Real GDP growth was ahead of its previous forecast for 2023, from 2024 until 2027 the OBR’s revised view is that growth will underperform relative to earlier projections.*

The corresponding impact of these lower growth forecasts and the ongoing cost of living crisis indicates that real household disposable income is not now expected to recover to the level it was at the start of the 2022/23 financial year until **Q2 2025**.*

*Source: OBR Economic and Fiscal Outlooks November & March 2023

In particular, inflation has not fallen as fast as expected and is now forecast to remain higher for longer

Retail Price Index (RPI) – 2022/23 to 2026/27



For FY 2023/24, we were disappointed not to receive the £181m of DfT inflationary support we had budgeted for.

The **2024 TfL Business Plan** incorporates the March 2023 Office of Budget Responsibility (OBR) inflation forecast which was the most recent forecast available at the time of preparation.

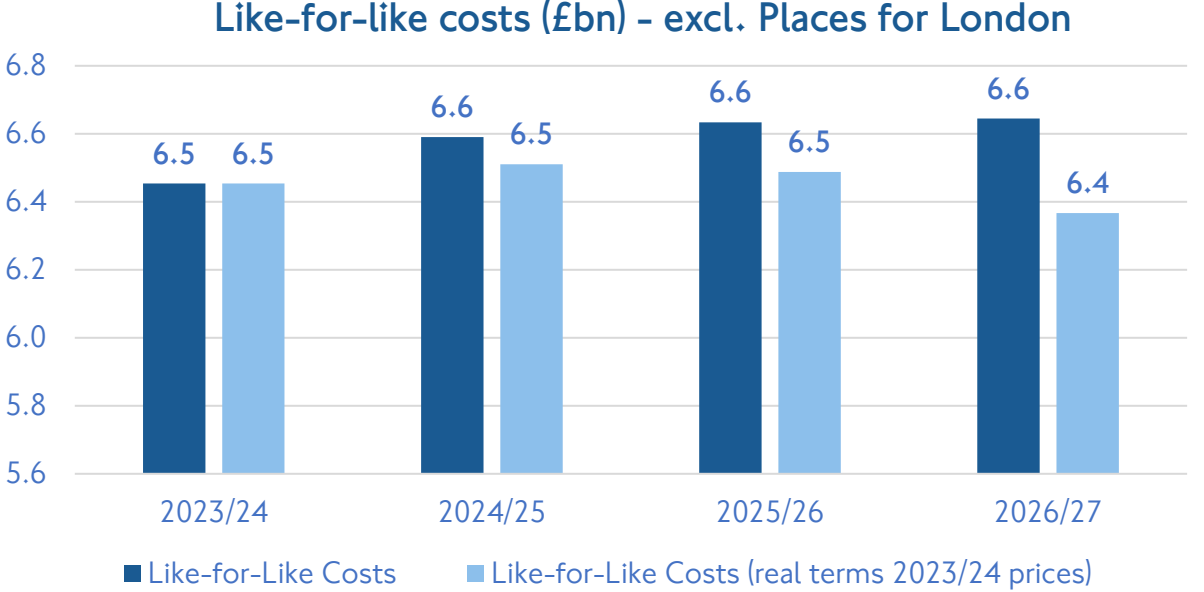
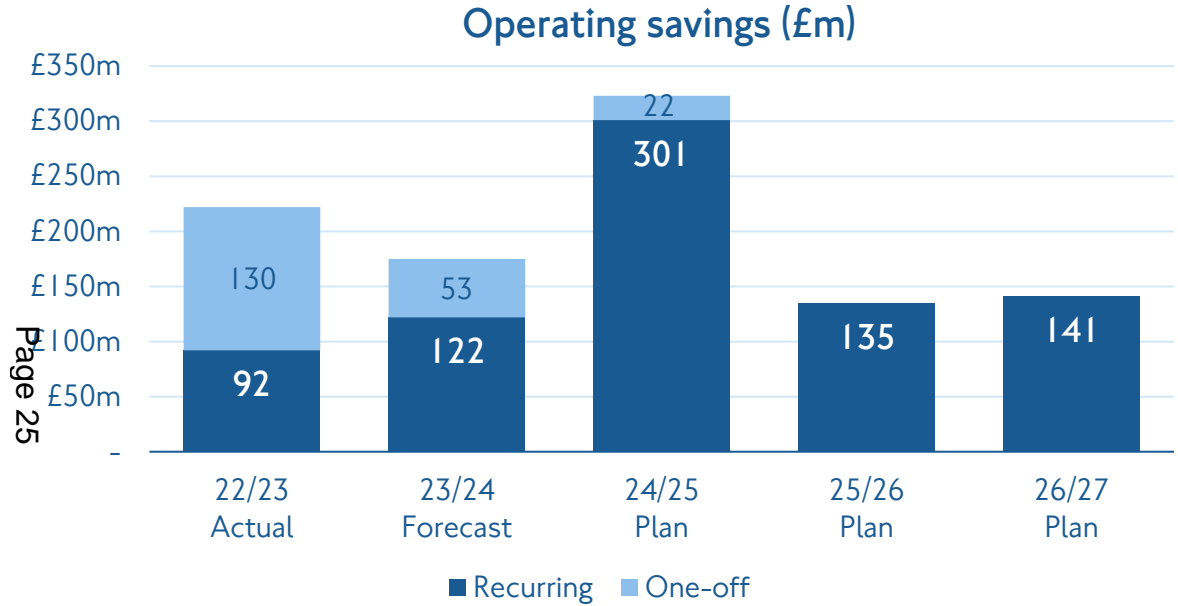
Broadly, the March 2023 forecast was in-line with the previous OBR forecast from November 2022 which was used to underpin the previous **2023/24 TfL Budget** in line with the Funding Settlement.

However, on 22 November 2023, the OBR published its latest view of inflation which will be incorporated into the forthcoming 2024/25 TfL Budget.

The latest forecast from the OBR now indicates higher for longer inflation across both RPI (opposite) and CPI, which will drive additional cost pressures in to this plan.

Continually improve our efficiency

We continue to reduce costs in real terms on a like-for-like basis



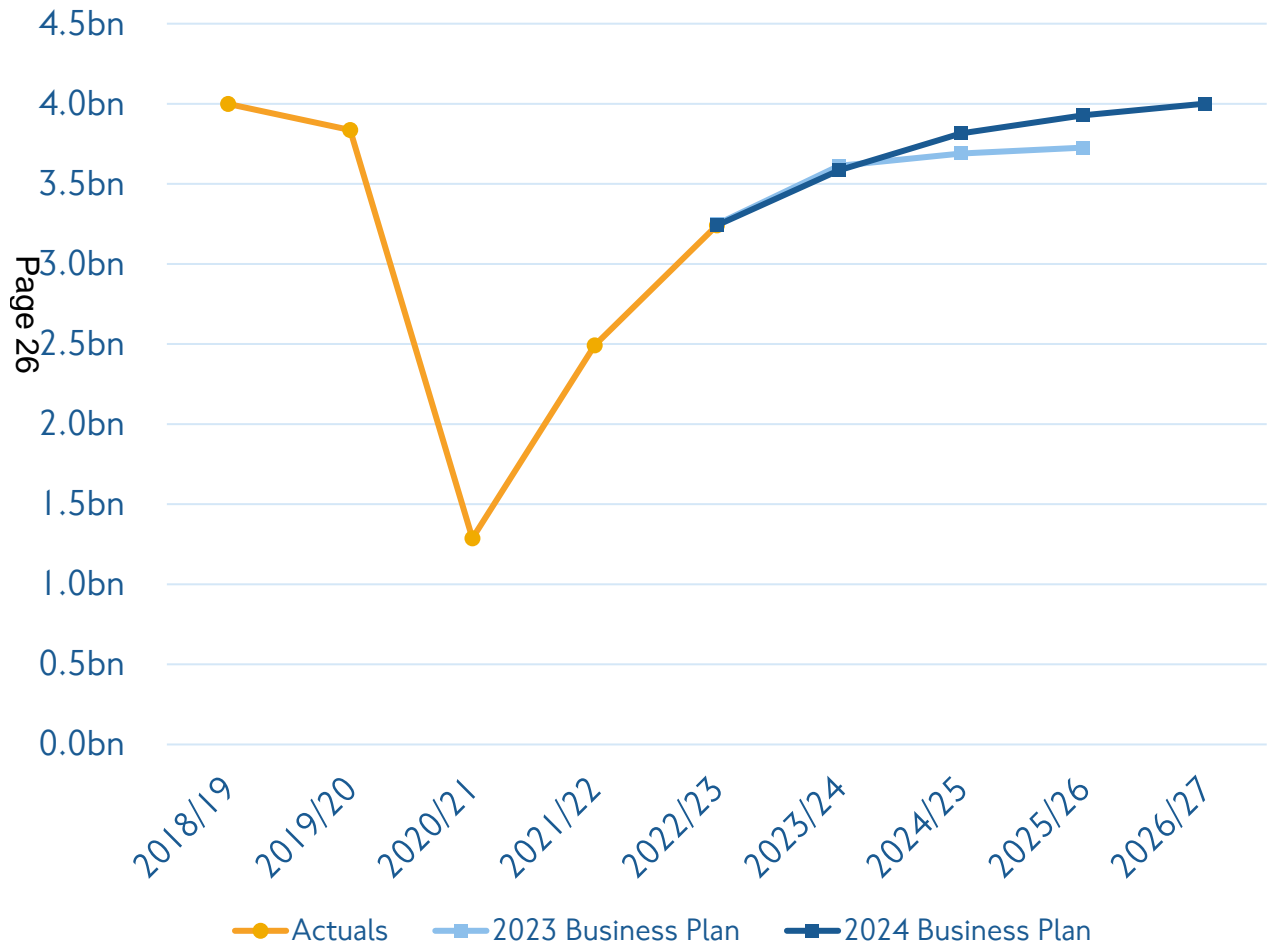
In last year’s Business Plan, we committed to £600m of recurring operating savings by 2025/26, adding to the £1.1bn of savings already delivered between 2016/17 and 2021/22.

This Business Plan stretches that target to £650m (over the same time period) to continue offsetting the impact of inflation, such that on a like-for-like basis, after adjusting for new services, restructuring and other one-off costs, our operating costs in 2026/27 will be, in real terms, lower than the current financial year of 2023/24.

Diversify and grow our revenue

Journeys to return to pre-pandemic levels of 4bn p.a. by 2026/27

Passenger demand forecasts (billions per annum)



The economic assumptions behind the forecast in our Business Plan are based on latest data from GLA Economics, before the OBR published its assessment on 22 November. This will be updated in future planning processes.

A London's Economy

GLA Economic Scenarios RELATIVE TO 2022

Profile	2026: GDP	2025: Jobs
1 Fast recovery	+ 10.1%	+ 7.1%
2 Gradual Recovery (Central)	+ 6.6%	+ 4.7%
3 Slow recovery	+ 2.9%	+ 2.7%
4 Technical Recession	+ 5.5%	+ 4.1%
5 2yr Recessionary Environment	+ 2.0%	+ 2.3%

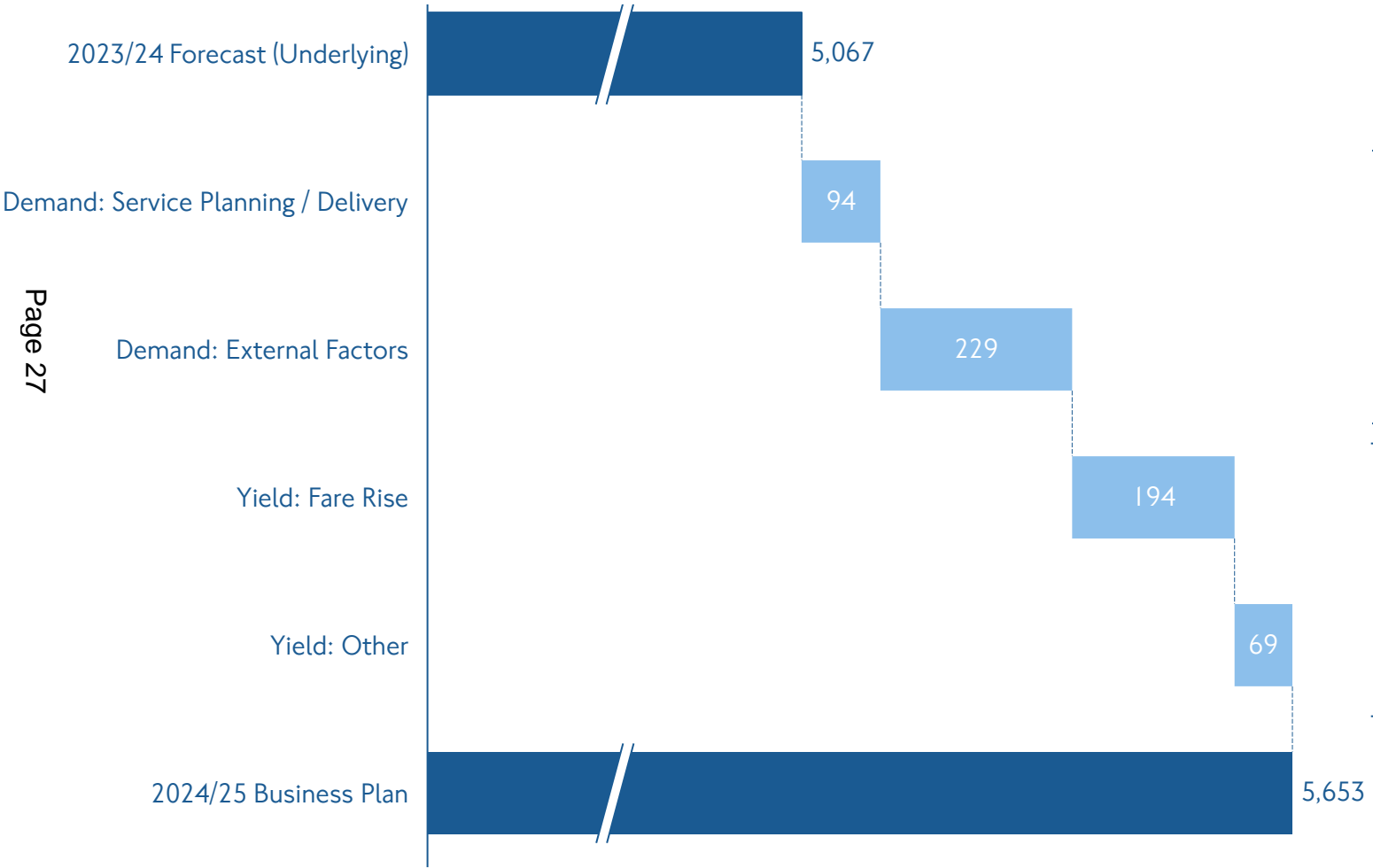
B The Path To "New Normal"

Office Work Profile / Peak Service Usage

	23/24 Now	end of 23/24	end of 24/25	end of 25/26	onwards
1	≈ 70%	75%	80%	85%	ongoing
2	≈ 70%	74%	77%	80%	ongoing
3	≈ 70%	72%	75%	75%	ongoing

Passenger income will grow by 11 per cent in 2024/25

Passenger income – year-on-year growth (£m)



Demand growth of 6%, £323m

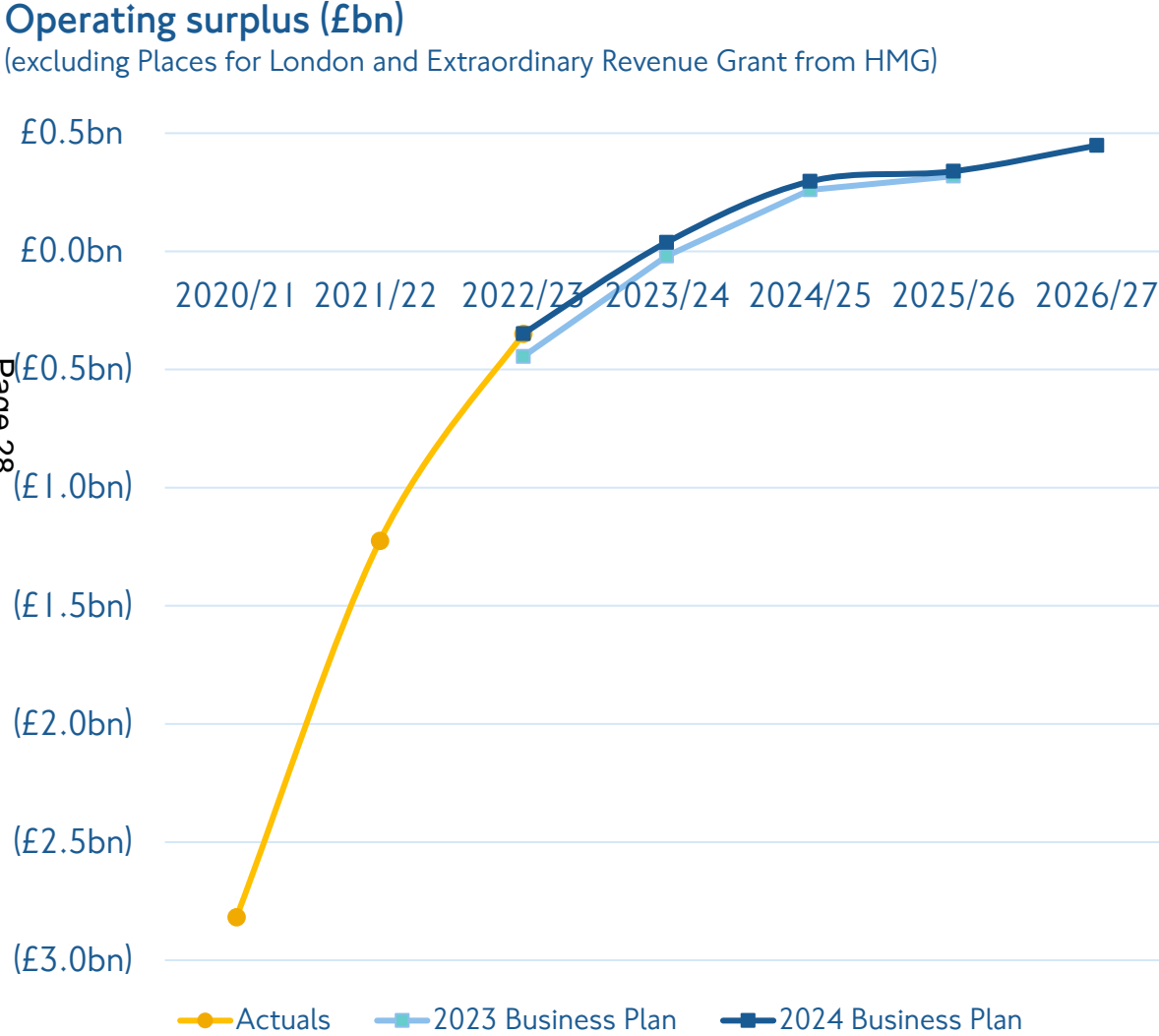
- Service planning & delivery: full year of Elizabeth line through running, additional bus kms and Tube/Rail service enhancements
- External factors: economic growth, further pandemic recovery and return to office

Yield growth of 5%, £263m

- Fare rise: 4% in line with August 2022 funding settlement assumption. The actual fare rise is a decision for the Mayor.
- Other: daily travelcard agreement and other external factors including changing journey patterns, capping and freedom pass income

Build our resilience and continue to invest

We are now creating an operating surplus to fund investment



Every penny of our growing operating surplus is re-invested in our services, and benefits London and the UK.

We are on track to complete a £3bn turnaround since 2020/21 and achieve operational financial sustainability in 2023/24, generate a surplus and no longer rely on Government funding to support our day-to-day operations.

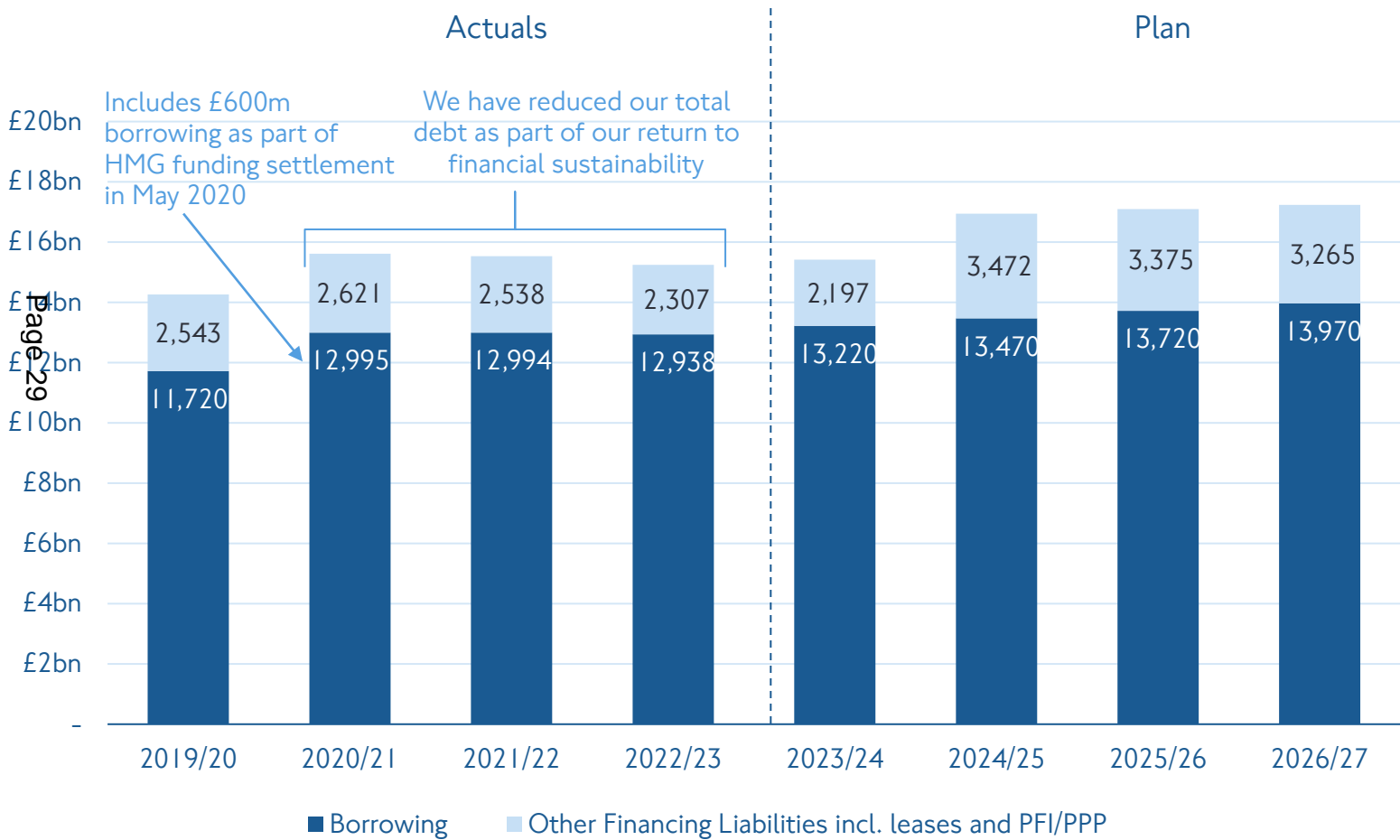
Our focus is now firmly on maintaining and building on this sustainability as the financial foundation for this Business Plan. We will grow our operating surplus up to around £500m by 2026/27 and reinvest it into making our city and our organisation better.

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Build our resilience and continue to invest

We are maintaining an affordable level of debt

TfL Total debt (£bn)



Our objective is to manage borrowing in a manner that is affordable, sustainable and prudent, in line with the provisions of the Prudential Code.

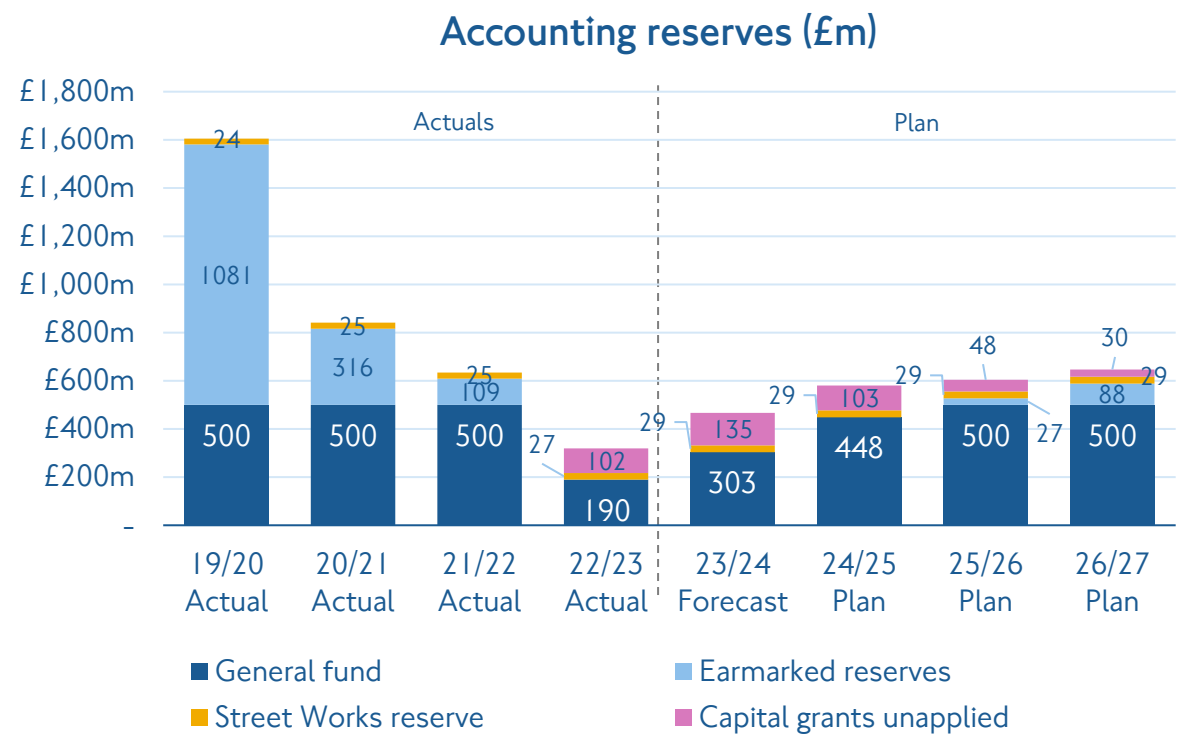
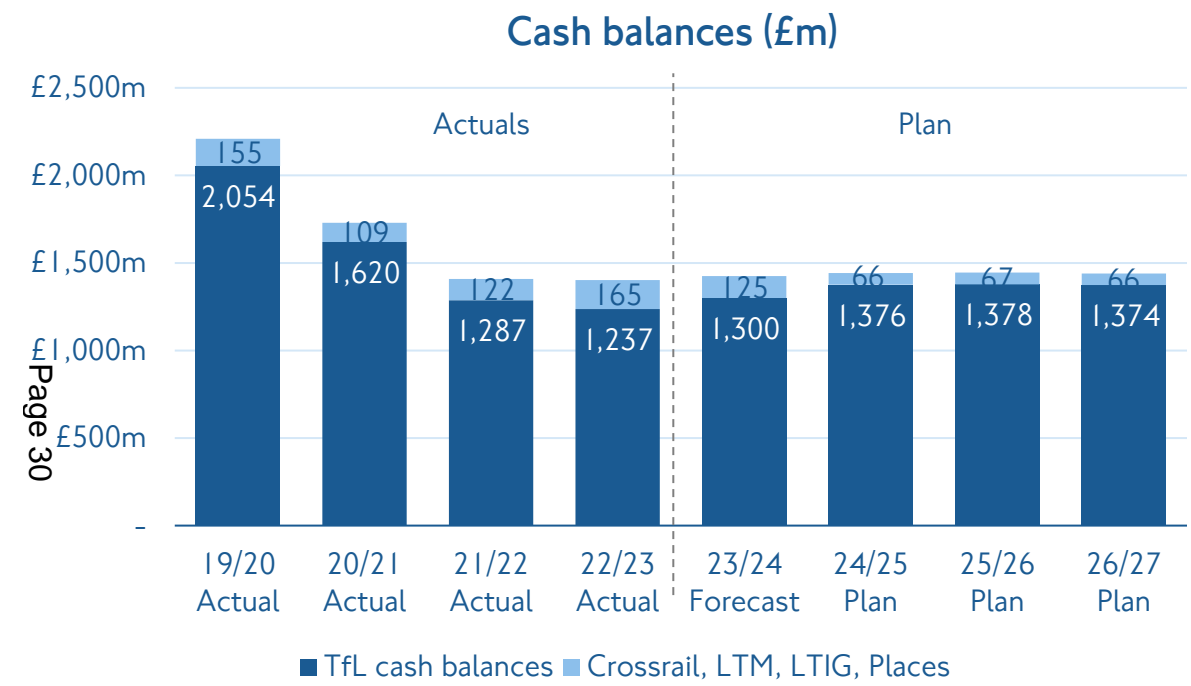
Borrowing has a role to play in supporting the capital investment programme. Generating a sustainable operating surplus going forward, means there will be borrowing headroom in the medium term.

Our total debt balance reduced in 2022/23, following the refinancing of some of our bonds and purchase of our 378 Overground rolling stock trains. This was part of our financial sustainability plan.

We continue to refinance the majority of maturing debt. The latest business plan assumes approximately £250m annual incremental borrowing, although this will be subject to a further assessment of affordability at the time of borrowing.

Build our resilience and continue to invest

We are rebuilding our cash and accounting reserves



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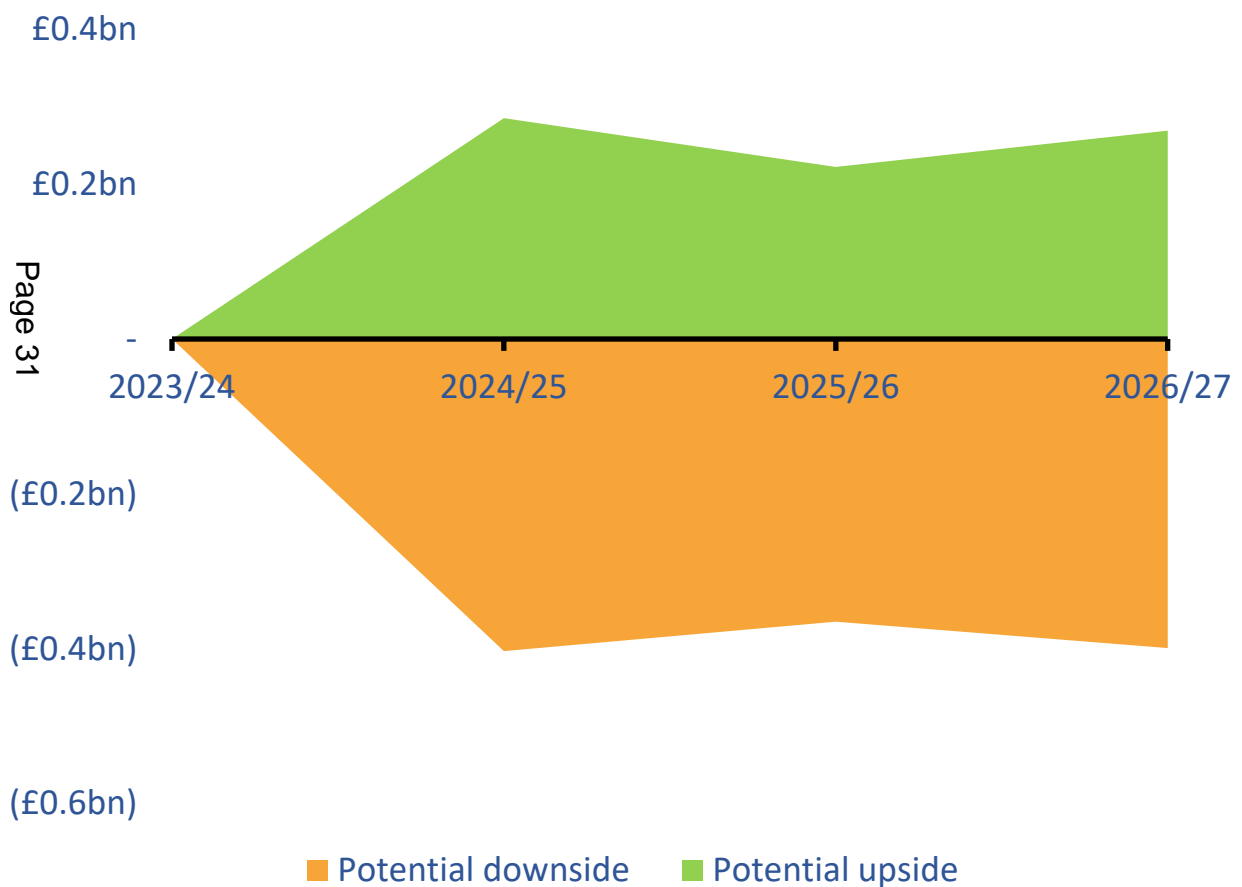
Our Treasury Management Policy is to maintain minimum cash reserves of 60 days operating costs. As operating costs rise over time, our 60 day operating cash reserve should grow with it.

The Business Plan will maintain the necessary cash level, with the planned borrowing being used to fund capital investment.

The pandemic has seen a material reduction in TfL’s useable reserves, which consist of its General Fund and Earmarked Reserves. The General Fund represents sufficient cash-backed reserves held to cover risks that may arise. TfL has a target General Fund balance of £500m, which was increased from £150m at the start of the pandemic in March 2020

We are maintaining cash reserves to protect against shocks

+£0.8bn / -£1.2bn impact over the plan
(excl. Government capital funding risk)



Stress tests:

- The uncertainty around the pandemic recovery, climate change, household finances, the UK’s trading relationships post-Brexit, the war in Ukraine and the macro-economic climate, makes it more difficult than usual to forecast beyond the next two years.
- We have modelled a range of variables in our Business Plan, mainly driven by the macroeconomic uncertainty, to assess the sensitivity to our central case.
- Downside risk to our income driven by potential lower economic growth is a major contributor to the potential downside.

Potential mitigations:

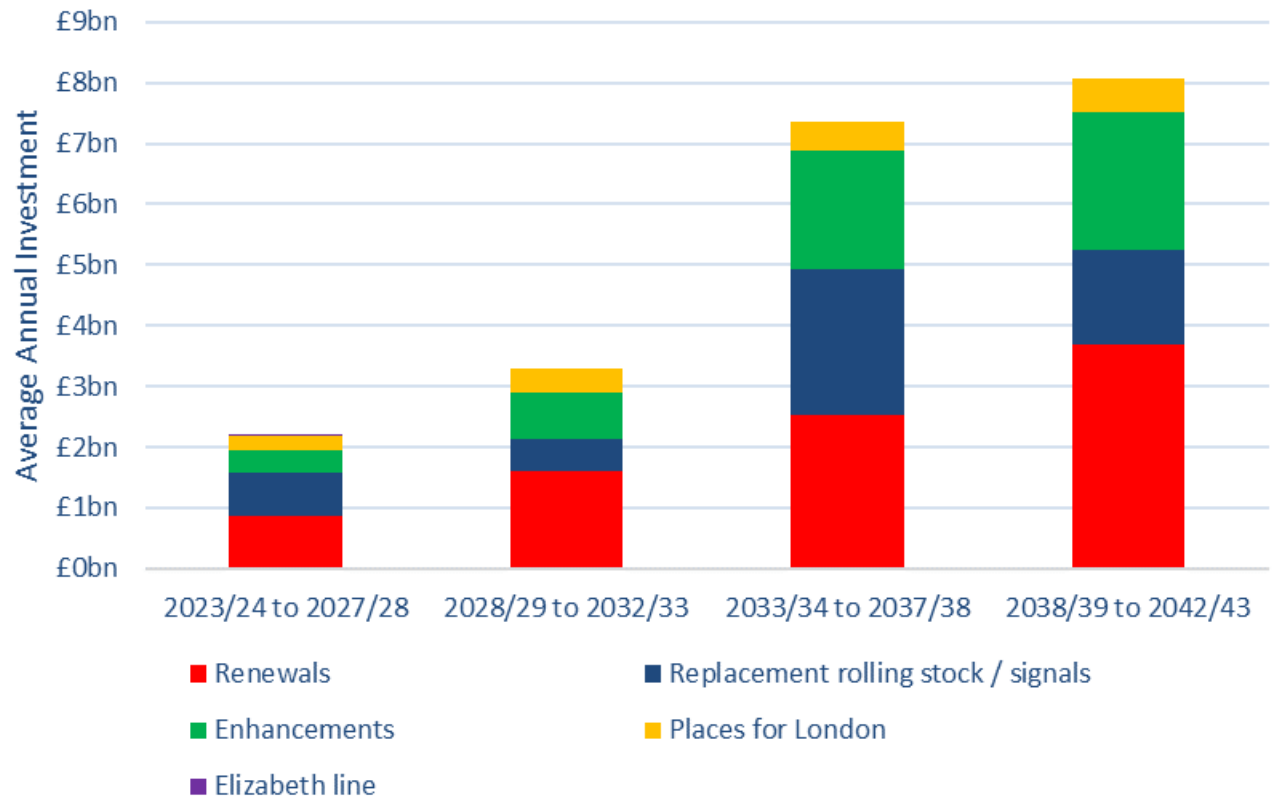
- Monitoring and assessing external and internal threat and opportunity indicators are key to our planning and reporting process, enabling us to respond to early warning signs and take actions to keep us on track.
- We continue to look for opportunities to be more efficient as well as grow and diversify our revenues.
- We are maintaining cash reserves to protect against shocks.
- We are also growing our General Fund Reserves back to £500m to protect against shocks.

Spotlight on Capital Strategy

An aspirational view of our capital investment for the next 20 years

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2024 Capital Strategy (nominal prices)



The increase in investment over time is driven both by inflation – very significant over 20 years – and the long-term aspiration to increase activity to achieve the ambitions of the Mayor’s Transport Strategy.

Replacement of rolling stock and signalling includes trains on Piccadilly line, DLR, Bakerloo line, Central line, Waterloo & City line, Jubilee line and Northern line, as well as Trams.

Enhancements includes street improvements to promote active and safe travel, station upgrades, technology investment, line extensions and others.

The total funding gap over the next 15 years, based on the desired increase in activity, is £38bn. This is an increase from last year’s £20bn, driven by factors including changes in inflation, the first Places for London Business Plan, the latest projections of the costs of catching up the backlog of Renewals and timing differences.

Section 4
Equality
Impact
Assessment



Equality Impact Assessment - methodology

Methodology

In order to assess the fairness of the plan, TfL considers the impact on the people with the 9 protected characteristics listed in the Equality Act, and those who have the potential to be socially excluded.

TfL is currently drafting a report called Equity in Motion, which will be a strategic document outlining Londoners' most acute inequalities, barriers and disparities and setting out targeted actions to address them. Preliminary findings from this report have informed the approach to this equality impact assessment work.

Last year TfL produced a detailed, balanced budget setting out the new direction which took into account the impact of the pandemic. This year's plan builds on last year's plan, and greater focus has been put in this EqlA on changes that are new since last year.

The business planning process assigns high level funding. This funding is then prioritised to individual projects, which have their own EqlAs undertaken. New projects will be subject to consultation.

Diversity in London

- 12% of Londoners are **aged 65 or over**
- 13.2% of Londoners are **disabled**
- 51.5% of Londoners are **female**
- 46% of Londoners are **Black, Asian or other minority ethnic**
- 22% of Londoners have a **minority faith or belief**
- 4.2% of Londoners identify as **lesbian, gay bisexual or other minority sexual orientations**
- 12.4% of London households have **no one with English as a main language**
- 28% of Londoners **live in poverty**
- 39% of children in the capital **live in poverty**

Equality Act protected characteristics:

1. Age
2. Disability
3. Gender reassignment
4. Gender (sex)
5. Marriage and Civil partnership
6. Pregnancy and Maternity
7. Race (ethnicity)
8. Religion and Belief
9. Sexual orientation

People who have the potential to be socially excluded (examples):

- a. People on low incomes
- b. Refugees and asylum seekers
- c. The homeless
- d. Job seekers

Equality Impact Assessment – what’s in the business plan

Customer experience

- Increasing the CCTV network and installing passenger help points
- Continuation of two new high-profile campaigns against sexual harassment and hate crime
- Disability training for staff and improved accessibility of customer information including Dial-a-Ride self-service, London Overground lines renaming, and 4G and 5G mobile coverage on a significant portion of the network by the end of 2024

Commitments around embedding an inclusive design approach

Connectivity

- Elephant & Castle stage 2 and DLR Thamesmead feasibility support the delivery of 1,000s of new connected homes and jobs
- Superloop means faster step-free journeys and better connectivity in outer London, and supports the London-wide ULEZ expansion
- There is an extra £20m of Sustainable Housing and Accessibility (SHA) funding in 2026/27 to unlock homes and regeneration where transport acts as a constraint, and deliver accessibility improvements
- Asset renewals are essential to maintaining the scale and quality of our services. Spending on renewals in the plan builds up to a steady-state level. While we return to steady state the decline in asset condition will continue

Health

- Safe and Healthy Streets programme funding will now increase with inflation. This does however remain below pre-pandemic levels
- In July 2023 we published our Cycling action plan 2, which aims for a significant expansion to our Cycleway network
- The ULEZ expansion is a vital part of tackling the public health emergency caused by toxic air pollution. To help mitigate the financial impact on vulnerable Londoners, the scrappage scheme was increased to £160m in August 2023 and made available to all London residents, small businesses, sole traders and charities with a registered address in London

Affordability

- The new plan assumes that fares increase at 4 per cent next year, and then RPI.
- The Mayor has protected the free or discounted travel for under 18-year-olds and, from early 2024, will be introducing reduced price travel on buses and trams for care leavers aged between 18-25
- TfL’s new property company, Places for London, has identified capacity on its land for 20,000 homes, targeting 50 per cent affordable housing

TfL uses income from fares to fund services. This means that the impact of increasing fares must be weighed against the impact (and equality impact) of service reductions if TfL’s revenue does not increase proportionally to inflation.

Section 5

Appendix



Glossary of Terms

Term	Description
4LM	Four Lines Modernisation
CPI	Cost Price Index
CRTS	City Region Transport Settlements
DfT	Department for Transport
DLR	Docklands Light Railway
DLUHC	Department for Levelling Up Housing and Communities
EqIA	Equality Impact Assessment
GDP	Gross Domestic Product
GLA	Greater London Authority
HGV	Heavy Goods Vehicle
HMG	His Majesty's Government
HS2	High Speed 2
KSI	Killed & Seriously Injured
LED	Light Emitting Diode

Term	Description
LTM	London Transport Museum
LU	London Underground
MTS	Mayors Transport Strategy
OBR	Office for Budget Responsibility
PTAL	Public Transport Accessibility Level
PPA	Power Purchase Agreements
PPP	Public Private Partnership
PT	Public Transport
RPI	Retail Price Index
SHA	Sustainable Housing & Accessibility
TfL	Transport for London
TLRN	Transport for London Road Network
ZE	Zero Emission

2023 Business Plan: restated to exclude Places for London

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£m	2021/22 Actuals	2022/23 Forecast	2023/24 Plan	2024/25 Plan	2025/26 Plan
Passenger income	3,154	4,306	5,158	5,572	5,983
Other operating income	1,098	1,376	1,582	1,598	1,374
Business Rates Retention	1,844	1,819	1,867	1,985	2,025
Other revenue grants	1,789	1,024	274	242	245
Revenue	7,885	8,525	8,881	9,397	9,627
Operating cost	(6,403)	(7,053)	(7,763)	(7,914)	(7,944)
Operating surplus before interest and renewals	1,482	1,472	1,118	1,483	1,683
Capital renewals	(551)	(635)	(725)	(775)	(850)
Operating surplus before interest	931	836	393	708	833
Net interest cost	(439)	(416)	(413)	(448)	(515)
Operating surplus	492	420	(20)	260	318
<i>Operating (deficit) / surplus (excluding Extraordinary Revenue Grant)</i>	<i>(1,225)</i>	<i>(445)</i>	<i>(20)</i>	<i>260</i>	<i>318</i>

2024 Business Plan: Income statement

	£m					Variance to 2023 Business Plan				
		2022/23 Actuals	2023/24 Forecast	2024/25 Plan	2025/26 Plan	2026/27 Plan	2022/23 Variance	2023/24 Variance	2024/25 Variance	2025/26 Variance
Passenger income		4,352	5,256	5,647	5,963	6,223	46	98	75	(20)
Other operating income		1,485	1,541	1,530	1,319	1,137	11	(41)	(68)	(55)
Business Rates Retention		1,819	1,914	2,014	2,033	2,052	-	47	29	8
Other revenue grants		967	334	253	256	252	(57)	60	11	11
Revenue		8,623	9,045	9,444	9,571	9,664	-	164	47	(56)
Operating cost		(7,005)	(7,856)	(7,940)	(7,909)	(7,790)	104	(93)	(26)	35
Operating surplus before interest and renewals		1,618	1,189	1,504	1,662	1,874	104	71	21	(21)
Capital renewals		(624)	(736)	(775)	(850)	(925)	11	(11)	-	-
Operating surplus before interest		994	453	729	812	949	115	60	21	(21)
Net interest cost		(424)	(415)	(432)	(472)	(499)	(7)	(2)	16	43
Operating surplus		570	38	297	340	450	108	58	37	22
<i>Operating (deficit) / surplus (excluding Extraordinary Revenue Grant)</i>		<i>(350)</i>	<i>38</i>	<i>297</i>	<i>340</i>	<i>450</i>	<i>53</i>	<i>58</i>	<i>37</i>	<i>22</i>

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Appendix 2

DRAFT

2024 Business Plan

Our plans and investment priorities
for 2023/24 to 2026/27

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MAYOR OF LONDON



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Mayor's foreword

This Business Plan invests in active travel, rail and buses, tackles air pollution, and helps to create a safer, greener, fairer city

London's transport is central to the lives of millions. We need a network that serves people and safeguards the future of our planet.

As the cost-of-living crisis continues, I am proud of what we have already done to make our city affordable for all Londoners, from delivering the Hopper fare to freezing TfL fares for five years. This year, we introduced half-price bus and tram travel for care leavers, making it easier for them to access education and job opportunities.

The Government has consistently recognised that TfL is not expected to fund major renewals and enhancements through its own operating incomes. This plan helps demonstrate the importance of this work to the London and national economies, and I hope the Government will confirm the provision of capital funding for TfL in 2024-25.

This plan will invest £11bn in our roads and rail system. TfL is transforming Elephant & Castle station and delivering new trains for the Bakerloo and Piccadilly lines and DLR, transforming journeys for millions of Londoners. This plan also supports the rollout of the Superloop, our new network of orbital express bus routes connecting outer London. The routes making up the loop will be fully operational by March 2024, and we will continue to grow our bus network across London.

I am also pleased that the Sustainable Housing and Accessibility Fund will receive an additional £20m. This will accelerate the delivery of desperately needed new homes and ensure that our public transport network is accessible to all Londoners.

The air we breathe is a matter of life and death, so tackling air pollution in London is essential. The expansion of our world-leading Ultra Low Emission Zone London-wide, the largest in the world, is reducing air pollution and carbon emissions. We have supported residents, charities and businesses to prepare for the expansion with my £160m scrappage scheme.

At the heart of my Transport Strategy is Vision Zero, my plan to eliminate deaths and serious injuries on London's transport network by 2041. To make London's roads safer, we introduced a world-leading Direct Vision Standard for HGVs, and this plan provides funding to raise safety standards further from October 2024. We have also introduced the latest safety technologies and designs to buses, with plans to retrofit 1,800 more buses with intelligent speed assistance, helping to support lower speeds in London.

Since 2016, we have added more than 350km to London's cycle network and now have more than 500 School Streets. This plan will increase, by inflation, the £150m a year funding for safe and active travel schemes, including borough-led programmes, from

2025. This funding will expand our cycle network and increase the number of safer junctions, School Streets, safer speed limits and cycle parking facilities.

TfL's investment is supporting Londoners to reduce car use and helping our city respond to the climate emergency. TfL will also continue to show leadership by decarbonising its buildings and helping prepare London for the impacts of climate change. More than 1,100 zero-emission buses are on London's streets already – the biggest fleet in Western Europe. This plan reinforces my commitment that all TfL buses will be zero emission by 2034 and keeps me on track with my efforts to deliver this as early as 2030, subject to the right support from the Government.

History shows that a city's success is never achieved in isolation. I am proud that investment in London's transport network supports supply chains across the whole of the UK – from Falkirk to Scarborough to Ballymena. Tens of thousands of people nationwide are employed on projects relating to London's transport network.

I know that the cost-of-living crisis means there are big challenges facing many people in our city. This Business Plan will support real progress towards our goal of a better London for everyone – a city that is safer, greener, fairer and more prosperous for all communities.

SIGNATURE

Sadiq Khan
Mayor of London



Commissioner's foreword

This plan will focus on my five guiding principles to ensure a safe, secure, reliable, attractive and sustainable transport network

Building on the success of the past year, this Business Plan sets out the next stage of our vision of being a strong, green heartbeat for our city.

Last year, in our first Business Plan since 2019, I set out four priorities for us as a business. I am pleased that we are making real progress against all of these. In the past year, our ridership levels has continued to bounce back, returning to 90 per cent of pre-pandemic levels, with some weekends surpassing 2019 demand. However, we have work to do to make public transport an even more attractive option for everyone working in, living in and visiting our city.

We continue to make great strides on our finances. Crucially, this plan shows that we remain on track to achieve operating financial sustainability in 2023/24. This means that, for the first time, our income will cover the costs of operating and maintaining the existing transport network.

On our net-zero ambitions, I have made changes so that considerations around sustainability are not just an addition to our work, but are central to everything we do. We have more to do but, by up-skilling our people with carbon literacy training so they feel empowered to choose or apply carbon reduction measures in all aspects of work and continuing to take bold action, like expanding the Ultra Low Emission Zone, I believe we can meet the challenges we face.

We also have a huge responsibility to our colleagues, the people who will help us deliver our vision. We are creating an organisation that is more diverse, inclusive and fair, enabling everyone to thrive and achieve their ambitions.

These four priorities are underpinned by our foundation of ensuring we deliver a safe, secure and reliable service across our network. We have used our priorities to inform our first ever internal strategy, which will help set our direction and guide us over the coming period.

Thanks to our hard work, and tight financial control, we will be able to meet 75 per cent of our capital investment needs from next year. However, like all major transport operators in the UK and around the world, we will need support from central Government to meet our investment needs in 2024/25 and beyond. The Government has consistently recognised the fact that we cannot, and are not expected to, meet the cost of major capital investments from our own operating incomes.

Investing in transport is proven to have a powerful effect on growth. New research shows the positive economic impact that investment in London's public transport has on the UK-wide supply chain. Throughout 2022/23, our investment amounted to an economic output of £5.9bn in gross value added to the UK economy and supported more than

100,000 jobs across the UK. This includes the construction of Piccadilly line trains in Goole, which is directly supporting 750 jobs.

With the right investment and Government support, we can be an engine for economic growth and lead the way in reaching net-zero in the UK, as well as transforming the experience of our customers to be one of the most accessible and inclusive transport networks in Europe.

This Business Plan sets out how we are delivering new trains on the DLR, expanding the popular new Superloop bus network and progressing towards an entirely decarbonised bus network. In the longer term, subject to funding, we will introduce new UK manufactured Piccadilly line trains, exercise the options for new Bakerloo line trains and start the procurement for new trams.

All of this investment needs to be underpinned by predictable funding. To maximise our investment, drive further efficiency and deliver value for money, it is vital that we agree longer-term capital funding along the lines of Government agreements with Network Rail, National Highways and city regions across England.

SIGNATURE

Andy Lord
Transport Commissioner



Our achievements

We have achieved a number of milestones since publishing our 2023 Business Plan



January 2023
New campaign encourages customers to look out for sexual harassment

February 2023
First of 54 new DLR trains arrives at Beckton Depot



April 2023
More than half of the lighting in London's bus shelters is LED

May 2023
Final milestone of the Elizabeth line as the peak timetable increases to 24 trains per hour



June 2023
We publish our Action on Inclusion strategy for our staff



July 2023
The first Superloop bus route comes into service

March 2023
Signalling work completed on the Hammersmith & City line as part of the Four Lines Modernisation programme

August 2023
Ultra Low Emission Zone is expanded London-wide and 1,000th zero-emission bus launches



October 2023
We welcome our largest ever cohort of graduates, apprentices and interns



December 2023
More than half of London's black taxis are now zero-emission capable

September 2023
Next phase of 4G and 5G project as first West End stations go live

November 2023
We collaborate with Google to bring Street View into some of London's busiest stations

Key reporting themes

Our future vision is drawn from the Mayoral priorities to ensure everything we do is safe, secure and inclusive

As a public organisation, it is important that we are transparent about our finances, our investment priorities and the work we are planning to do to help shape our city.

In April 2023, we launched our internal strategy, which is structured around the themes of safety and security, colleagues, customers, green and finance. The strategy sets out how we will run our business to enable the outcomes of the Mayor's Transport Strategy and London Environment Strategy. To support medium-term planning, we have translated our 2041 outcomes to where we need to be in 2030 to be on trajectory to deliver the Mayor's Transport Strategy.

In 2023, continuing the work started with our Corporate Environment Plan, we launched the London-wide Ultra Low Emission Zone and published our Climate Change Adaptation Plan, as well as rolling out carbon literacy training to more than 1,500 colleagues. We launched an updated safety, health and environment culture

improvement model, updated a safety, health and environment management system and published our Action on Inclusion plan and Pay gap action plans to help drive equality.

Key themes and outcomes


All our work, from our daily running to our investment programmes, follows the key themes of the Mayor's Transport Strategy. These are Healthy Streets and healthy people, a good public transport experience, and new homes and jobs.

There are a number of outcomes that we are working towards, which are drawn from these key themes. All our outcomes must be underpinned by financially securing our future, so that we can continue to improve transport and deliver the efficient and sustainable services that London needs. In this Business Plan, we have prioritised investment where we most urgently need to make progress against the outcomes of the Mayor's Transport Strategy.



Healthy Streets and healthy people


We aim to improve the experience of being in the places where people live, work, spend time and travel. We will reduce traffic dominance and enable people to walk, cycle and use public transport.

 Our ambition is to have a **Safe, Active, Efficient, Mode Sharing and Green transport network**



A good public transport experience


We will ensure public transport is an increasingly attractive alternative to the car, through whole-journey planning to help integrate public transport in our schemes and projects.

 Our ambition is to have a **high Quality, Accessible and Connected transport network**



New homes and jobs

Transport is vital for supporting the new homes and jobs London needs. This includes creating communities where amenities are within walking and cycling distance.

 Our ambition is to **Build new homes, while improving connectivity to new homes and jobs**

Our priorities

We have set out some key priority areas that will underpin our decision making and investment over the course of this plan





Our TfL strategy

We have a strategy that sets out how we will become a strong, green heartbeat for London

Our overall direction is set by the Mayor's Transport Strategy, which outlines the Mayor's plans to create a fairer, greener, healthier and more prosperous city, with transport as a cornerstone of this. To deliver the Mayor's Transport Strategy, we work with many partners, including other parts of the Greater London Authority and the boroughs.

In 2023, we developed our internal strategy, which focuses entirely on us. It sets out how we will deliver our vision of being a strong, green heartbeat for London and our values, which describe the culture we are building and how we work.

This strategy is broken down into five key themes, which cover customers, safety and security, our green future, colleagues and finance.

Within these areas, we have a number of key priorities to help shape our plans and ensure we can secure the best future for London's transport network as we support the capital's growth and development.



Our customer priorities

- Listen to our customers, build trust and show we care
- Provide a consistently good service
- Support more sustainable streets



Our safety and security priorities

- Work together to be safe and secure
- Keep everyone safe when travelling
- Protect our organisation



Our green priorities

- Reduce carbon emissions and adapt to climate change
- Improve air quality
- Protect, connect and enhance green infrastructure and biodiversity



Our colleague priorities

- Create an inclusive culture
- Provide a fair and attractive employee offer
- Support everyone to achieve their work ambitions



Our financial priorities

- Diversify and grow our revenue
- Continually improve our efficiency
- Build our resilience and continue to invest

Our customers

We must give people more reasons to choose sustainable travel so we can tackle the climate emergency, increase our income and support London's sustainable growth

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Our customers are experiencing the value and benefits of public transport, which helps them make the most of everything London has to offer



We are working to make our network more reliable and inclusive

Improving the customer experience

Since the pandemic, around 90 per cent of customer journeys are being made on the network. The pandemic, along with societal changes and cost of living pressures, has had a profound impact on the way that many Londoners are living their lives and think about transport. For some, life is more local. There are greater opportunities for home working and people are choosing to use nearby facilities more often and socialising nearer to or at home. For many more people, travel into, across and around London remains a critical part of their working and personal lives, but they often have more choice regarding the frequency and timing of this travel.

We continue to play a critical role in the UK's national transport infrastructure, with our public transit network connecting national highways. Therefore, investment in the transport network not only impacts London, but the rest of the UK.

To achieve our ambition for 80 per cent of trips to be made by sustainable

modes by 2041, we must focus on customers like never before, encouraging people to make the switch from their cars and catalysing 'new' journeys. London is an incredibly diverse city and it is our job to make sure that the capital's transport network is up to the challenge.

A consistently good public transport service is our foundation. Removing pain points and delivering our reliable services to a high standard will help further improve customers' perceptions of our services. Long-term investment is key to getting our public transport and more sustainable streets right, so that more people can enjoy London for commuting, visiting or living in.

We must listen to our customers, build trust and show we care about every journey. This means we must make multi-modal travel more convenient through accurate real-time information, especially when things go wrong, and providing an increasingly personalised digital offer.

We have made significant improvements to our customer care score over the past decade, with the proportion of Londoners agreeing that we care increasing from the low 40s to mid-50s. It is vital to improve our services and active travel options, so that customers can make the most of everything our great city has to offer.



4%

increase in outer London bus kilometres delivered over the course of this Business Plan

2024

when we plan to complete the Superloop bus network, delivering express routes in outer London, excluding route SL4



Our safety and security

It is our mission to get everyone home safe and healthy, every day

The safety and security of our customers, staff and Londoners is at the heart of everything we do. We have set out ambitious and challenging targets to improve the safety and security of our customers, our people and all road users in London. Despite the challenging economic situation, we are determined to continue to invest in improving safety and security for all.



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Maintaining a safe network for all

We are continuing to invest in maintaining our assets in a safe condition to ensure our customers are safe. There are, nevertheless, inherent risks in operating a transport network and it is vital that we continue to invest in the tools and culture needed to actively manage safety risk at all times.

During this Business Plan period, we will build on the improvements we have introduced and continue to simplify and update key tools, such as risk assessment processes, safety assurance requirements and introduce new equipment for higher risk activities, such as when our people have to access tracks. These tools are supported by a programme to continually challenge ourselves to improve our safety culture and build an organisation in which all colleagues put safety first and are supported to identify, and act on, any concerns.

We will continue to invest in our world-leading bus safety programme, introducing buses with modern safety features such as intelligent speed assistance. We will also invest in targeted improvements

at locations where we can make a real difference, such as piloting approaches to reduce the risk between our trains and the platforms.

On London's transport network, we continue to deliver against our Vision Zero action plan. Working in partnership with London's boroughs and the Metropolitan Police Service, we are rolling out lower speed limits, developing safer junctions, implementing safe strategic cycle routes and building on our awareness campaigns and training to encourage safe behaviour by all. We will also continue to implement targeted strategic measures, such as the next phase of our Direct Vision Standard.

Zero

people killed or seriously injured on London's transport network by 2041 is our Vision Zero ambition



A secure network

We want our colleagues and customers to be secure, free from the fear of crime, and protected from security threats, safety risks and malevolent attacks. Following the Mayor's commissioning of Lord Harris in 2017 to do a wide-ranging review and assess London's preparedness for a terrorist attack, we have been working hard to implement the review's recommendations. We work closely with security services to understand how threats are changing, mitigate security risks and have robust processes in place to identify and respond to security threats.

Our work-related violence and aggression strategy aims to eliminate violence and aggression. In 2023, we doubled the size of our specialist teams – with a new team dedicated to preventing work-related violence and aggression. We also enhanced

the support and investigation team to work with colleagues who experience this. We continued our roll out of body-worn video cameras and continue to work with the British Transport Police and Metropolitan Police Service on targeted operations to protect our colleagues from harm.

We are taking further steps to embed a zero-tolerance approach to sexual harassment and hate crime on our network. Building on previous campaigns, we have worked to empower customers who witness incidents with our bystander campaign. This outlines the tools and approaches that customers can take to intervene, de-escalate and report incidents on our network. We are entering the next phase of our sexual harassment and hate crime campaigns, following feedback from police, our partners and stakeholders.

We work with the British Transport Police and Metropolitan Police Service on targeted operations to protect our colleagues from harm

Our green future

We must actively tackle the climate and ecological emergency to make London cleaner and healthier



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Decarbonising our operations

To achieve our ambition of net-zero operations by 2030, we are transitioning our bus fleet to zero-emission at tailpipe, working towards purchasing only renewable energy and decarbonising our buildings. We have a plan to source 100 per cent of our electricity from renewable sources by 2030. Our work to secure power purchase agreements will encourage new wind and solar generation in the UK grid.

Over the next three years, we will invest around £350m in decarbonising our operations, including transitioning around 1,000 support vehicles and buses.

We are on track to have a fully zero-emission bus fleet by 2034. With Government funding, this could be accelerated to 2030, which would catapult the potential for new production models and help transform the bus industry in the UK. We continue our plan to remove fossil fuels on our building estate, improve energy efficiency and identify opportunities to generate renewable energy. For renewal or enhancement projects that include or replace heating systems, we have made non-fossil fuel solutions the default option.

We are working to make our network cleaner

Building capacity and capability

During this Business Plan period, we will continue to upskill our workforce and attract the new skills necessary to drive environmental sustainability across the organisation. For example, we will continue to increase our levels of carbon literacy as a business. By March 2024, nearly 4,000 colleagues will have completed carbon literacy training, accredited by the Carbon Literacy Project.

In 2023/24, our senior leaders completed sustainability training to give them the understanding and tools to lead and inspire their teams on our green agenda. We will continue to provide training and information to all our colleagues in 2024/25, to build passion and create positive action in every part of the organisation to progress sustainability.

We will analyse our training needs so that we can target investment in training to upskill colleagues on adaptation, green infrastructure and biodiversity. In 2023, the first cohorts joined our new Sustainability Apprenticeship and Sustainability Graduate schemes. We plan to continue this programme, as well as embedding sustainability training across all graduate and apprenticeship schemes, irrespective of discipline.



We want to attract the best people



Environmental impacts are a core part of our decision making

Integrating sustainability into everything we do

Tackling the climate and ecological emergency is a top priority for us, representing one of the five themes of our internal strategy, which was published in 2023. Achieving our green ambitions cannot be done through dedicated projects alone. It requires a culture change to embed environmental outcomes into everything we do, and all our management system activities, standards, processes and business-planning decisions.

By revising our processes, we are uncovering new opportunities to not only protect and enhance nature, but secure new financial and social benefits at the same time.

To ensure a sustainable future for London, we must enable people to switch to sustainable travel options, which means we must invest in our assets and services to provide quality public transport and infrastructure for walking and cycling. The environment is now a core objective in how we manage our assets.

We are making our climate budget and natural capital account core to business planning and reporting risks and opportunities in line with the Taskforce for Climate Related Financial Disclosures and the Taskforce for Nature Related Financial Disclosures.

We have refreshed our processes and tools to encourage best practice and innovation, including our organisation-wide works information templates to enhance and standardise the environmental requirements for our suppliers.

All our renewals and enhancement projects must complete and maintain an environmental evaluation throughout, and we are updating our design standards to better capture environmental measures. This includes amending some London Underground standards to make it easier to use non-fossil fuel heating solutions and include sustainable drainage and flooding mitigation measures.

Investing in adaptation, green infrastructure and biodiversity

Over the course of this plan, we will invest £6m to improve our understanding of the impacts of climate change, and develop and deliver plans to adapt to climate change while also improving nature on our network and estate.

We are investing in protecting, connecting and enhancing our green infrastructure to encourage biodiversity on our estate and mitigate against climate change. We expanded our wildflower verges from 56,000 to 130,000 square metres in 2023, and will double this to 260,000 square metres by spring 2024 while working towards developing a long-term target.



4,000

colleagues trained in carbon literacy by March 2024

10%

increase in tree cover across London by 2050



260,000

square metre increase in wildflower verges by spring 2024



We are making our streets greener with healthier spaces

Our colleagues

We want to be a great place to work for everyone to thrive so that we attract, retain and develop people with the skills to achieve our goals

Action on Inclusion

In June 2023, we published our first Action on Inclusion strategy. Informed by engagement with staff across the organisation and derived from more than 500 listening sessions, the strategy sets out how we can become even more inclusive. It is the responsibility of everyone who works at TfL to bring the strategy

to life, which is why we have run deep dive sessions for all senior leaders and launched a new course called Inclusion Matters. This course covers all our guiding principles and all our 4,700 people leaders have been asked to complete it by 31 March 2024. The strategy enables us to become a more inclusive employer by 2030.

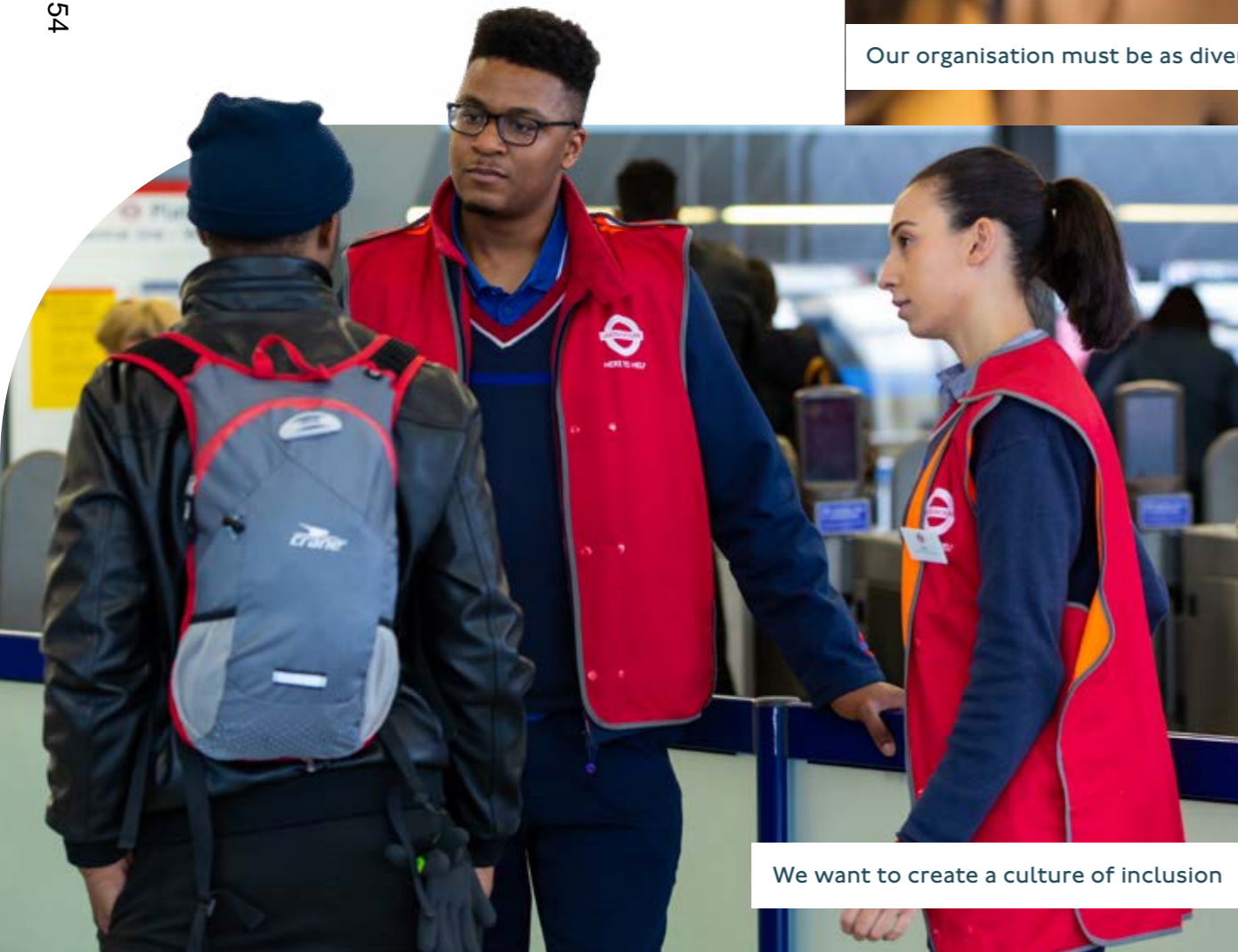


Our organisation must be as diverse as the city we serve

Representation at senior levels

To drive progress on the metrics set out in our Action on Inclusion strategy, we have added targets for senior leadership representation to our scorecard for 2023/24.

This will measure the percentage of our senior managers and above who identify as women; Black, Asian or minority ethnic; disabled; LGBTQ+; or of minority faith. We are making headway with our targets and have an ambition to halve the difference in representation between our current senior colleagues and the economically active population of London for the listed five protected characteristics by 2030.



We want to create a culture of inclusion

Retaining our talent

As a public service provider and employer, we need to continue to attract and retain the best talent as well as develop our colleagues and equip them with the skills to meet our overall ambitions.

In July 2023, we launched a new Colleague strategy, setting out how we will create a culture of inclusion, have an attractive and fair employee offer, and showcase how we will support colleagues to achieve their work ambitions and help improve their wellbeing. The strategy serves as a clear roadmap of initiatives and activities for senior leaders and staff to implement and engage with.



We want our organisation, at all levels, to be as diverse as the city we serve

DRAFT



Our plans will ensure we develop the skills we need for the future

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Building skills for the future

To help us prepare for the future, we have identified critical and hard to fill roles across our organisation. By better identifying our future skills requirements, we can develop our workforce planning and adapt our apprenticeship and graduate recruitment schemes into 2024, which helps us to mitigate the shortfall in our talent pool.

In September 2023, we welcomed more than 270 graduates, apprentices and interns, which was our largest ever intake. We held 77 assessment centres, with more than 1,000 candidates. We are now looking to

foster closer relationships with universities and higher education providers to help enhance our ability to recruit for the necessary skills from a diverse pipeline of talent.



270

graduates, apprentices and interns that joined our organisation in 2023

Better staff facilities

We are investing in our welfare facilities to improve both their condition and the consistency of provision across our networks. This includes refurbishing existing facilities, such as toilets, showers and mess rooms, so they are suitable for current use, as well as providing new facilities to support the changing demands of delivering our services.

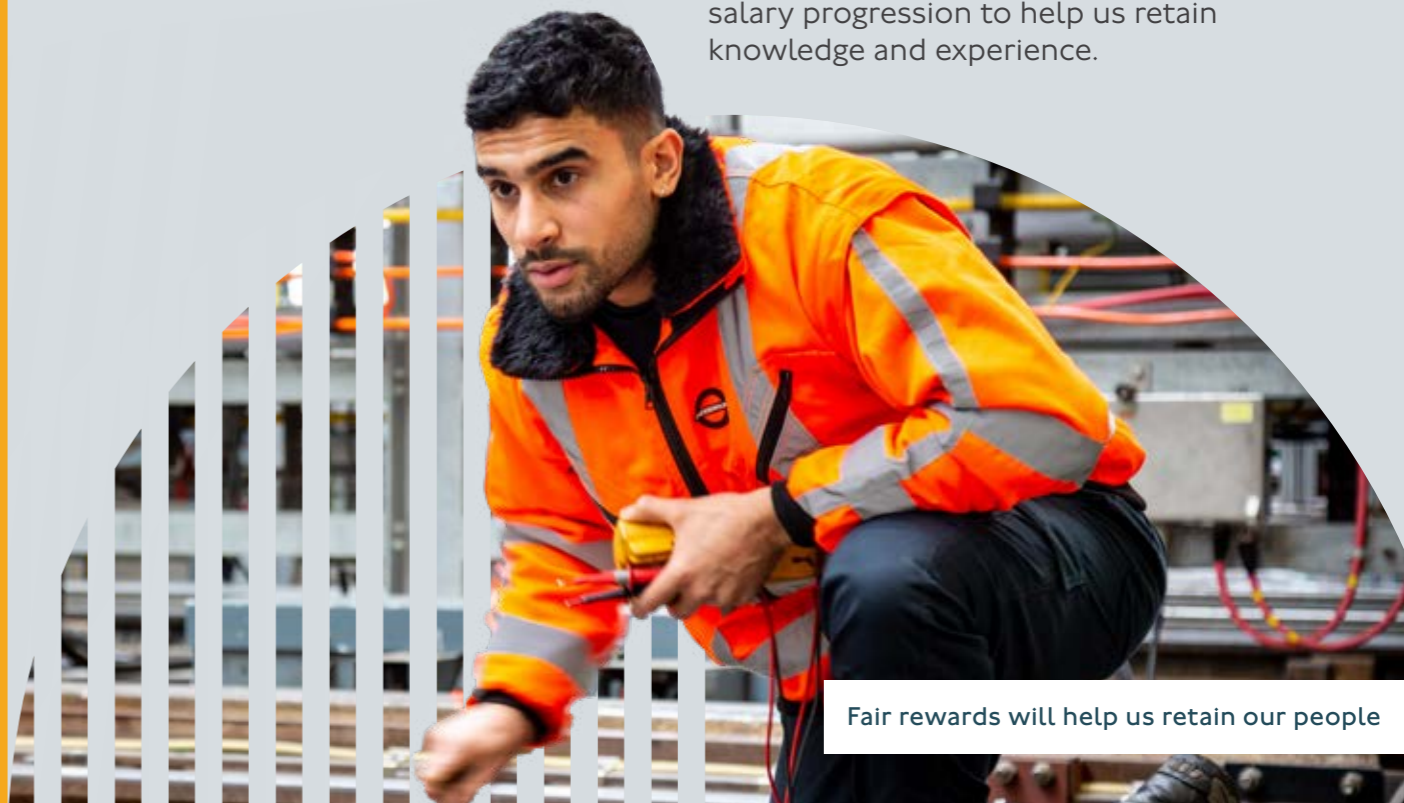


We are improving our staff facilities

Our approach to reward

Our aim is to deliver a fairer and more transparent reward proposition for our people, which balances our need to ensure affordability with meeting the competitive challenges that our business faces in attraction and retention.

We want to address some of our employees' perception of reward unfairness by identifying short-, medium- and longer-term changes to how we approach pay management. This will consider options to revise our reward offer to better align with market rates for key skills, along with in-role salary progression to help us retain knowledge and experience.



Fair rewards will help us retain our people

Our finances

Every penny of our growing operating surplus is re-invested in our services, and benefits London and the UK



SIGNATURE

Rachel McLean
Chief Finance Officer

This year, we continued to deliver strong results that show we are successfully implementing our strategy. We are actively growing passenger demand and creating new sources of revenue to reduce our reliance on fares income, delivering recurring savings and growing an operating surplus based on our own income sources.

In 2023/24, we are on track to achieve operational financial sustainability, generate a surplus and no longer rely on Government funding to support our day-to-day operations. Our focus is now firmly on maintaining and building on this sustainability as the financial foundation for this Business Plan. We will grow our operating surplus and reinvest it into making our city and our organisation better.

We continue to improve our income by growing the value of our property company, Places for London, taking advantage of third-party funding sources and driving commercial media revenues through building successful commercial partnerships. We are on track to meet our target for year-on-year

passenger journey growth of six per cent, on top of the 31 per cent increase in 2022/23. We also forecast that we will reach the pre-pandemic level of four billion journeys by the end of this Business Plan in 2026/27.

This plan maintains our commitment to reduce like-for-like operating costs in real terms, targeting inflation minus two per cent on average. We have made strong progress towards our £600m recurring savings target by 2025/26 by improving working practices, driving improvements for colleagues to make TfL a great place to work and targeting efficiencies within our supply chain.

Diversifying our income and continuously improving our cost efficiency means we can continue to invest with confidence. This Business Plan ensures that we continue to protect our critical assets to run a safe and reliable transport system and delivers our committed investment – including new Piccadilly line and DLR trains, more zero-emission buses, and further modernisation of the District, Hammersmith & City and Metropolitan lines.

Our Business Plan assumes that the Government will contribute significant funding to our major stock and signalling programmes in 2024/25, and into the longer term. While we welcome the reference in the Autumn Statement for funding towards highway maintenance and a new bus network in the Docklands, discussions on our core funding requirement have continued since submitting our 2024/25 funding request in September, but these have not yet concluded.

Our investment with the UK supply chain supports billions of pounds worth of economic growth across the country. If a long-term capital funding settlement could be reached, the number of jobs that could be unlocked across the UK – and the economic good this could deliver – would have the potential to grow significantly in the coming years. Investment in London’s transport has direct and substantial benefits for jobs and growth outside the capital – whether through direct manufacturing or supply chains.

Securing our future

Investment in London's public transport system has a positive economic impact across the country as a whole



Building our resilience

We have a strategy to rebuild our finances, improve efficiency and help secure our future

As the largest integrated public transport authority in the UK, the effect of our activities stretches far beyond just the provision of buses and trains. The scale of our impact across the capital means we can – and must – ensure London and the UK can move forward safely, inclusively and sustainably.

This strategy outlines a number of objectives, with specific targets to measure our success.



Diversify and grow our revenue

We need to attract more customers on to our network, reduce our reliance on fares income and motivate our colleagues to achieve our revenue goals.

- Reach pre-pandemic levels of four billion journeys by the end of 2026/27
- Grow new revenue sources
- Increase non-fares revenue as a proportion of total income



Continually improve our efficiency

We need to continue to be affordable for our customers and taxpayers. We will do this by improving working practices to make TfL a great place to work, and targeting continuous savings.

- Continue to reduce like-for-like operating costs in real terms by inflation minus two per cent
- Deliver our target of £650m of recurring operating cost savings by 2025/26



Build our resilience and continue to invest

We need to continue to run a safe and reliable transport system that delivers for London. We need to prepare for whatever challenges lie ahead and, through steady investment, deliver vital improvements.

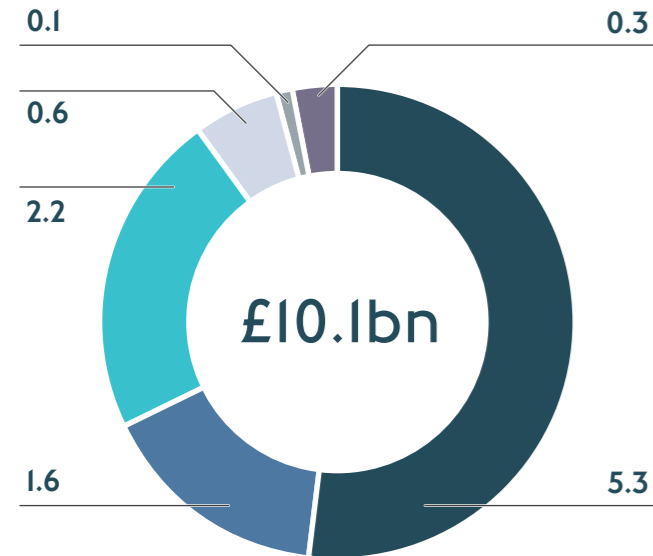
- Achieve a capital funding settlement with Government for 2024/25
- Achieve a long-term capital funding settlement with Government
- Grow an operating surplus of around £500m by 2026/27
- Grow our General Reserves Fund back to £500m by 2025/26*

* The General Reserves Fund represents sufficient cash-backed reserves held by the Group to cover risks that may arise. The Group has a target General Fund balance of £500m, which was increased from £150m at the start of the pandemic in March 2020

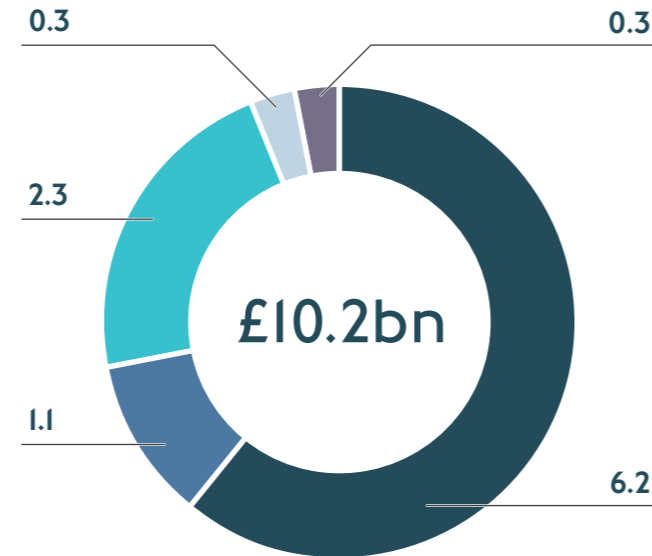
Funding sources

We have a range of funding sources to cover our costs

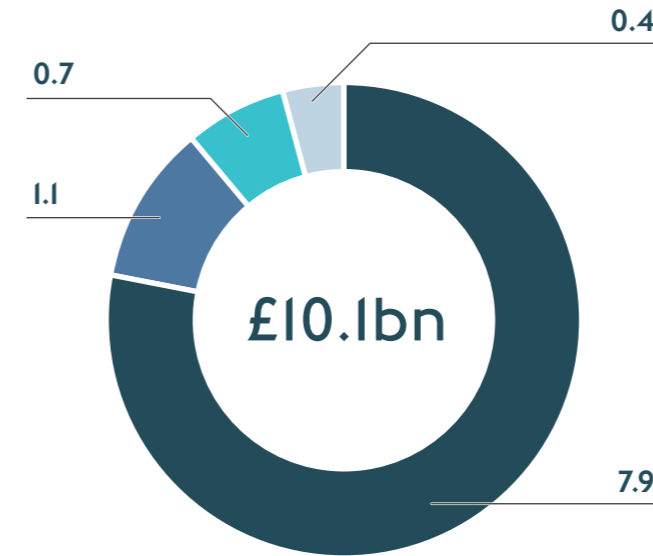
Income 2023/24 (£bn)



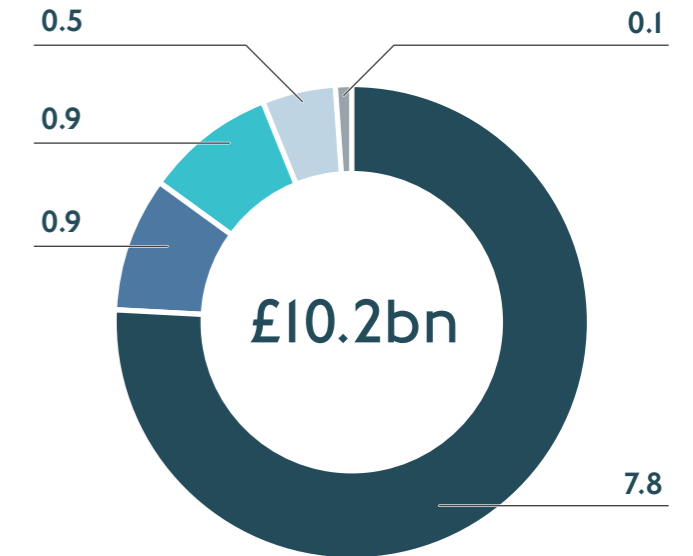
Income 2026/27 (£bn)



Costs 2023/24 (£bn)



Costs 2026/27 (£bn)



- Passenger income
- Other income
- GLA Grants
- Government Capital funding
- Cash reserves
- Borrowing

- Passenger income
- Other income
- GLA Grants
- Government Capital funding
- Borrowing

- Operating costs
- New capital investment
- Capital renewals
- Net interest costs

- Operating costs
- New capital investment
- Capital renewals
- Net interest costs
- Cash reserves

Forecasting and trends

There are a number of forecasting challenges we face when looking at our future financial situation

The coronavirus pandemic gave us as a huge forecasting challenge and, although this situation has become more stable, the associated movement towards the new normal for travel behaviour continues to cause some uncertainty.

Our demand forecasts have always been underpinned by independent data and statistics, and informed by our analysis of the effect of real events and our own expertise, but the continued uncertainty means we must continuously adapt our approach to forecasting.

We have used a scenario-based approach to demand forecasting as we continue to deal with the various uncertainties. These scenarios are underpinned by a range of external forecasts relating to the economy and population, but now also include projections for less reliable factors, such as the commuting frequency of office workers and when we are likely to reach the new normal for travel behaviour.

Changing times

As the capital continues to emerge from the pandemic, we are now facing a cost-of-living crisis, with high inflation and associated higher interest rates and fiscal tightening. This will have a significant impact on our customers' household finances. These pressures have not been seen for decades and add further uncertainty to our forecasts, as the effect of these economic trends will have an uneven impact. For example, low-income households, renters and those paying large mortgages are more likely to make cutbacks that will have an effect on how often they travel.

All forecasts are subject to a level of inaccuracy, especially looking further into the future. However, the uncertainty around the pandemic recovery, climate change, household finances, the UK's trading relationships following Brexit, multiple geopolitical risks and the macro-economic climate, make it more difficult than usual to forecast beyond the next

two years. On 3 November 2023, the Bank of England warned of a 50 per cent chance of a recession by the middle of 2024, beginning around spring. It forecast that there will be four quarters of zero growth in gross domestic product, should interest rates follow the current path predicted by financial markets. Further, if interest rates continue to be high for longer, a recession in the summer is likely.

Capital investment

We are on track to achieve operational financial sustainability during 2023/24. However, we still do not have a multi-year capital funding agreement. Without this, it makes it more difficult to accurately forecast our costs and can make things more expensive.

If we were to receive a long-term capital funding deal, the number of jobs that could be unlocked across the UK, and the economic good this could deliver, would have the potential to grow significantly in the coming years.

Forecasting factors

There are unprecedented factors that have an impact on our costs, and our supply chains, forecasting reliability. These include:



Changing travel behaviours



Cost of living crisis



Post-Brexit uncertainty

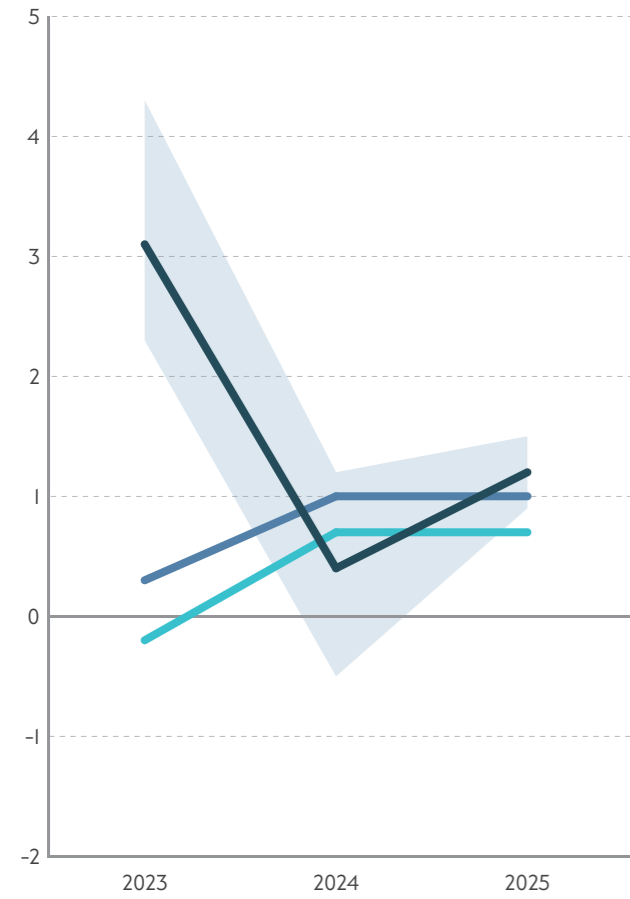


Macro-economic uncertainty



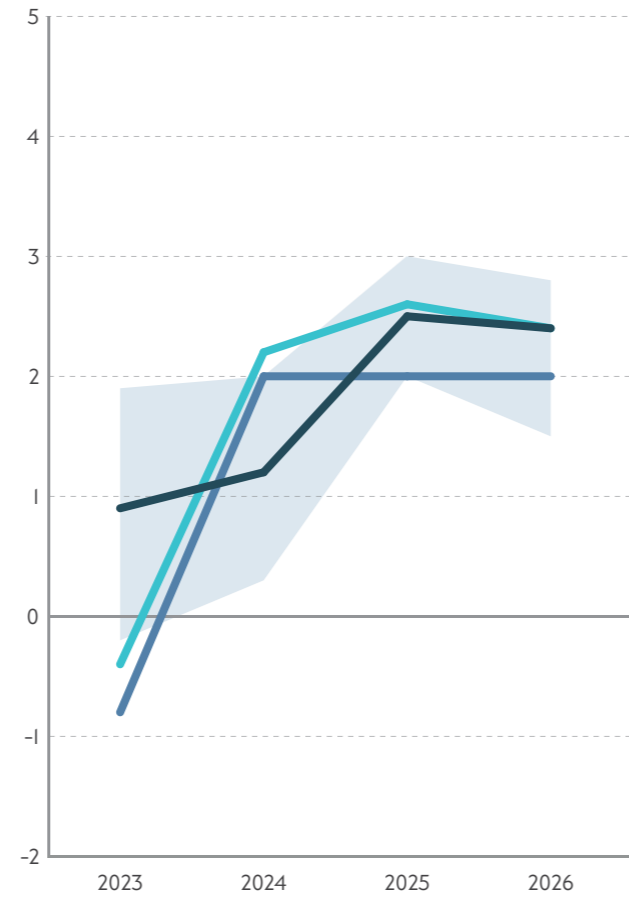
International political landscape

Employment (%)



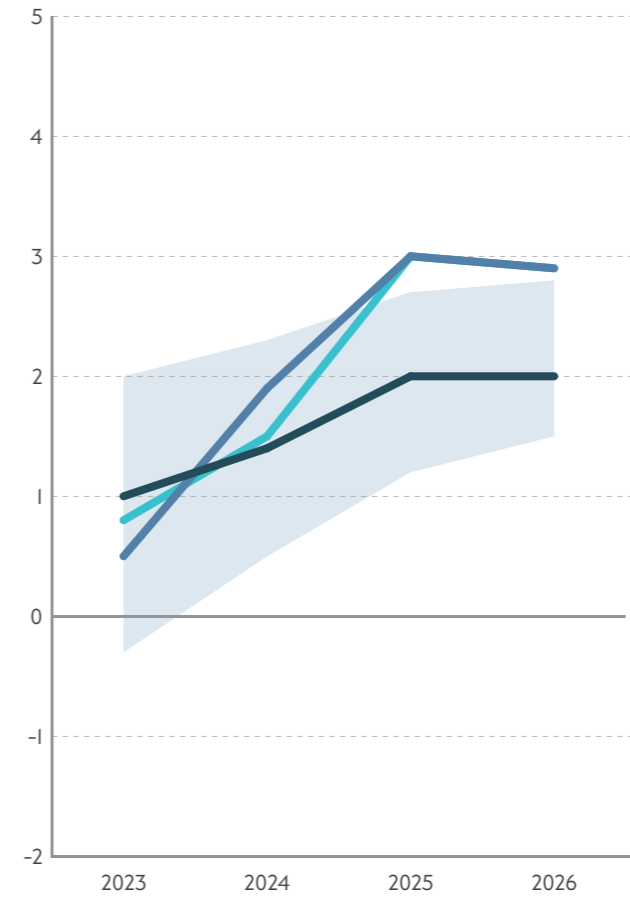
— 2024 Business plan — 2023/24 Budget
— 2023 Business plan Range

Household expenditure (%)



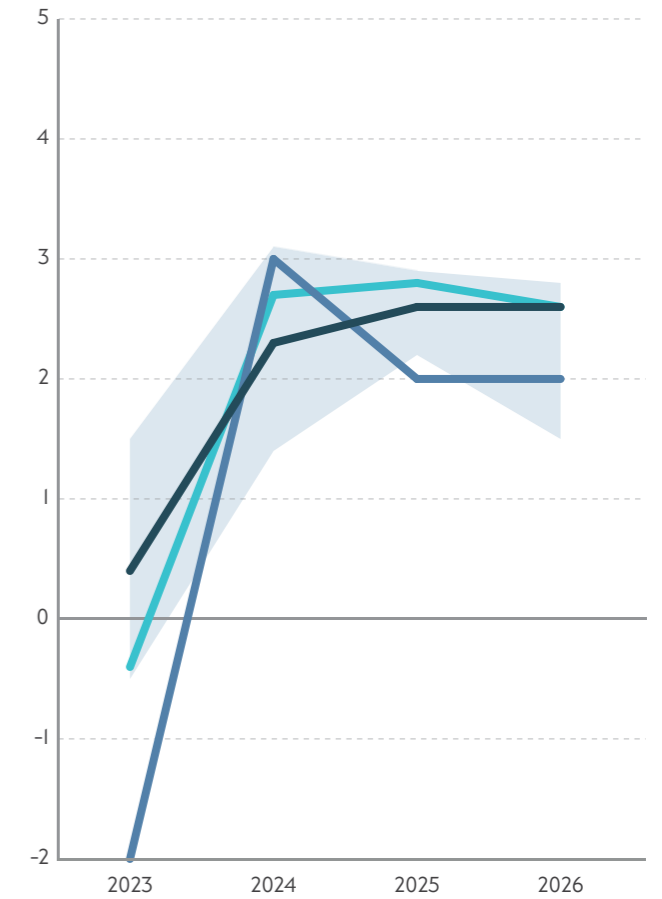
— 2024 Business plan — 2023/24 Budget
— 2023 Business plan Range

Real gross value added (%)



— 2024 Business plan — 2023/24 Budget
— 2023 Business plan Range

Household income (%)



— 2024 Business plan — 2023/24 Budget
— 2023 Business plan Range

Global risks have eased slightly since our last Business Plan, but they remain higher than they were before the pandemic, owing to the cost of living crisis and the war in Ukraine. While the forecasting risks remain weighted on the downside, especially in the light of global economic slowdown, it is less severe than was expected at the end of 2022. As a result, all economic indicators have improved in the short term. In particular, employment growth is 3.5 per cent higher cumulatively than budget.

Funding our capital programme

We have a range of capital funding sources, but long-term Government funding is essential

We have a range of funding sources for capital investment, including the retained business rates provided by the Mayor and contributions from developers and the London boroughs. Like other transport authorities around the world, we rely on funding from national Government to deliver major capital projects

To make long-term investments, particularly in new trains and signalling programmes, we need the Government to provide us with a multi-year capital funding agreement in the same mould as those given to Network Rail, National Highways and eight city regions across England.

In our funding settlements, the Government has consistently recognised that we are not expected to fund major capital enhancements from our own operating incomes, as is consistent with other transport authorities. We have been actively discussing our 2024/25 capital funding with Government and continue to make our case for long-term funding.

Critical projects

We have set out how additional capital support from Government is needed to support a range of critical projects, which would in turn boost the UK economy. Additional funding for 2024/25 would support the continued replacement of Piccadilly line trains by Siemens Mobility, which is investing up

to £200m to manufacture at least 50 per cent of the trains at a new facility in Goole, East Yorkshire. It would also enable us to progress with orders for a replacement fleet on the Bakerloo line, which is more than 50 years old and the oldest operational train fleet in the UK. If Government support is not provided, we will need to revisit our Business Plan to ensure we can continue to meet our contractual commitments, which will mean further impact and uncertainty to our supply chain outside London.

The funding would also support the delivery of a fleet of 54 new DLR trains, as well as enable us to procure new trams to replace the existing fleet in south London, which have been in service for almost a quarter of a century and are reaching the end of their useful lifespan. The funding would also enable us to complete the major signalling upgrade on the District and Metropolitan lines, which will increase capacity across the lines with more frequent services.

Our submission to Government also reflects the fact that there is no regular funding source for major road assets in London and makes the case for capital support to help deliver critical road renewal schemes on the A40 Westway and the southbound Blackwall Tunnel, which could be completed in 2024/25 if supported.

The role of borrowing

Borrowing can play a role in financing capital projects, as it enables us to make vital improvements sooner by spreading the costs over time. Investing in our transport infrastructure involves high upfront costs. The borrowing raised in this Business Plan will help finance our investment programme, including trains and signalling replacements, new homes and growth, as well as projects that will help improve the environment and adapt to climate change.

We regularly review the amounts we can borrow, ensuring they are prudent, affordable and sustainable. The borrowing set out in this plan has been assessed against rigorous affordability criteria and we have not assumed any incremental borrowing until after we have reached financial sustainability.

Around £250m of net new borrowing is anticipated each year, taking our outstanding borrowing to £14bn by the end of 2026/27, which is subject to a further assessment of affordability at this time. We also plan to refinance our borrowing that is due to mature throughout the period of this plan.

£14bn

in outstanding borrowing we will have by the end of 2026/27



£200m

invested by Siemens Mobility in East Yorkshire to build our Piccadilly line trains

Income statement

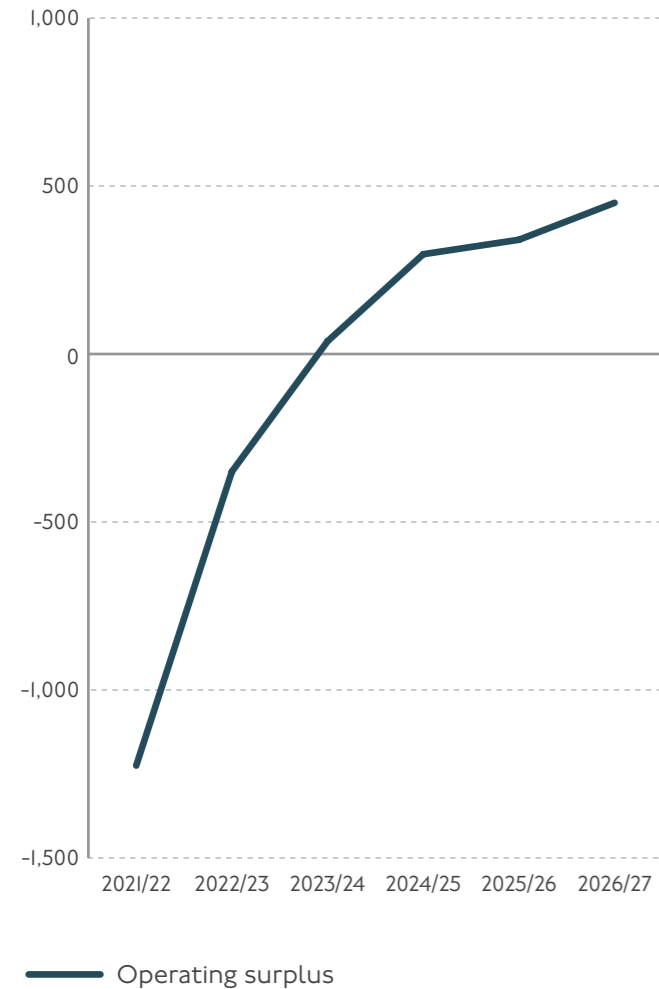
This plan outlines how we will achieve operational financial sustainability and grow our operating surplus to fund new investment

Income statement (£m)

	2022/23 actual	2023/24 forecast	2024/25 plan	2025/26 plan	2026/27 plan
TfL Group (excluding Places for London)					
Passenger income	4,241	5,256	5,647	5,963	6,223
Other operating income	1,485	1,541	1,530	1,319	1,137
Business rates retention	1,819	1,914	2,014	2,033	2,052
Other revenue grants	1,079	334	253	256	252
Revenue	8,623	9,045	9,444	9,571	9,664
Operating costs	(7,005)	(7,856)	(7,940)	(7,909)	(7,790)
Operating surplus before interest and renewals	1,618	1,189	1,504	1,662	1,874
Capital renewals	(624)	(736)	(775)	(850)	(925)
Operating surplus before interest	994	453	729	812	949
Net interest costs	(424)	(415)	(432)	(472)	(499)
Operating surplus	570	38	297	340	450
Operating (deficit)/surplus (excluding Extraordinary Revenue Grant)	(350)	38	297	340	450



Operating surplus, excluding Extraordinary Revenue Grant from Government (£m)



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We will achieve operational financial sustainability by continuing to grow our revenue while delivering recurring operating cost savings. This means our revenue will cover operating, renewals and net interest costs, and create a growing operating surplus from 2024/25 onwards to help fund new capital investment.

During the period of our funding settlement to March 2024, our passenger income is set to the DfT's revenue scenario and includes its planning assumption for an annual national fare increase of four per cent in March 2024.

For March 2025 and onwards, we have assumed a planning assumption of an annual fare increase of the retail price index. The actual level of fares is set by the Mayor annually. The passenger demand assumption is steady growth, in line with current trends, returning to pre-pandemic levels of four billion journeys by the end of 2026/27.

Other operating income initially increases over the course of this Business Plan, based on the London-wide Ultra Low Emission Zone scheme being implemented in 2023/24, before falling as policy outcomes of reducing polluting cars are achieved. We are also seeking to grow our non-fares revenue through a number of commercial media and partnership activities.

Other revenue grants include the Mayor's proposal for an increase in band D council tax precept by £20 in 2024/25. This is subject to the GLA Group budget setting process.

Operating costs increase over the plan with the introduction of new services, including the Superloop, Silvertown Tunnel, more bus kilometres in outer London, enhanced DLR services, and the continued impact of inflation. However, in this plan we are forecasting to save a further £650m by 2025/26 across our overall operations and maintenance activities, taking the total recurring saving to £1.7bn since 2016/17. This action means that like-for-like costs are reducing in real terms by inflation minus two per cent.

We will proactively develop investment-ready proposals so we can access low cost and affordable green finance opportunities, such as our agreed £34.2m facility from the Mayor's Green Finance Fund to deliver decarbonisation projects, which will ultimately cover their costs and return a financial benefit to us through the energy cost savings. We have also established a net-zero matrix team to deliver decarbonisation projects and apply for grant funding opportunities, such as the Public Sector Decarbonisation Scheme.



Our passenger demand assumption is to return to pre-pandemic levels of four billion journeys by the end of 2026/27

Capital expenditure

Our capital programme delivers our committed projects

We plan to spend an average of £1.9bn per year on capital investment. Having constrained our investment in capital renewals to between £400m and £600m per year for the last five years, against an estimated steady state requirement of around £1bn per year, this Business Plan sets out a renewals investment plan that builds up to a sustained level of around £925m. This increase in renewals requires Government funding to support our existing commitments made on major programmes, such as new trains.

We will invest to improve our asset data, monitoring and analytical tools to help us target our investments and ensure we achieve best value for money.



£1.9bn

spent on average each year
on capital investment

Capital expenditure (£m)*

Portfolio	2023/24 forecast	2024/25 plan	2025/26 plan	2026/27 plan	Total
Piccadilly line upgrade	(437)	(712)	(582)	(311)	(2,043)
DLR train replacement	(236)	(220)	(104)	(22)	(582)
Four Lines Modernisation	(105)	(78)	(45)	–	(228)
Other major projects	(7)	(3)	(7)	–	(17)
Environment	(123)	(91)	(103)	(79)	(396)
Safe and healthy streets	(120)	(112)	(123)	(118)	(473)
Rail and station enhancements	(67)	(80)	(62)	(95)	(304)
Technology	(206)	(214)	(219)	(212)	(852)
London Underground renewals	(393)	(407)	(420)	(484)	(1,704)
Streets, buses and rail and sponsored services renewals	(150)	(171)	(165)	(186)	(672)
Network development, estates and others	(27)	(2)	(34)	(352)	(415)
Total capital expenditure	(1,865)	(2,086)	(1,858)	(1,858)	(7,667)

* Capital expenditure excludes Places for London (shown on page 29) and Crossrail

We will continue to provide funding to boroughs to invest in their streets, although this is accounted for as operating expenditure. The total investment in safe and active travel, across both operating and capital expenditure, is £150m per year, growing by inflation from 2025/26. As well as capital funding, we also have operating expenditure funding sources as a contribution towards early stage feasibility work on step-free access and growth schemes, subject to long-term certainty on Government funding and third-party funding.

Major projects

This includes train and signalling replacements on the Piccadilly line, new DLR trains, signalling on the Four Lines Modernisation, subject to long-term certainty on Government funding.

Environment

This includes the Mayor's Air Quality fund, which provides essential support for borough action. We will also continue to fund decarbonisation of our operational buildings and offices, as well as continued investment in reducing emissions from our bus fleets.

Safe and healthy streets

This includes new Cycleways, safer junctions, completing the Old Street scheme, reducing bus customer journey times for example with signal timings and bus priority, and Bus Safety Standard, as well as starting larger projects such as works on Lambeth Bridge junction.

Rail and station enhancements

This includes accessibility schemes, Housing Infrastructure Fund schemes on the London Overground in east London and the DLR, externally funded Royal Docks improvement works, work to upgrade Elephant & Castle station and tram replacement, subject to long-term certainty on Government funding.

Technology

This includes externally funded projects, together with investment to safeguard our revenue payments, deliver deployable enforcement cameras and improve cyber security, as well as investing in our customer services through our TfL Go app.

London Underground renewals

This includes whole-life asset interventions on our train systems (track, passenger fleet, engineering fleet and signalling assets) and our wider infrastructure (built environment, civils and structures, and station and depot systems assets).

Streets, buses, and rail and sponsored services renewals

This includes renewing some of our major road, bridges and tunnels as well as investment needed to maintain the safety, performance and reliability of the DLR, London Trams, London Overground, cable car, cycle hire and Woolwich Ferry.

Network development, estates and other

This includes starting work on replacing the Bakerloo line trains, subject to long-term certainty on Government funding, improvements to our income-generating estate and funding to help unlock sustainable housing.



Our investments will help make London greener

Funding our capital programme

Delivering a sustainable and growing operating surplus is critical to supporting the funding of our capital programme. However, as the Government has recognised, it is not possible for us to fund major capital enhancements, such as replacing life-expired trains and signalling, from our operating revenue.

This Business Plan sets out a requirement for ongoing Government capital funding for train and signalling programmes. We need certainty on this long-term funding to place orders with the supply chain and start to deliver these major programmes.

As we return to financial sustainability, and deliver an operating surplus without emergency Government funding, we can use borrowing to finance capital projects from future operating surpluses, enabling us to make vital improvements sooner by spreading the costs over time.

To support our financial resilience, we must maintain cash reserves to make payments and protect against shocks.

In 2024/25, we will return to our Treasury Policy of maintaining a minimum cash reserve equivalent to 60 days of operating expenses. This is currently around £1.2bn but will grow as we introduce new services, such as the Superloop, and will be around £1.4bn in 2026/27. This is a prudent cash position that enables us to respond to unexpected shocks, such as a recession.

Cash flow statement (£m)

	2022/23 actual	2023/24 forecast	2024/25 plan	2025/26 plan	2026/27 plan
TfL Group (excluding Places for London)					
Cash generated from operating activities					
Operating surplus before interest and renewals	1,618	1,189	1,504	1,662	1,874
Less London Transport Insurance (Guernsey) Limited and London Transport Museum	(2)	1	2	2	2
Net cash generated by TfL operating activities	1,616	1,190	1,506	1,664	1,876
Cash flows from investing activities					
Capital renewals	(624)	(736)	(775)	(850)	(925)
New capital investment	(1,083)	(1,128)	(1,311)	(1,008)	(933)
Ring-fenced capital funding	295	720	585	407	347
Working capital movements	180	151	253	12	(120)
Net cash utilised by investing activities	(1,232)	(994)	(1,249)	(1,439)	(1,631)
Free cash flow	384	197	257	226	245
Cash flows from financing activities					
Net interest paid	(424)	(415)	(432)	(472)	(499)
Net TfL borrowing	(9)	281	250	250	250
Net cash generated from financing activities	(433)	(134)	(182)	(222)	(249)
Net (decrease)/increase in cash	(49)	63	76	3	(4)

Cash (£m)

	2022/23 actual	2023/24 forecast	2024/25 plan	2025/26 plan	2026/27 plan
TfL Group (excluding Places for London)					
TfL cash balances	1,237	1,300	1,376	1,378	1,374

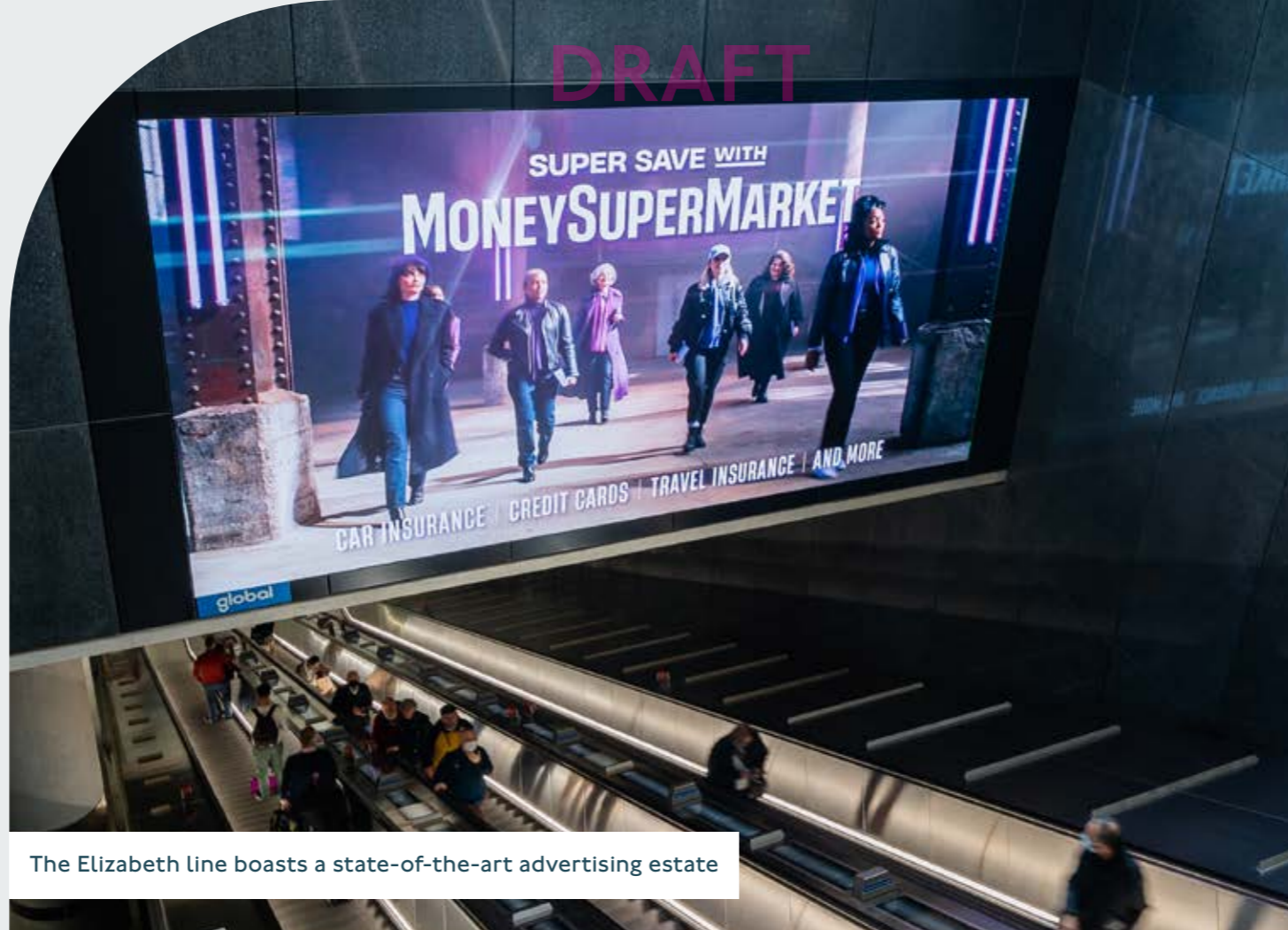
Growing our income

It is more crucial than ever that we grow a stream of non-fares revenue

Aside from our fares revenue, we have income streams from a wide range of sources. These include areas like business rates retention and income from the Mayor's precept on council tax, which are forecast to generate £2,014m and £244m respectively in 2026/27.

Other areas include taxi and private hire licence fees, providing £33m in 2023/24 and administration fees from people obtaining concessionary tickets, which will generate £21m in 2023/24.

We have income streams from a wide range of sources



The Elizabeth line boasts a state-of-the-art advertising estate

Commercial Media and Partnerships

Our Commercial Media and Partnerships activity seeks to grow non-fares revenue while enhancing our customers' experiences and leveraging the strength of our brand.

Even though the last few years have been volatile, we continue to drive commercial media revenues and build successful commercial partnerships. We have maintained our ability to attract brands and deliver creative executions that have made national, and even global, headlines.

Our advertising estate is the largest in the UK out-of-home market, reaching a diverse and engaged audience of millions. Over the past few years, we have significantly upgraded our digital advertising infrastructure, including

installing more exciting advertising assets on the Elizabeth line.

Our use of data, coupled with our partners' innovative use of technology, gives brands and their agencies planning tools and access to our estate, which is further helping the strong recovery across our advertising revenues.

We are showcasing new and ground-breaking ways of working with brands. This includes innovative brand activations on the Underground, expanding innovative creative collaborations using our globally recognised symbols, and managing the filming of Hollywood blockbusters across the network.

DRAFT

Green pipeline

We are working to develop a green project pipeline of environment projects, including co-creating projects with other organisations and authorities in London to decarbonise our transport network.

Our ambition is to develop as many opportunities as possible to investment grade, so that we can unlock private investment, grants partnerships and revenue generating energy projects as soon as they are available to support London's transition to sustainability.



2030

is our target year for achieving zero-carbon operations for our organisation



We are planning projects with sustainability at their core

Our property portfolio

We are one of London’s largest landowners and have a dedicated property company – Places for London. Financially independent, Places for London is unlocking the potential of our land and creating a greener, kinder and more connected London for everyone.


Our land is already home to more than 1,500 businesses in our stations and railway arches and on London’s high streets. We continue to release more of the untapped opportunity in our property portfolio to create more of the spaces Londoners need to thrive.

We are starting by investing in our existing workspaces, shops and arches, making them greener, safer and more accessible to help businesses go further. Around 95 per cent of the businesses are small and medium sized, and we actively support them. To us, they aren’t just businesses. They are hubs for the community and fuel for the local economy; they are first businesses, family businesses and businesses with the freedom and support

to grow; they are part of city’s fabric and we are proud to be part of their stories.

We are also building thousands of new homes, many of them affordable, to help fill the housing gap in our city. Alongside partners like Barratt London, Notting Hill Genesis and Grainger, we have completed more than 4,000 homes, and we have plans to start on sites that will provide more than 20,000 homes by 2031, half of which will be affordable. We will create together, in partnerships with communities, customers, developers, the Mayor and our neighbours, like Network Rail and local councils.

Our business model is focused on long-term public benefit as well as financial returns, which drives what we build and how we work, when developing new spaces – like at Kilburn Mews or Victoria Arcade – and when managing existing ones. It enables us to reinvest our profits in a future London that is decentralised, decarbonised and accessible to all.

4,000+ 
homes that we have started and completed with our partners

 **1,500+**
businesses that we support through our estate

50% 
of the homes we are planning will be affordable

Places for London (£m)*

	2022/23 actual	2023/24 forecast	2024/25 plan	2025/26 plan	2026/27 plan
Other operating income	100	89	96	102	108
Operating costs	(49)	(49)	(71)	(74)	(69)
Net contribution	51	40	25	28	38
New capital investment	(91)	(106)	(168)	(214)	(304)
Property receipts	79	43	147	155	123
Net capital expenditure	(12)	(63)	(21)	(59)	(181)

* Investment will be funded through a mix of existing cash reserves and debt funding ring-fenced within Places for London




The museum supports learning for all

London Transport Museum

As the leading museum of urban transport, London Transport Museum demonstrates the powerful link between transport and London, past, present and future. It takes our statutory responsibility for a collection and transforms it into a world-class asset through entrepreneurialism – transforming a £3.5m grant into £17m of public benefit.

The museum’s mission is to inspire curiosity and it has an ambitious growth strategy and five-year plan up to 2028. The majority (80 per cent) of the museum’s income comes from self-generated sources, primarily from visitors, tours, retail and corporate support. This includes a gift shop and Hidden London tours, where visitors can explore ‘forgotten’ parts of the Tube network and go behind-the-scenes at some of London’s busiest stations.

 **80%**
of London Transport Museum’s income is from self-generated sources

Working with the boroughs

We are working with London's boroughs to transform the capital's streets to provide safe, sustainable and efficient transport options for a successful and growing city

London's boroughs are responsible for 95 per cent of London's roads, including 70 per cent of the most important streets for buses. Therefore, our borough partners are fundamental to maintaining the existing quality of our streets, as well as making the transformations needed to meet the challenges of a world-class city in the 21st century.

We collaborate with the boroughs across a range of programmes. At the centre of this are the borough Local Implementation Plans. These set out how the boroughs intend to implement a programme of local transport measures that will deliver the Mayor's Transport Strategy, align with their individual strategies and meet the needs of their communities.

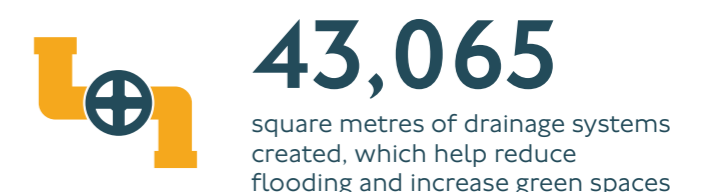
Beyond Local Implementation Plans, we work together with the boroughs to plan for the future, secure external funding and develop new ambitious transport projects. Improving many aspects of our transport network requires a London-wide approach, so that we can target investment where it is needed and introduce schemes that cross borough boundaries.

We are also working together to improve step-free access across the network, such as at Colindale and Leyton stations where local borough support was essential to help us deliver important step-free projects that reduce the barriers to anyone being able to travel spontaneously with freedom, safety and independence.

We are working with the boroughs across a range of programmes to ensure we have a strategic approach to address future challenges, such as having the right mix of electric vehicle charging types or increasing the climate resilience of our streets.

Transformative new projects, such as the London Overground extension at Barking Riverside, or the Superloop bus network, also demonstrate how we can work together to create entirely new transport opportunities for Londoners, transforming access to jobs and other key destinations. Our investment on our road network, and London's bus and tram networks, all play a further part in helping deliver more efficient, sustainable and connected infrastructure on Healthy Streets that contribute to the aims of the Mayor's Transport Strategy.

Borough achievements in 2022/23



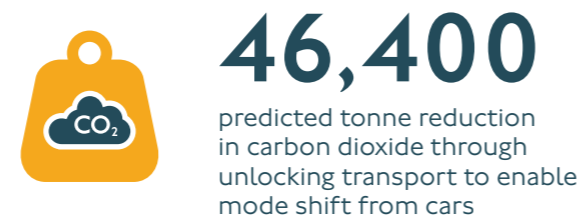
Unlocking London's potential

Working with partners, our projects can unlock thousands of new homes and jobs for London

Transport plays a key role in unlocking new homes and supporting Good Growth across London. With our Sustainable Housing and Accessibility fund and having secured funding via the Government's Housing Infrastructure Fund and Levelling Up bids, we have leveraged third-party funding that will deliver sustainable growth and improve accessibility. We have also supported regeneration through the use of our land and assets, which includes the development of 850 arches in 21 locations.

Where transport acts as a constraint to growth, we have projects that will improve connectivity and accessibility, enabling more Londoners to access the transport network and bring in third-party investment. The Mayor's Transport Strategy sets out how transport can help deliver growth through the following principles, which sustainable housing must follow.

- Good access to public transport
- High-density, mixed-use developments
- People choose to walk and cycle
- Car-free and car-lite places
- Inclusive, accessible design
- Carbon-free travel
- Efficient freight



We can unlock growth across the capital through our projects

Sustainable housing and accessibility projects



We are investing in capital infrastructure across London that will improve access and deliver new homes. We expect to deliver several step-free access schemes through the Sustainable Housing and Accessibility fund; investment in the DLR network and trains via Housing Infrastructure Fund bids; and provide enhanced step-free access at Colindale and Leyton Tube stations through Levelling Up bids and third-party funding.

We are also making long-term investments through the Sustainable Housing and Accessibility fund in Beckton Riverside and Thamesmead, Pontoon Dock station and fully completing our scheme at Elephant and Castle, which will deliver improved access, capacity and connectivity to the transport network.

Step-free access and sustainable housing

1	Burnt Oak
2	Colindale station (Levelling Up Fund)
3	Elephant and Castle
4	Leyton station (Levelling Up Fund)
5	North Acton
6	Northolt
7	Surrey Quays (Housing infrastructure Fund)
8	West Hampstead

Sustainable housing

9	Pontoon Dock DLR
10	Thamesmead bus transit (Brownfield, Infrastructure and Land fund)



Our savings programme

Every penny we save helps us invest further in London and support the UK economy

In last year's Business Plan, we committed to £600m of recurring operating savings by 2025/26, adding to the £1.1bn of savings already delivered between 2016/17 and 2021/22. This Business Plan stretches that target to £650m to continue offsetting the impact of inflation, such as that on a like-for-like basis, after adjusting for new services, our operating costs come down in real terms. This will be delivered through a number of measures:

Delivering our existing savings programme

This includes improving working practices, driving improvements where possible for colleagues to make TfL a great place to work. We will optimise our procurement and commercial approach to deliver savings across our third-party expenditure, including our operational concessions, other key operating and maintenance contracts, and our head office accommodation. We will also maintain tight controls on recruitment and overtime.

Embedding a culture of continuous savings

The launch of our internal strategy helped communicate the need to continuously improve our efficiency. This approach will be driven through our annual budget process, supported by a roll-out of zero-based budgeting and increased use of benchmarking for back-office areas.

Reducing bus operating costs

We are reviewing our operating model to ensure it delivers efficiency and supports the transition to a zero-emission network. We have set a target to decrease bus journey times, which will mean fewer buses are required to deliver our timetables.

Creating a whole-life assets approach

Working effectively across our value-chain creates the opportunity to deliver, maintain and renew our assets more efficiently. This includes how we specify, procure, deliver, maintain, report and assure on our asset delivery.

Exploring opportunities for innovation

To build a new programme of savings initiatives to 2030 will require us to embrace the benefits of innovation and new technology. We will use our innovation team to identify opportunities and run trials that can develop into a new programme of savings initiatives, which we can deliver over the second half of this decade.

Working with our supply chain

Our investment with the UK supply chain supports billions of pounds of economic growth across the country

Despite the pandemic decimating our income and the recent economic pressures, our annual budget for 2023/24 shows we can now fully cover our operating costs while investing in new bus services, Tube improvements and walking and cycling schemes across the city. The surplus will be reinvested directly into enhancements across the transport network as part of our capital programme.

In October 2023, we issued new analysis showing the positive economic impact that our investment in London's public transport system has on the UK-wide supply chain.

Throughout 2022/23, we invested £6.5bn with 2,072 suppliers, 93 per cent of whom were based in the UK, with 49 per cent being small to medium enterprises. This amounted to a total economic output of £5.9bn in gross value added to the UK economy, supporting more than 100,000 jobs across the UK.

Two-thirds of our suppliers were based outside of London, with large numbers in the North West and West Midlands. We supported 29,000 jobs outside of London – the equivalent of the number of people directly employed by TfL. This includes 8,870 full-time jobs supported in the North West and 5,160 in the North East.

History shows that a city's success is never achieved in isolation. Investment in London's transport network supports supply chains spanning the entirety of the UK. Our zero-emission buses are manufactured from Falkirk to Farnborough, helping to deliver a fully zero-emission bus fleet across the whole of London and driving prosperity across the country.

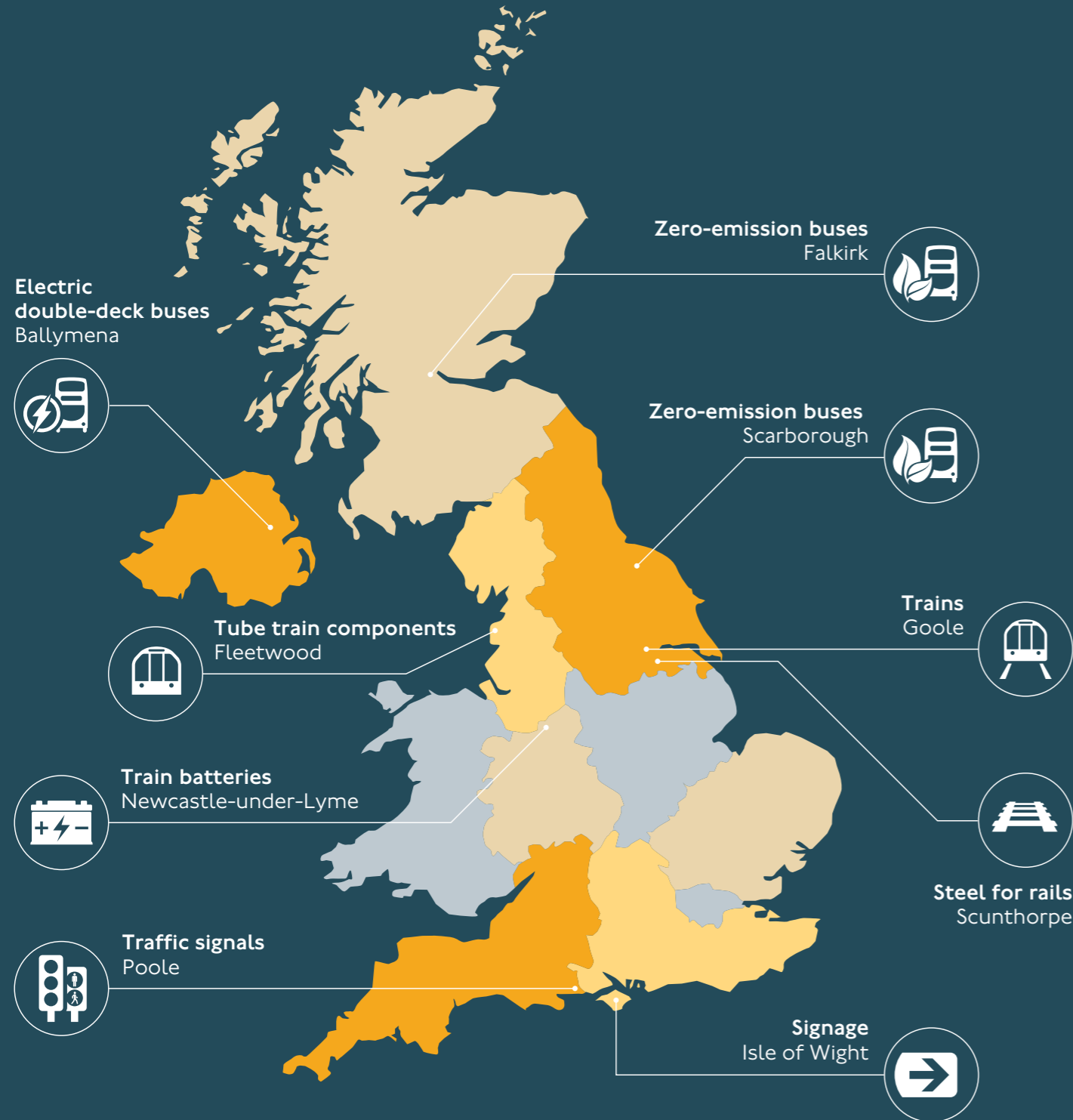
Additional financial support from Government starting in 2024/25 will enable us to continue to invest in improvements that make public transport, walking and cycling the most attractive and efficient ways to travel. This in turn will reduce carbon emissions and road danger, improving connectivity and public health, and supporting economic growth.

We welcome the commitment to invest in transport across the UK, boosting productivity in the country's network of strong city regions. However, the job of investment in London's transport network is not yet done. If we were to receive a similar long-term capital funding deal to that of other city regions, the number of jobs that could be unlocked across the UK, and the economic good this could deliver, would have the potential to grow significantly in the coming years.

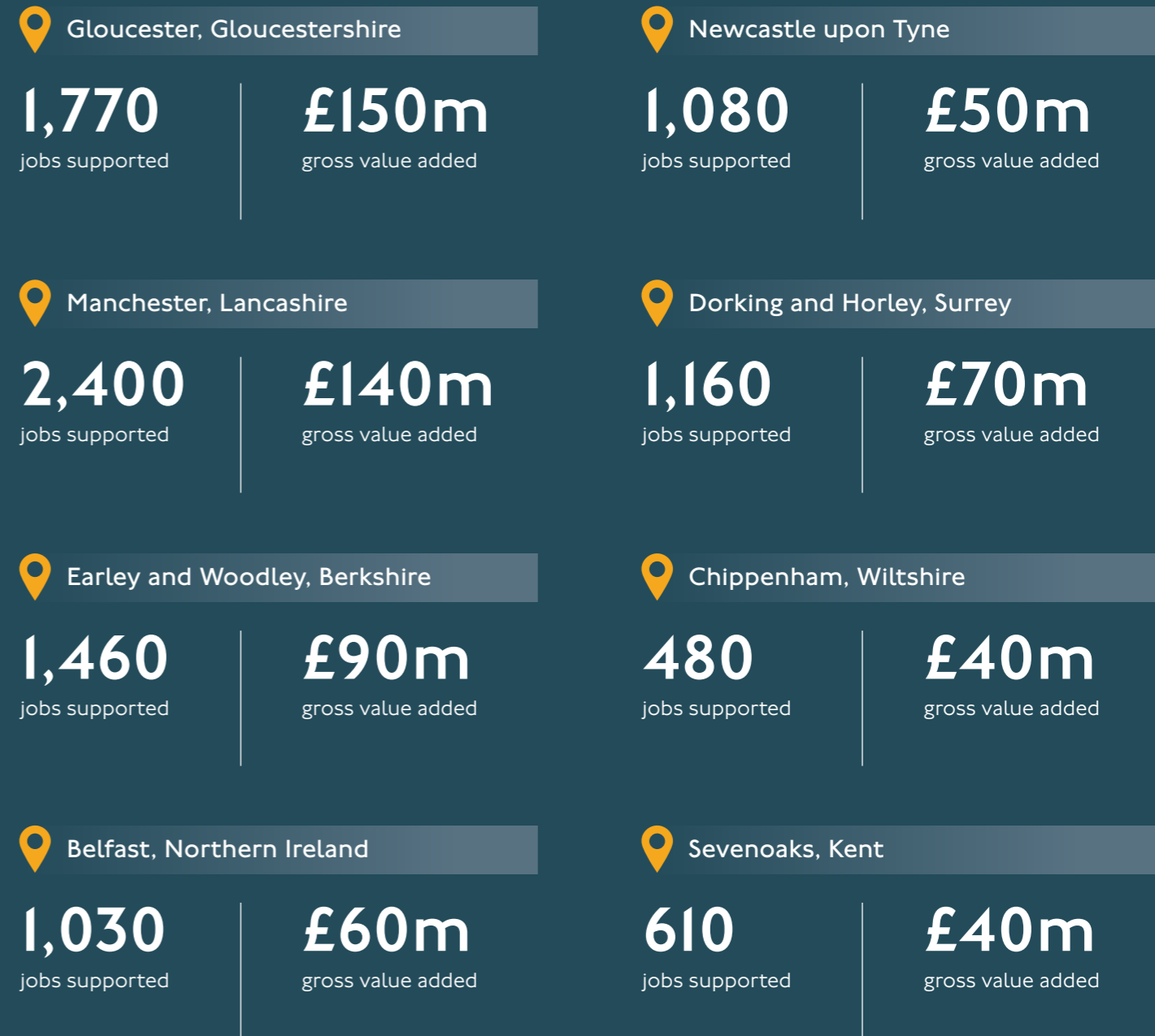


We are supporting the wider UK economy through our projects

We work with suppliers from across the UK to support our operations. These are just a few of them:



Here are some of the places outside London where the economic impact of our operations is most significant:



Prioritising investments to meet our strategic outcomes

There are a number of investment priorities we will seek as we achieve financial sustainability

This Business Plan builds on the operational financial sustainability that will be achieved in 2023/24, where we can reinvest in our renewals and enhancements programmes. Nonetheless, our finances remain constrained in the medium term as we become independent of financial support from central Government for our operating budget. Beyond existing contractual commitments and safety critical activities, further investment will remain limited. To best prioritise our limited resources, we have assessed investment options against our strategic outcomes and long-term commitments. These include those in the Mayor's Transport Strategy and our asset management objectives, as well as other corporate plans.

We have identified the outcomes we most urgently need to prioritise to meet our long term ambitions. This Business Plan prioritises our investment in our road safety programme to meet our Vision Zero goal of having no deaths or serious injuries on London's roads by 2041.

Our Business Plan also increases investment in our asset renewals programme. This will help us improve the quality and reliability of our service, as well as deliver against a wider set of outcomes such as decarbonisation, Vision Zero and climate-change adaptation.

Investment in additional rail capacity has been deprioritised to align with our latest demand forecasts, which show we will have excess public transport capacity in the medium term. The exception is for programmes that are fully funded by third-parties, for example where additional public transport capacity is required to unlock new housing.

As we have become financially sustainable, it is more important than ever that we seek to leverage opportunities to increase our revenue and decrease our operational expenditure. Our Business Plan prioritises projects that will be financially viable within three to five years, thereby supporting our financial sustainability. This includes energy efficiency projects, which will reduce our expenditure and contribute to meeting our environmental goals.



We are investing in the assets that need it most

Healthy Streets and healthy people

London's streets are fundamental to the character and operation of the city to improve people's quality of life. Together with London's boroughs, we are creating streets and a network made for people rather than cars, which are accessible, safe, green and inclusive



Progress towards our goals

We have translated our 2041 outcomes into 2030 ambitions through a straight line calculation. These do not necessarily represent the outcomes of our defined plans

Safe

Percentage of people killed or seriously injured on London's roads



Number of customers killed or seriously injured on our network



Our target is to eliminate all deaths and serious injuries from London's transport networks. We are lowering speed limits, strengthening the Direct Vision Standard and making junctions safer. We updated the definition of serious injury in 2020/21 to be more accurate. This means our baseline was reset and we cannot show a long-term trend. For all injuries over a longer period of time, there are gradual improvements, but we still need to do much more.

Active

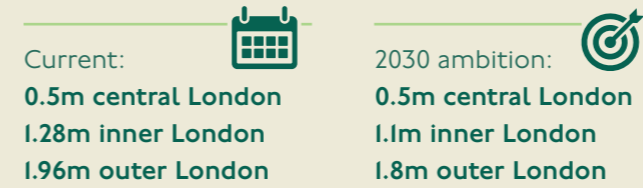
Percentage of Londoners doing daily active travel



This is measured by the proportion of Londoners doing 20 minutes of active travel a day. Our continued investment in safe and active travel will help bridge the gap, but further investment is required.

Efficient use of street space

Number of car trips in central, inner and outer London



This is measured by the number of car trips crossing cordons in central, inner and outer London. We continue to invest to enable people to move away from using their cars, focusing on walking, cycling and bus priority projects.

Mode share

Percentage of trips by sustainable mode share



Sustainable mode share includes public transport, walking or cycling. The plan supports mode shift through bus and rail improvements, such as the new Superloop orbital express bus service, bus priority and investment in walking and cycling. However, further transformational programmes beyond this Business Plan would be required to reduce car usage enough to reach 80 per cent mode share by 2041.

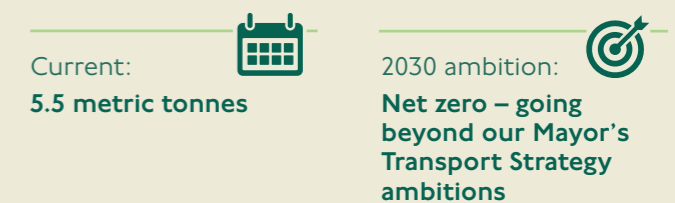
Green

Average roadside nitrogen dioxide concentration in London ($\mu\text{g}/\text{m}^3$)



Poor air quality is impacting the health of Londoners, and it's mainly caused by polluting vehicles. In August 2023, we expanded the Ultra Low Emission Zone to cover all London boroughs, which is predicted to decrease nitrogen oxide emissions by 10 per cent by the end of 2023, helping make London a greener, fairer and healthier city.

Carbon dioxide emissions from London's transport network



We measure carbon dioxide emissions from our network. We are prioritising investment on decarbonisation, incorporating decarbonisation into our business as usual renewals, and keeping the pathway open to a fully zero-emission bus fleet by 2030 and procuring green electricity for our operations. We are also investing in projects that enable more people to walk and cycle and, as part of Places for London, we are investing in our car-free developments.

Lower speed limits

Lowering the speed of vehicles in London is key to reducing both the likelihood of a collision and the severity of the outcome. By working with London's boroughs, more than half of London's roads now have a 20mph speed limit, as do more than 140km of roads that we manage. We recently introduced 20mph speed limit on a further 65km of our roads.

25% ↓

reduction in fatal collisions in areas with 20mph speed limits



We want to reduce the likelihood of collisions

Safe streets

We are working towards creating streets that are pleasant, safe and attractive for all Londoners. We will continue work with boroughs on lowering speed limits, building safer junctions, progressing the next stage of our Direct Vision Standard, as well as continuing to make our buses safer through our Bus Safety programme

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Reducing inequality in road safety

In April, we published our Inequalities in road danger in London report, which showed that people living in London's most deprived areas are twice as likely to be killed or seriously injured in road collisions.

The report found that deprivation, gender, age and mode of transport all have a significant impact on the risk of being killed or seriously injured in a collision.

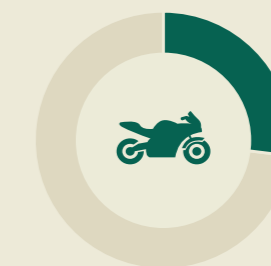
Our road safety charter

In September 2023, we launched our new Meal and Grocery Delivery Company Motorcycle Road Safety Charter, which consists of 10 principles to keep motorcycle couriers safe on the road. It has been signed by Deliveroo, Getir, Just Eat, Stuart and Uber Eats.

Motorcycle riders in London face the greatest risk of death or serious injury. They represent only 2.6 per cent of vehicle kilometres driven, but account for around 27 per cent of deaths and serious injuries.

The charter sets out a commitment to Vision Zero, ensuring couriers meet the legal requirements for working and riding in the UK, helping couriers understand how to ride safely and within the law, and supporting couriers to ensure that vehicles are legally compliant and roadworthy.

We will continue to engage with the meal and grocery delivery industry and motorcycle groups to further improve the safety of those riding in London.



27%

of all deaths and serious injuries on our roads were motorcycle riders

It is not acceptable that anyone should be injured on our roads



We are working to make key locations safer

Improving safety at our key junctions

Our Safer Junctions programme targets locations where the greatest numbers of people have been killed or injured while walking, cycling or riding motorcycles. We have already redesigned 44 junctions as part of it and construction is under way at the 45th junction at Holloway Road and Drayton Park, with the scheme due to be completed by spring 2024.

In June 2023, we published a consultation report on the proposed safety improvements around Battersea Bridge.

We intend to proceed with the scheme as proposed, with some changes to bus lane hours following feedback. Further design and survey work continues on this scheme after a cyclist was tragically killed on Battersea Bridge in August 2023.

We are continuing with design and outcome planning work on the remaining Safer Junctions and are committed to public engagement on potential changes to 10 further junctions by the end of 2024.

Safety works on Lambeth Bridge

We are working to improve safety, security and general bridge maintenance, while also providing cycling connectivity and pedestrian crossings around Lambeth Bridge.

The northern junction of the bridge is one of the most dangerous in London for cyclist collisions, according to data from September 2018 to 2021.

We will replace the roundabouts at both ends of the bridge with

signalised crossroads, enabling us to separate cyclists from the traffic and create a connection with Cycleways 3, 5 and 8. We will replace temporary security measures with permanent security features that are sensitive to the heritage of the Grade-II listed structure.

Pre-construction enabling works start at the northern end in winter 2023, with the construction programme expected to finish in 2026/27.



We will improve Lambeth Bridge and make it safer

Strengthening our Direct Vision Standard

Our Direct Vision Standard requires all heavy goods vehicles (HGVs) weighing more than 12 tonnes to hold a safety permit, based on a star rating from zero (lowest) to five (highest). The Direct Vision Standard measures what the driver can see directly from the cab windows. The standard helps tackle road danger at its source by minimising HGV blind spots. There has been a 75 per cent reduction in deaths where vision was a contributing factor since the standard was introduced in 2018.

Owners of zero-star vehicles must fit Safe System upgrades to obtain a safety permit. However, to improve the safety of all road users, from October 2024, HGVs will need to have a three-star rating or fit Progressive Safe System upgrades to operate in Greater London. The enhanced requirements to fit the Progressive Safe System will apply to around 220,000 vehicles.

75% ↓

fewer deaths involving a lorry where vision was a contributing factor since 2018



From October 2024, HGVs will need to have a three-star rating or fit Progressive Safe System upgrades to operate in Greater London



Improving the safety of our buses

In September 2023, we published our bold new Bus safety strategy, which outlines specific actions to be taken towards our Vision Zero goal of eliminating deaths and serious injuries on our transport network.

Our world-leading Bus Safety Programme sets out the work we are doing, along with bus operators and the bus industry, to achieve the greatest reduction in the number of people killed or seriously injured per journey of any road-based mode of transport. More than 1,200 buses in London's fleet currently meet the standard. More than 1,100 buses have camera monitoring systems and acoustic vehicle alerting system technology installed.



1,200

buses that already meet the new highest bus safety standard level



1,100

new buses fitted with camera monitoring systems



1 in 3

buses in our fleet has intelligent speed assistance technology fitted

Active streets

Active travel is vital for tackling London’s inactivity crisis. Streets are too often places for cars, not people. The Mayor’s aim is for all Londoners to do at least 20 minutes of active travel each day by 2041



Cycling is a green and sustainable way for people to travel

Our clear plan to enable more people to cycle

In June 2023, we published our Cycling action plan 2, with a new target to grow the number of daily cycle journeys to 1.6 million by 2030, up by a third from 2022. Significant expansion of the cycle network means that 24 per cent of Londoners now live within 400 metres of our Cycleways network, which means we are making good progress towards our target of 40 per cent by 2030.

We will broaden the appeal of cycling to a wider range of Londoners by breaking down the barriers they face, including through the provision of secure residential cycle parking, cycle training, marketing campaigns, cycle hire schemes and grants to support grassroot community groups.

In October 2023, we collaborated with Google Maps to update its algorithms using our insights to prioritise cycling on safer, quieter roads and make them easier to discover. This will help make cycling even safer and more comfortable for everyone who uses the app.

Our investment in cycling has led to the highest and safest levels of cycling on record

E-scooter trial extended

There have been more than three million journeys made since the scheme launched in June 2021. Rental e-scooters are fully electric, so are considered a sustainable form of transport that can help reduce congestion and improve air quality in London.

In the first part of the trial, operated by Dott, Lime and Tier across 10 participating boroughs, we demonstrated high safety standards, with fewer than 0.001 per cent of trips resulting in serious injury.

On 25 September 2023, we launched the next phase of the trial, operated by Dott, Lime and Voi. This phase looks to build on its existing success by gathering more data to inform policy on rental e-scooters and trialling further innovations, including the use of artificial intelligence to improve parking compliance and exploring the use of pavement riding detection technology and audible vehicle alerts.

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London boroughs are participating in the e-scooter trial



3million

journeys made since our e-scooter trial launched

Green travel

Our aim is to be a strong, green heartbeat for London. The Mayor’s Transport Strategy sets the target for 80 per cent of journeys to be made by walking, cycling and public transport by 2041



Electric vehicle charging

We are working with the boroughs and the private sector to increase the number of charging points available in London as we support people to shift to electric vehicles.

In November 2023, we awarded the final two contracts as part of a new project for electric charging points on public land. With the contract also awarded to them in May 2023, operator Zest will provide and operate 126 rapid or ultra-rapid electric vehicle charging bays on public land on strategic roads. Delivery of the sites will begin in early 2024.

Also in November 2023, Places for London launched a search for a new electric charging hub partner. Five sites across London will initially be offered, with the potential for more to be added. Each site will deliver a minimum of six ultra-rapid charging bays, including at least one bay for people with accessibility needs.

39

rapid or ultra-rapid charging bays to be provided by Zest



Enabling people to walk and cycle

We made a number of important walking, cycling and public transport improvements permanent after they were first trialled during the pandemic. In July 2023, we made the improvements permanent on the A10 Bishopsgate.

We are also taking forward our Walking action plan and in May 2023, we teamed up with Go Jauntly to launch the Walk London challenge. We are also providing grants to local walking and cycling projects, in partnership with the London Marathon Foundation. Our grants have helped more than 64,000 participants benefit by learning new skills, getting active and improving their physical and mental health.

Extending the Ultra Low Emission Zone

On 29 August 2023, the Ultra Low Emission Zone (ULEZ) was expanded across all London boroughs, a bold measure that is enabling five million more Londoners to breathe cleaner air.

The Scrappage Scheme opened in January 2023 to financially support Londoners to scrap their eligible non-compliant vehicles

All Londoners with eligible non-compliant vehicles are now eligible to apply to the car and motorcycle scrappage scheme and the overall pot has been increased to a £160m fund. As at 22 October 2023, £121m has been committed and there have been 95,000 applicants.



96.4%

of cars driving in outer London on an average day are already compliant with the ULEZ emissions standards



Working towards a zero-emission bus fleet

In 2023, we passed the milestone of having more than 1,000 zero-emissions buses in our fleet. This means that one in seven of our iconic red buses have now gone green. Within this Business Plan, we are on track to deliver 2,500 zero-emission buses by 2025.

investment, this target could be achieved by 2030. Converting London's bus fleet to zero-emission by 2034 will save around 4.8 million tonnes of carbon, or 5.5 million tonnes of carbon by 2030.

Zero-emission buses help Londoners breathe cleaner air and decarbonise the transport network, which is crucial to meeting the Mayor's mission to achieve net-zero carbon in London by 2030. We are on track to transition to a fully zero-emission bus fleet by 2034, but with continued Government



5.5

million tonnes of carbon could be saved if we convert to a zero-emission bus fleet by 2030

The Silvertown Tunnel

This project will address the long-standing issues at the Blackwall Tunnel by providing new zero-emission public transport connections.

In July 2023, we completed all the main tunnelling work for the Silvertown Tunnel. More than 1.1 million tonnes of material have been transported by river, which means we avoided more than 65,000 HGV journeys. Continuous air quality monitoring shows that nitrogen dioxide concentrations in 2022 complied with the Air Quality Strategy objective values at locations close to the scheme.

We are excavating the cross-passages that will run between the tunnels and laying the main road surface within the tunnel. Work continues on the new road layout, including new walking and cycling routes around the Tidal Basin Roundabout in Newham, and link roads into the A102 south of the Blackwall Tunnel.

Once open in 2025, the twin-bore 1.4km Silvertown Tunnel will link Silvertown to the Greenwich Peninsula providing improved bus links across the Thames.

We are proposing to introduce a new cross-river bus network, including two new routes through the tunnel, with new, zero-emission, double-deck buses. We have also completed our consultation on cross-river cycling and expect to make further announcements in 2024. Once open, drivers who use the Silvertown and Blackwall tunnels will be subject to a user charge. This will be confirmed closer to the tunnel opening in 2025.



We are adapting to a changing climate

Supporting sustainable drainage on our streets

Sustainable Drainage Systems (SuDS), which slow the release of rainwater into London's streets and sewer systems, is the default option for all future renewal and enhancement projects that involve changes to surface water management. This will help reduce flooding, improve water quality and enhance biodiversity.

All papers to our Programmes and Investment Committee must now include details of how adaptation to climate change has been considered.

The dedicated adaptation and green infrastructure funding, alongside adaptation measures delivered as part of projects, will support the delivery of our new target for 5,000 square metres of catchment draining into SuDS each year, as well as targets within our forthcoming Green Infrastructure and Biodiversity Plan.



5,000

square metres drained through SuDS each year is our target



Our bus fleet is already one of the greenest in Europe

A good public transport experience

An easy to use and accessible public transport system is essential to creating a more sustainable, attractive option to the car, where journeys are not possible by foot or cycle. We are working to boost connectivity, particularly for those in outer London, as well as enhancing our existing network



Progress towards our goals

We have translated our 2041 outcomes into 2030 ambitions through a straight line calculation. These do not necessarily represent the outcomes of our defined plans

Connected

Percentage of Londoners living within 400 metres of a bus stop



We are already meeting our 2030 target for bus connection, but we want these accessible journeys to be as convenient as possible. This is why we are delivering bus priority schemes to improve bus speeds, and carrying out a major expansion of outer London's bus network through the new Superloop.

Accessible

Reduction in step-free journey time compared with 2016



We have made significant progress in reducing step-free journey times compared with 2016 levels. The whole Elizabeth line, around a third of Tube, half of London Overground stations, and all DLR, bus and tram stops are now step-free. We have obtained Levelling Up Fund funding for the step-free upgrades of Leyton and Colindale stations. This is a stretch measure to try to achieve the Mayor's Transport Strategy goal 10 years early. In this Business Plan, we will complete committed schemes and seek to leverage third-party funding for further projects.

Quality

Average bus speeds



We will deliver an additional 25km of bus priority schemes by 2025 to improve journey times and reliability. When the Silvertown Tunnel is completed in 2025, it will improve cross-river and surrounding journey times.



We are developing transport services in outer London

Improving step-free access

We were awarded Levelling Up Funding by Government in 2023 to improve step-free access at Colindale and Leyton, with work set to begin in 2024.

In July 2023, we announced a shortlist of 10 London Underground stations for potential step-free access, and we are engaging with local authorities, developers and businesses in other areas of London to explore options for further step-free access to stations.

In addition, step-free improvement works at Paddington and Knightsbridge are on track to be completed in 2024.

We are working alongside our rail industry partners to design and deliver step-free access at four London Overground stations at Brondesbury, Hackney Downs, Seven Sisters and Surrey Quays. We are looking to expand this to further stations following the outcome of our 2022 funding bid under the Government's Access for All scheme.

We have developed a mini ramp to deliver step-free access at Tube stations where the gap between the train and the platform is still a barrier to some customers. Following a successful trial of the device, we will be rolling it out across the London Underground network by March 2024.



100%
of Elizabeth line stations have step-free access

200+

stations across our network are step-free



Accessible travel

Public transport must be safe, affordable and accessible to all and our work is helping to ensure our network serves the needs of all customers



Making our customer information more accessible

We continue to improve customer information to make it live, accessible and personalised. By 2026, we aim to equip all our lifts with 'self-reporting' technology to improve the accuracy of lift service status information.

We continue to rollout our accessible signage standard across the network, making it easier to locate accessible boarding points, lifts and gates. We are launching an innovation challenge that will seek to find products to trial that can improve customer information and access to staff when needed.

Changes to travel concessions and fares

To help meet the conditions of our funding agreement with Government, the Mayor announced in December 2021 that he had to consider some modifications to fare structures and ticketing. Earlier in 2023, this led to the temporary suspension of free travel for 60+ Oyster card and Older Persons Freedom Pass holders between 04:30 and 09:00 on weekdays being made permanent.

Another modification considered was withdrawing the Day Travelcard, however after close collaboration with the Rail Delivery Group, we were able to find a way that enables the Day Travelcard to continue to be accepted on our services, while still meeting the terms of our funding agreement. The Mayor has provided £9m in funding to retain monthly and annual Travelcards.

Additionally, colleagues who are directly employed by us get free travel, as do bus drivers and operators of other TfL services as part of their benefits package. Since April 2023, around 5,800 of our lowest paid contractors have also benefited from free travel. This includes cleaning, catering and security staff, with the cost covered by the Greater London Authority.

The Mayor has protected the free or discounted travel for under 18-year olds. More than 800,000 people are using under 16 and 16+ Zip Oyster photocard. From early 2024, we will also introduce reduced price travel on buses and trams for care leavers aged between 18-25, which will help even more young people move around London for less.

From early 2024, we will introduce reduced price travel on buses and trams for care leavers aged 18-25



Customer and staff safety

We will continue our safety programme, working with the police to tackle violence against our customers and staff. This includes women and girls, and people who may be victims of discrimination, harassment, or crime due to their personal characteristics or how they are perceived

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CCTV and body-worn cameras

Body-worn cameras are proven to reduce work-related violence, deter incidents and provide valuable evidence to hold offenders to account.

This is why, as part of our commitment to reducing violence and aggression towards our people, we have made it part of the essential kit for most of our operational, customer-facing colleagues.

We are also improving our extensive CCTV network and passenger help points to keep colleagues and customers safe. This includes extending the time we keep CCTV footage to 31 days for new systems and introducing CCTV on Central line trains.

4,500 

body-worn cameras have been made available to our front-line colleagues



Body-worn cameras are helping keep colleagues and customers safe



Deployable enforcement cameras can help improve road safety

Launching deployable enforcement cameras

In 2022, we launched deployable enforcement cameras at 44 sites across our road network to reduce dangerous driver behaviour, improve safety and ease congestion.

The cameras automatically enforce traffic contraventions, including banned manoeuvres, and driving in bus lanes and yellow box junctions.

Compliance is improving by an average of two per cent at each site per week, and a further 265 sites are being installed during this financial year.

Calling on bystanders to help tackle sexual harassment and hate crime

Recognising the important role of active bystanders in preventing and de-escalating incidents, we launched two high-profile campaigns in 2023 to give customers advice on how to safely intervene and support fellow passengers.

These campaigns focus on sexual harassment and hate crime, while highlighting the broader role bystanders can play. They use three simple and effective ways that customers can intervene, if they feel safe to do so.

We will continue to promote these important initiatives and ensure that all customers feel confident to support victims and know how to report any incidents.

Three tips to become an active bystander:

Make a distraction

Help prevent or defuse an incident by asking the person targeted a question, such as 'what's the next stop?' or 'do you have the time?'

Make a note

Documenting and reporting incidents helps inform TfL and police deployments and wider crime prevention activities.

Make sure they are OK

Customers can help people to feel less isolated and more confident to report incidents by making sure they are ok and validating the experience.



2,500

police and community support officers who patrol the network are trained to support victims of sexual harassment



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We want customers to feel safe when travelling

Working in partnership

Part of our work to tackle violence and harassment includes outreach work in schools on sexual harassment. We will make it easier for customers to report crimes and antisocial behaviour by adding reporting functionality to our website and the TfL Go app by 2026.

We are also providing disability equality training to frontline colleagues, with training that is carried out by people with lived experience of disability and includes a journey or station visit to highlight barriers to transport.



Our campaign encourages customers to look out for others

Quality transport

We are continuously looking at where investment would improve the safety, reliability and quality of our services. We are investing in new trains that will support London's growth and make the network more attractive to encourage people to switch to more sustainable modes

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The new DLR trains include a number of new features

Increasing the DLR capacity by 50 per cent will unlock 10,000 new homes across the network, particularly in the Royal Docks and Isle of Dogs

New trains for the DLR

We are introducing 54 new trains to replace the 33 oldest trains in the DLR fleet, some of which are more than 30 years old. The brand-new trains are currently going through extensive testing and will start to be introduced from 2024. Once in service, the new trains will help increase capacity across the network by 50 per cent, delivering more frequent and reliable services as well as spacious walk-through carriages, real-time travel information, air conditioning, improved accessibility features and mobile device charging points. The whole fleet will be introduced by 2026.

The Department for Levelling Up, Housing and Communities has funded 11 of the new trains to further increase capacity and help unlock 10,000 new homes across the network, particularly in the Royal Docks and on the Isle of Dogs.



50%

capacity increase unlocking 10,000 new homes across the network, particularly in the Royal Docks and Isle of Dogs



54 new trains will be introduced on the DLR

Using the river

The Thames is an under-used and under-developed part of the London transport network, and we want to change this. While we are under severe financial pressures, this has not stopped us from identifying where we need to invest to improve the river infrastructure. We will continue to fight for investment in all London's transport, with river services being firmly in that mix.

Upgrading our Piccadilly line services

The first Piccadilly line train started dynamic testing at Siemens' test track in summer 2023. This was a key milestone in our programme to modernise and upgrade the Piccadilly line before the first new train is introduced in 2025.

The new trains will replace the current trains, which have been serving London since 1975. They will feature air-conditioning, which is a first on a deep Tube train. They also include walk-through carriages, wider double doorways, enhanced digital

customer information display screens and on-train CCTV cameras for additional security.

Around half of the new trains will be assembled at the new Siemens Mobility Ltd site in Goole, East Yorkshire. This project is delivering a £200m investment in local manufacturing, helping to create up to 700 skilled jobs, as well as up to 1,700 jobs in the supply chain and 250 jobs during construction.



Testing has started on our new Piccadilly line trains

Improving our Central line fleet

Our £500m investment in the Central line fleet continues to progress, with a significant milestone reached in July 2023 with dynamic testing of the first train on the network. The completion of the overhaul over the coming years will enable safer journeys, greater accessibility and a more reliable service. It will also reduce long-term maintenance costs and reduce journey time from end-to-end by 120 seconds.

As part of the programme, improvements also include greater accessibility, new on-train CCTV, LED lights and new customer screens.

Further capital investment

We will continue to make the case for a multi-year capital investment deal with central Government for large-scale projects that are unaffordable from our operating revenue alone. This includes replacing the trains on the Bakerloo and Piccadilly lines, the DLR, trams and signalling on the four lines that are part of the Four Lines Modernisation programme. Most of the assets on some of these lines are already life-expired and without capital investment, they will be retired from service. If the fleets are upgraded, we will be able to provide for a continuously growing London, increasing capacity, reliability and improving the customer experience.



We must continue to invest in our assets

Renewing our assets

Safety is our top priority, and to maintain a safe and reliable network we renew thousands of assets every year, including tracks, roads, bridges, Tube trains, bus shelters, stations, depots, escalators, power cables and LED lighting. We need more than £1bn a year to renew our assets, not only to make them safe and reliable, but also to future proof them against climate change, and to make a positive contribution to decarbonisation.

However, the removal of our Government operating grant in 2017/18, followed by the pandemic, had a severe impact on the investment available for renewals, with constrained renewals investment of between £400m and £700m per year for the last six years. This has led to a decline in the state of all our assets, has impacted service reliability and created a renewals backlog of billions of pounds. The impact on London's transport network is evident and noticeable – including weight restrictions on road bridges and tunnels, such as Rotherhithe Tunnel and Gallows Corner, reduced services and aging fleet on the Bakerloo, Central and Jubilee lines owing to deferred work, more potholes on roads, and more frequent escalator and lift closures.

It will take many years of sustained investment to address this backlog and it is likely to get worse before it gets better. This Business Plan sets a trajectory to steadily increase investment in renewals. This will help, but it is below the level needed to address the backlog and protect service reliability and customer comfort. It is vital that we secure more support from Government to renew our assets and make best use of every pound we invest in renewing our assets. That is why we are also investing to improve our asset data, how we monitor our assets, and the tools that help us analyse and understand asset condition and deterioration. This will help us target our investments and ensure we achieve the best value.

Mobile connectivity on more of our rail network below ground

Providing 4G and 5G mobile connectivity to customers within ticket halls, corridors, underground tunnels and on platforms across the Tube continues in a phased approach. We have nearly completed the first phase of the rollout, joining the Central and Northern line sections. Initial testing has also started on the Bakerloo, Piccadilly and Victoria lines.

On 8 September 2023, the Mayor and Deputy Mayor visited Tottenham Court Road and Oxford Circus to launch the 4G and 5G service in the Central line areas. These stations were the first two West End

stations to go live, meaning customers can stay connected while travelling in the area for shopping, eating out and entertainment. The Mayor also announced that Elizabeth line stations and tunnels will have 4G and 5G coverage by the end of spring 2024 and a significant proportion of the network will be completed by the end of 2024.

Boldyn Networks (formally BAI Communications), together with all four mobile network operators – Three UK, EE, Vodafone, and Virgin Media O2 – are also working to introduce mobile coverage to Central and Northern line stations.

In the coming months, Boldyn Networks will bring connectivity to more stations on the Piccadilly and Victoria lines including Covent Garden, Warren Street, Russell Square and Holborn. The first four Elizabeth line stations will have mobile coverage by the end of 2023 and coverage across our whole network, including the Elizabeth line and DLR, will be delivered across the next two years. We have engaged with our customers through creative campaigns at each station as coverage is provided.



We are enabling more people to stay connected underground

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We are working to make the air cleaner on the Tube

Improving air quality on the Tube network

Improving air quality on the Tube for our staff and customers is a top priority for us. Levels of dust remain within the safe levels set by the Health and Safety Executive, but we are committed to continued investment in cleaning, monitoring and finding new innovative solutions to further reduce dust levels. We have increased our annual Tube dust cleaning budget by a third to £2m, which includes cleaning of tunnels, as well as track litter picking and station sweeps. We have also allocated a further £1m to focus on trials and innovation to tackle Tube dust.

We are working towards annual network-wide dust level monitoring at a number of key locations. While delayed by the pandemic, we have a multi-year contract with 4-Rail, which

will ensure regular monitoring takes place until 2025. The most recent results for 2023 suggest a continued downward trend in dust levels across the network.

In winter 2023/24, we will trial a new air filtration system at Baker Street and Green Park stations. We are funding the trial as part of our work to test innovative solutions to improve air quality on the Underground. We are also funding world-leading research to better understand the impact of Tube dust and air quality.

130km

of tunnels are cleaned of dust each year, which is 40% of our total tunnel network of 330km





We have a range of actions to improve our bus services for all

Delivering our Bus action plan

Since publishing our Bus action plan in March 2022, we have already achieved a lot. In 2022/23, we built 11 new driver facilities, three more than promised. We have also run training on zero-tolerance towards sexual harassment across our bus and coach services.

We have implemented more than four kilometres of new bus lanes and 300 real-time countdown signs have been installed, with every borough benefitting.

As we continue to move towards the longer term, we will refurbish and upgrade London's bus stations, starting with Kingston Cromwell Road by July 2024, which will include a green roof with wild flowers to increase biodiversity.

We will deliver 25km of bus lanes by March 2025 to improve reliability and complete the refurbishment of the 600 remaining New Routemasters by 2025.

25km

of new bus lanes to be completed by March 2025



7million

more scheduled bus kilometres a year across London in 2024/25, compared to 2022/23

12.1million

more scheduled bus kilometres a year across London by the end of this plan, compared to 2022/23



Outer London Superloop bus expansion

In March, the Mayor announced plans for the Superloop, a transformative network of 10 express bus services linking outer London's town centres, hospitals, schools and transport hubs.

The new Superloop network is adding more than four million scheduled bus kilometres each year to outer London's bus network and maximising the benefits of the London-wide ULEZ expansion, while also helping deliver the faster journeys, improved connections and customer experience set out in our Bus action plan.

The first Superloop bus was launched in July 2023 and there are currently six Superloop routes in operation. A further three routes are due to be introduced by spring 2024, when the Superloop network is due to complete, excluding route SL4, which will start running when the Silvertown Tunnel opens in 2025.

Over the course of this Business Plan, we are aiming for an overall increase of four per cent in outer London scheduled bus kilometres to offer more alternative sustainable options to key amenities such as shopping centres and hospitals. This will make journeys easier and more reliable for customers and generate more revenue that can be reinvested into the public transport network.



4%

overall increase in outer London bus kilometres over the course of this plan

4million

bus kilometres added to our network through the Superloop



The Superloop is delivering new express routes in outer London

Our Four Lines Modernisation programme

As of March 2023, our new signalling system, which forms part of our programme, operates across 62 stations including the full Circle and Hammersmith & City lines and the east end of the District line. The new signalling system will replace obsolete assets across the four lines, which have some of the oldest parts on the Underground network.

In September 2022, we introduced our new timetable to improve journey times by around five per cent on average on the Circle and District lines between Monument, Fulham Broadway, Barons Court and Paddington. This added to the journey time improvements of up to 10 per cent already introduced on the north side of the Circle line through a timetable change

in September 2021. In 2024, the next stage of signalling is planned to come into service on the Metropolitan line between Finchley Road and Preston Road.

However, for the full benefits to be realised, additional funding is needed to complete the signalling works, including the final sections of the

District and Metropolitan lines. This would enable peak capacity to increase by up to 23 per cent on average across the four lines. It would also mean we can replace the life-expired assets, which is essential and vital to ensure we can continue to operate safe and reliable services on these lines, and achieve cost effective management of our asset base.

Connecting London

The public transport network must meet the needs of a growing London

We will continue feasibility work on the DLR extension to Thamesmead, the Bakerloo line extension and West London Orbital. However, any network extensions depend on securing additional funding, as the significant capital requirement is not affordable from our operating revenue alone.

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The success of the Elizabeth line

The Elizabeth line's full peak timetable started in May 2023, marking the final milestone of the Crossrail project. There are now up to 24 trains running every hour between Paddington and Whitechapel at peak times, roughly a train every two and a half minutes.

The Elizabeth line has already become one of the most used railways in the country, supporting more than 250 million journeys since its launch, and regularly enabling more than 700,000 journeys every day. The improved connectivity it enables across London, Berkshire, Buckinghamshire and Essex, including to Heathrow Airport, provides a real boost for new housing, workspaces, retail and economic growth.

The line has also transformed accessibility on our transport network, with 41 step-free stations unlocking new journeys for disabled and older customers, as well as those with buggies or luggage.

With further government funding we could add additional Elizabeth line trains to support the temporary terminus of HS2 at Old Oak Common, which will add 70 per cent more demand for services.



24

trains are currently running every hour between Paddington and Whitechapel during peak times



250million

journeys made on the Elizabeth line since it launched in 2022



The Elizabeth line has transformed journeys across London

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New homes and jobs

The transport network has a crucial role to play in making parts of London viable places to build homes and create jobs. The Healthy Streets approach will help people to live active and healthy lives where all Londoners are able to access the benefits that this growth brings

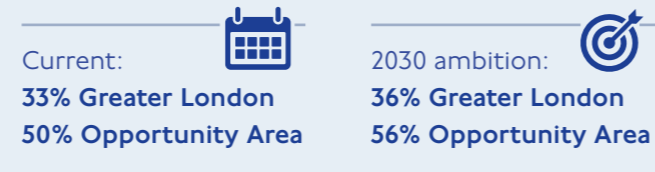


Progress towards our goals

We have translated our 2041 outcomes into 2030 ambitions through a straight line calculation. These do not necessarily represent the outcomes of our defined plans

Connecting new homes and jobs

Proportion of people living in public transport accessible level 4 or higher



This is measured by the proportion of people living in public transport accessible level 4 or higher, which means having good, very good or excellent access to public transport.

We will work with the Greater London Authority, boroughs and developers to ensure public transport and active travel provision can reduce car usage. This includes leveraging developer contributions and pursuing third-party funded network extensions, such as a DLR extension to Thamesmead.

Places for London, the TfL property company, is working to develop new homes and office schemes near to or integrated with local public transport to reduce car dependency.

Building new homes

Number of homes started on site across our property portfolio



This is measured by the number of homes started on site across our property portfolio. It includes schemes delivered with our joint venture partners.

Our land is well connected and can deliver housing where London needs it most, with a focus on Opportunity Areas, such as the Lee Valley, Wembley, Earls Court and Royal Docks. We have a target to provide 50 per cent affordable housing across our portfolio, and are adopting a mix of tenures including shared ownership and London affordable rents.

We are continuing to work with our partners and local authorities to bring more sites forward for development and secure the relevant planning consents.



We are supporting many new developments

Regeneration of the Elephant and Castle area

Our Elephant and Castle regeneration project will deliver 5,000 new homes, some replacing existing ones, with at least 1,650 being affordable new homes. The development also includes educational, leisure, office and retail spaces.

This station already suffers considerable overcrowding and so the expanded station, which forms part of the development,

is essential for the regeneration of the area.

The first phase of the expanded station will see the additional entrance and connecting passageways built, with the cost paid for by a combination of the developer, London Borough of Southwark and the GLA. The fitting out of the new expanded station, which will enable it to be brought into use, is currently unfunded.

5,000

new homes delivered through the Elephant and Castle regeneration project



1,650

affordable new homes delivered through the project



DLR to Thamesmead

In May 2023, we submitted a Strategic Outline Case to Government for a potential DLR extension to Beckton Riverside and Thamesmead and a bus transit proposal serving Woolwich, Thamesmead and Abbey Wood to support delivery of 25,000 to 30,000 new homes and up to 10,000 new jobs.

In the Autumn Statement, the Government stressed its commitment to supporting the development and, subject to approval of a business case, they announced funding to enable early development through the delivery of a bus transit scheme.

While the funding announced was for the bus transit, it will help underpin wider partnership funding to progress the work on the DLR extension. Subject to funding, the DLR could start in 2028 and be operational by 2033.

Unlocking London

As one of London's largest landowners and the largest integrated public transport authority in the UK, we have an opportunity to create new homes and new jobs

Supported by our Sustainable Housing and Accessibility Fund, and Housing Infrastructure Fund schemes, we are leveraging third-party funding to deliver a number of regenerative schemes.



Supporting development at Canada Water and Surrey Quays

As part of our secured funding from the Department for Levelling Up Housing and Communities, we are working on several upgrades between Highbury & Islington and Surrey Quays.

Together with developer British Land, we are transforming Surrey Quays station, with a second station entrance being added to provide more direct access to a nearby new development and the existing shopping centre at Canada Water. The station will also become step-free with two new lifts.

This transformation will help unlock 14,000 new homes in the area, showing how investment in transport can also support growth.

We are also upgrading our power and signalling systems, which will enable us to increase the frequency of the trains from 16 to 18 trains per hour. We are considering plans to increase frequency to 20 trains per hour, helping to support additional housing, improve journeys for customers and ease congestion at the busiest times.

14,000

new homes could be unlocked through the development





The Elizabeth line supports new homes and jobs

Elizabeth line supporting new homes and jobs

The Elizabeth line is the most significant addition to London's transport network in a generation, increasing central London rail capacity by 10 per cent. Between 2008 and 2021, the Elizabeth line supported the delivery of 55,000 new homes within one kilometre of its stations. During the same period, the population living within one kilometre of stations grew by 35 per cent compared to 13 per cent growth in London as a whole.

Concentrating population growth in areas close to public transport ensures that London is supporting sustainable growth. There has also been improvements in the public space and town centres along the route.

During its construction, the Elizabeth line project directly created 55,000 full-time jobs, trained more than 20,000 students and provided more than 1,000 apprenticeship placements.



20,000

students trained during the construction of the Elizabeth line

Our green developments

We have continued to embed car-free and car-lite development across London, which prioritises active travel and public transport use. This also supports future customer growth as well as our environmental ambitions.

We have also continued to secure funding from developers to provide new or enhanced transport infrastructure. For example, we sourced £40m to invest in a bus contraflow scheme on our roads in Victoria, and £10m towards providing step-free access at West Hampstead.

£40m

for a bus contraflow scheme in Victoria



£10m

sourced for a step-free access project at West Hampstead



Sustainability is at the heart of our designs

Blackhorse Road development

In August 2023, Places for London, together with housing developer Barratt London and housing association L&Q, completed our first joint-venture housing development at Blackhorse View, opposite Blackhorse Road station.

The site provides 350 new homes in the borough of Waltham Forest, with 50 per cent affordable housing. The effectively car-free development encourages people to shift their transport mode to greener options and spans across six buildings, which are a mixture of one-, two- and three-bedroom properties, providing options for all types of households.

The development has also delivered a new public cycle hub on Forest Road, close to the protected cycle route, along with 650 cycle parking spaces for residents. The transformation of the nearby Blackhorse Road junction also makes it easier to travel more sustainably, while the development includes a new pedestrian route through the site, alongside the planting of more than 40 new trees. Blackhorse View is benefitting the local community and economy, providing more than 17,500 square feet of flexible commercial floorspace. Tesco started trading in one of the units during summer 2023, with more businesses to follow including the potential for new cafes, local retailers and shared workspace.

The homes sold have been through shared ownership, Help to Buy and private sale, with many being bought by first time buyers.

Developing our property

We are changing from being one of London's biggest landowners to becoming one of its most important place-makers, helping the capital to thrive. Alongside building new homes, workspaces and retail spaces, we will be generating additional revenue, taking every opportunity to deliver transport improvements, and supporting a sustainable, inclusive London.

Our property company, Places for London, has identified capacity for 20,000 new homes with a focus on affordable housing. Work has already started on sites across London for

more than 4,000 homes, which include locations at Wembley, Kidbrooke and Barkingside, with more than 800 already completed.

As well as housing, we continue to invest and support tenants who trade across our estate. We are the landlord for more than 1,500 businesses across the capital located in stations, railway arches, and on local high streets. More than 95 per cent of our tenants are small and medium enterprises.

We will continue to invest in our business estate to help support local businesses.

Through our Sustainable Development Framework, we support the Mayor's ambition for net-zero carbon by 2030. We are delivering skills and education programmes to energise the construction industry with new talent and inspire the future generation.

Money generated by Places for London will be reinvested into the transport network. We are confident that our new property company will make massive changes for those living in London now, those who live in London in the future and for TfL.



We are creating opportunities across London, including our site at Cockfosters



4,000

homes are already being created across London through our property company

1,500

businesses are located on our land



95%

of our business tenants are small and medium enterprises



We are working with other organisations to support London's recovery

London Anchor Institutions' Network

In 2020, we joined some of the capital's biggest organisations in committing to working together through the London Anchor Institutions' Network to lead London's recovery from the impacts of the pandemic and mitigate the worst effects for those hardest hit. The network is a city-wide initiative, introduced by the Mayor and London Councils.

We are a founding signatory of the network's charter, a principles framework to guide how we tackle existing inequalities and disparities in the capital. We are doing this in various ways, which are informed by five key pledges. We will use our purchasing power to maximise opportunities for London's smaller and diverse-owned businesses in our supply chain and support recovery. Through the network, we are helping young people to flourish and access support and opportunities through mentoring. We are also providing employability and employment skills to diverse communities

and developing Anchor partnerships across communities. We are working with our Anchor Institutions' Network colleagues to capture lessons, evidence and approaches to building productive and effective local partnerships across London. Finally, we are accelerating the creation of a cleaner, greener London. Through our procurement and commercial and property portfolios, we are working with our suppliers to support our green agenda.

We seek to diversify the suppliers that we employ. We work with our current suppliers to encourage supply chain diversity and promote opportunities for all, and tackle under-representation in the transport, construction and engineering sectors. Our commitments through the network collectively contribute to the social, environmental, and economic benefit of London and Londoners, as well as supporting our own strategies, such as our Corporate Environment Plan and the GLA Group Responsible Procurement Policy.

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Investing in our estate

We have been working hard on our estate, with improvements to some of our arches in Kilburn. Following extensive engagement with the local community, we received planning permission for the mews between Kilburn High Road and Loveridge Road, which lets us develop public space for everyone, with designs considering the safety of women, girls, and gender minorities.

These works have also enabled us to improve the energy efficiency of the arches by using air source heat pumps to provide heating and cooling.

Works like this help ensure that Places for London is involved not only in development but maintaining and enhancing the spaces that our tenants rent.



Our arches are home to a range of businesses

Igniting curiosity to shape the future

London Transport Museum explores how transport has supported London over time and demonstrates value to London today, and in the future. In partnership with us and our supply chain, the museum delivers four key themes of spark, skills, sustainability and safe.

The spark element involves state-of-the-art learning experiences and exhibition spaces that explore the future of transport in London, reaching new audiences. The museum also aims to equip hundreds of thousands of young people with the green

skills and employment development opportunities they, and London, need.

The focus on sustainability aims to transform the environmental performance of our sites and support our audiences to make greener choices through impactful public engagement. The outreach work also encourages safe behaviours, empowering and instilling confidence in young people. The museum reaches more than 90 per cent of London's primary schools with learning experiences focused on green and safe travel.

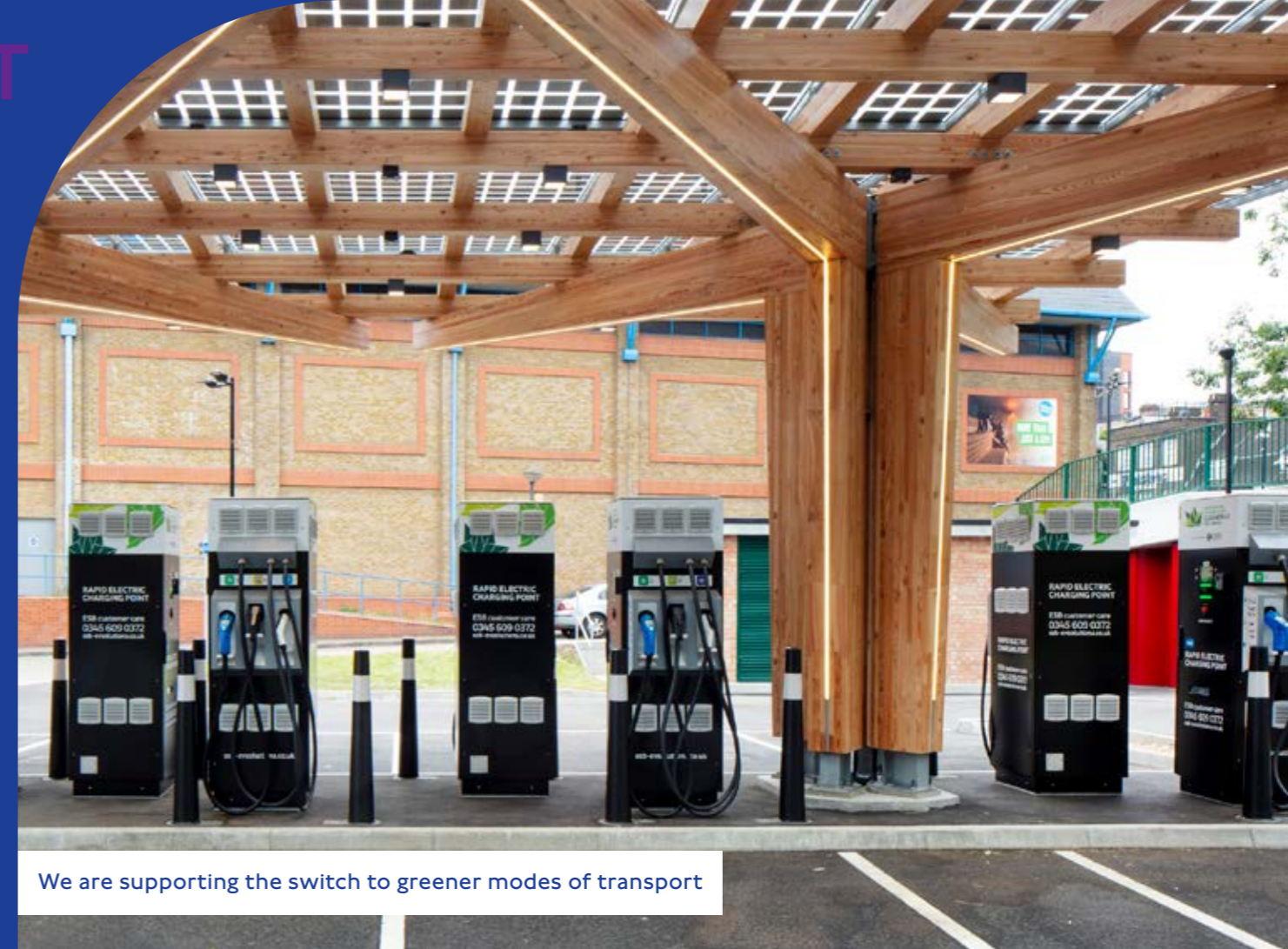
Sustainable development

We must demonstrate bold leadership on the environment, sustainability and our social impact, and we expect the same from our suppliers, stakeholders and partners

Green energy

Places for London, our property company, is procuring a joint venture partner to deliver a series of ultra-rapid electric vehicle charging hubs across London, using our land across car parks and the wider estate.

Five locations have been identified as initial seed sites, with the potential to increase the number of sites available to the joint venture over time.



We are supporting the switch to greener modes of transport



We are committed to sustainable development

Our Sustainable Development Framework

Since the framework was launched in 2021, TfL's property company Places for London has reduced operational carbon emissions across our residential development portfolio by an average of 54 per cent compared to building regulations – exceeding the 35 per cent reduction in operational carbon emissions required by the Mayor's London Plan.

Places for London has also made our Sustainable Development Framework available as an open-source tool to support a more sustainable property development sector.



2,823

young people engaged with our projects since 2021

80%

of Places for London work experience participants are from ethnic minority communities



About us

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 safety, 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, Elizabeth line, London Trams, London River Services, London Dial-a-Ride, Victoria Coach Station, Santander Cycles and the IFS Cloud Cable Car.

We manage the city's red route strategic roads and are responsible for the maintenance, management and operation of more than 6,000 sets of traffic lights across the capital. The London boroughs are responsible for all the remaining roads within their boundaries. The experience, reliability and accessibility of our services are fundamental to Londoners' quality of life. Safety remains our number one priority and we continue to work tirelessly to improve safety across the network for both colleagues and customers.

Our vision is to be a strong, green heartbeat for London. We are investing in green infrastructure, improving walking and cycling, reducing carbon emissions, and making the city's air cleaner. The Ultra Low Emission Zone, and fleets of increasingly environmentally friendly and zero-emission buses, are helping to tackle London's toxic air. We are also improving public transport options, particularly in outer London, to ensure that more people can choose public transport or active travel over using their vehicles.

That is why we are introducing the outer London Superloop bus network, providing express bus routes circling the entire capital, connecting outer London town centres, railway stations, hospitals and transport hubs.

We have constructed many of London's most significant infrastructure projects in recent years, using transport to unlock economic growth and improve connectivity. This includes major projects like the extension of the Northern line to Battersea Power Station and Nine Elms in south London, as well as the completion of the London Overground extension to Barking Riverside and the Bank station upgrade.

The Elizabeth line, which opened in 2022, has quickly become one of the country's most popular railways, adding 10 per cent to central London's rail capacity and supporting new jobs, homes and economic 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 information, data and technology to make services intuitive and easy to use and doing all we can to make streets and transport services accessible and safe 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 are creating brighter journeys and a better city.

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Appendix 3: Capital Strategy Submission

Appendix C: TfL Capital Strategy 2024

Background

- 9.1 The Prudential Code for Capital Finance in Local Authorities (2017) requires all local authorities including Transport for London (TfL) to prepare and publish a Capital Strategy. This 2024 Capital Strategy supersedes TfL's Capital Strategy published in previous years.
- 9.2 On 30 August 2022, we reached agreement with the government on funding until 31 March 2024. We are on track to achieve operational financial sustainability by April 2024. This agreement with government means that across the funding period, we are able to deliver more capital investment than previously budgeted, although still below the long-term level necessary to meet the priorities of national and regional government.
- 9.3 We are currently in discussion with government about capital funding for 2024/25 and continue to make the case to for confirmed capital funding over the long term to support the level of investment described here. In the first four years, this Capital Strategy is aligned to our Business Plan, with investment assumed to increase through the late 2030s towards the necessary long-term level to support key MTS goals.
- 9.4 TfL plays a crucial role in driving growth and jobs across London and the UK, and equally we can support the government's national priorities to progress to a carbon-free and climate change resilient future and create wealth and employment that will level up the national economy. In the short term, we are seeking to maximise the benefits we can deliver within a constrained capital envelope, but it remains important to look ahead and identify what investment is needed to renew and improve the transport network in line with the Mayor's Transport Strategy (MTS) and in support of national priorities. Even with the uncertainty of long-term planning, this Capital Strategy will support us in being resilient to a wide range of potential future economic and transport demand outcomes.
- 9.5 Our Capital Strategy sets out the investment required to maintain safety and operability in the short term as well as the level to which investment should over time increase to achieve the aims of the MTS. The MTS, published in 2018, aims to encourage a shift from cars to active, efficient and sustainable modes of travel, with the central aim for 80 per cent of all trips in London to be made on foot, by cycle or using public transport by 2041. This Capital Strategy covers a 20 year period until 2043.
- 9.6 The Capital Strategy forms part of TfL's financial planning process and is based on a number of assumptions including the likely cost of the future capital programme and expectations in terms of funding. It is a planning exercise that will need to evolve as

TfL's long-term funding position becomes clearer, and the Capital Strategy will be reviewed and developed year on year.

Benefits

- 10.1 Our Capital Strategy enables clearer and more transparent long-term decisions to be made on the investment needs of London. Many transport schemes take a long time to develop and deliver. A long-term view that reflects the current realities and charts a trajectory towards supporting London's post-pandemic recovery is critical to ensure enhancements to London's transport network are delivered when they are needed.
- 10.2 Our Capital Strategy sets out a pipeline of investment for 20 years. Giving clear sight of our investment aspirations over this period, subject to funding, is useful for a variety of audiences, including customers, London's businesses and our supply chain, who will be able to resource accordingly to meet the demand for construction in London.
- 10.3 Investment in transport infrastructure benefits many different groups, and it is appropriate that the funding packages for these investments reflect these various beneficiaries. These beneficiaries range from central government, through increased taxation on economic activity and property, all the way to local businesses and residents, who most directly benefit from improved transport links. Formulating full funding packages for large schemes is complex and takes time, as was the case with Crossrail 1. This Capital Strategy identifies schemes in the longer term that require such funding packages and discusses some options for funding them. Developing this work further will help to ensure such schemes are funded in a fair and sustainable way.
- 10.4 It is not possible to commit to long-term projects unless and until there is long-term funding available to ensure they can be completed. Therefore, a lack of certainty of funding can delay the commencement of essential improvements. A key benefit of the Capital Strategy is that it enables these funding requirements to be identified in sufficient time for them to be addressed.

Approach and updates this year

- 11.1 Our Capital Strategy reflects the long-term priorities set out in the MTS and other Mayoral strategies, including the need to run services safely and reliably. This is set in the context of significant uncertainty on the level of available funding to TfL which will be determined by the pace and level of recovery of passenger demand and the long-term level of government funding.
- 11.2 This year's Capital Strategy is broadly similar to last year's, which was originally derived from the 2021 Long Term Capital Plan. The plan has been updated in the early years to reflect most recent Business Plan and the assumptions behind it, with changes to later years where needed to be consistent with this. We have also updated the outturn figures for the changes in inflation over the period.

- 11.3 The 2023/24 financial year is covered by our funding agreement with government to March 2024.
- 11.4 The first 5 years of the Capital Strategy assume Government funding will be limited to a proportion of Major Rolling Stock and Signalling replacements, constraining spending levels, while the final 10 years of the Capital Strategy ramp up spend to the levels required to be consistent with the MTS vision by 2041, although no specific source of the additional funds has been assumed.
- 11.5 Due to the need to combine these two different approaches for the early and later years there are some instances of spend profiles that, in a more stable planning environment, could be smoothed. As a result, this document is a high-level planning exercise rather than a detailed guide to very specific investment plans for the next 20 years. TfL regularly revisits its future forecasts, and our understanding of future capital investment needs will develop and improve as the future environment becomes clearer.
- 11.6 Risk allowances have been updated and funding assumptions in both the short and longer term are subject to future discussions with the government.

Influences

Our Capital Strategy is directly influenced by:

- 12.1 the Mayor's policies and statutory strategies for London, including the MTS, the London Plan, and the London Environment Strategy
- 12.2 the UK's infrastructure requirements, as set out in the National Infrastructure Assessment
- 12.3 Funding agreements reached with government, whether relating to specific projects to generally
- 12.4 the condition and lifecycle of our asset base; and
- 12.5 underlying behaviour trends in London, as analysed in documents such as our annual Travel in London report.
- 12.6 *Our Capital Strategy will be directly or indirectly influenced over time by:*
- 12.7 central government policy, in areas such as direct infrastructure funding and Crossrail 2, as well as other specific policies such as the Transport Decarbonisation Plan.
- 12.8 external events with the potential to impact on the national economy, London's growth and/or our financial position, such as the war in Ukraine, the cost-of-living crisis, climate and ecological change and rising inflation levels.
- 12.9 the Mayor's future decisions on allocation of devolved business rates to functional bodies of the Greater London Authority.
- 12.10 Availability of finance through bodies such as the UK Infrastructure Bank may affect availability of financing for our projects.

- 12.11 This Capital Strategy continues to set out the level of capital expenditure required in the long term to deliver the MTS, which was written and approved before the pandemic. Although the long-term effects of the pandemic will be complex and wide-ranging and impossible to fully predict at this time, the broad objectives of the MTS are almost certain to remain applicable in all potential future circumstances. Strategic aims such as increasing the shift to more sustainable ways of travel and improving the quality of public transport are central to securing a green recovery for London and supporting the national priorities of decarbonisation and economic growth.
- 12.12 Our financial planning since the pandemic has considered a range of potential demand scenarios to recognise the uncertainty around future travel demand. How the Mayor's transport policies in the MTS are implemented will need to be considered as the longer-term impacts of the pandemic on travel demand become clearer. As these long-term impacts become clearer, we will keep our future investment programme under review, and future Capital Strategies will further reflect any necessary changes resulting from new forecasts of future travel demand.

Policies

- 13.1 Our Capital Strategy is fully aligned to the Mayor's policies, the MTS policies and TfL's Business Plan on which the Capital Strategy is in part based.
- 13.2 Any activity in delivering the Capital Strategy will be executed in accordance with our statutory functions and approved policies. The most important of these policies and functions are outlined here.
- 13.3 In adherence with the Prudential Code for Capital Finance in Local Authorities (the 'Prudential Code') issued by CIPFA and last updated in 2021, the Capital Strategy references key principles underpinning our approval and governance processes for capital expenditure, commercial activity (including long-term liabilities) and treasury management. For detailed aspects, the documents referenced below, and TfL Standing Orders are published on our website.
- 13.4 Capital spend on transport infrastructure and commercial/investment activity is budgeted for and included in our financial plans covering both the near- and medium-term. These plans are produced at certain points throughout the year and are approved by the Board (or, under delegation, the Finance Committee). Typically, a medium-term Business Plan is produced that aligns to delivery of the overall MTS, and a more detailed Budget, reflecting our near-term targets.
- 13.5 TfL's financial planning is balanced, integrating capital spend inclusive of commercial activity and investment strategies with the financing strategy for planned expenditure.
- 13.6 TfL's commercial activity plans are produced reflecting the Investment Management Strategy (IMS) for non-financial assets, which is updated at least annually and considered by the Finance Committee prior to submission to the Board for final approval.

- 13.7 The IMS outlines the strategic objectives of the commercial activities, long term direction of the investment programme, metrics to inform decision making framework, risk management policies and the use of independent and specialist experts.
- 13.8 TfL manages its investments in financial assets and its debt financing in line with its Treasury Management Strategy (TMS), which is updated at least annually and approved by the Finance Committee.
- 13.9 TfL's treasury management is directed and governed by the TMS comprising the Investment Strategy, Borrowing Strategy, Liquidity Strategy, Risk Management Strategy and Counterparty Exposure Limits. The TMS is implemented, operated and administered in accordance with the Treasury Management Policies and the TfL Group Policy Relating to the Use of Derivative Investments, both of which are approved by the Finance Committee.
- 13.10 Within the year, unbudgeted activity is monitored by various means and is explicitly captured through monitoring of the Prudential Indicators which are aligned to the TfL Group Budget and Business Plan, and define an operational boundary and authorised limit of external debt including borrowing and long-term liabilities for the following year. The Prudential Indicators set an expected estimate of capital financing costs and capital expenditure for the following year. The Prudential Indicators are considered by the Finance Committee prior to submission to the Board for approval annually.
- 13.11 Financial guarantees granted by TfL are subject to approval by the Chief Finance Officer or higher authority according to the approvals matrix approved by the Board, as set out in TfL Standing Orders. Under section 161 of the Greater London Authority Act 1999, details of all financial guarantees so granted are disclosed annually in TfL's Annual Report and Statement of Accounts.
- 13.12 Outturn performance against the Board approved Prudential Indicators is presented to the Finance Committee who also monitor treasury management by verifying the TMS has been implemented and administered appropriately and are responsible for regular in-year monitoring of outturn performance against the TfL Budget.

Financial Investment Strategy

- 13.13 TfL maintains a low risk appetite consistent with the good stewardship of public funds, the overriding principle being the prioritisation of security before liquidity and liquidity before yield.
- 13.14 TfL considers the risk of its overall portfolio as well as individual investments, seeking to diversify its investments and has regard to the exposure to any one counterparty, country, industry, investment type, and credit. TfL targets allocating a portion of the portfolio across sovereign exposures, government agencies, financial institutions, and corporate instruments, subject to investments available at the time. TfL will seek to invest cash responsibly by investing in counterparties with strong Environmental, Social and Governance performance and policies.

- 13.15 The maturity profile of investments reflects the expected cash flow requirements of TfL and accommodates for forecast variability.
- 13.16 TfL seeks to achieve year-to-date returns greater than the year-to-date average benchmark of the Sterling Overnight Index Average which is widely regarded as the appropriate benchmark for short-term cash investments and is used by professional investors.

Borrowing Strategy

- 13.17 TfL's objective is to manage its borrowing in a manner that is affordable, sustainable and prudent, combining flexibility, security of access to funds, diversity of funding sources and value for money.
- 13.18 TfL's borrowing has been used to finance investment in London's transport network. All borrowing is drawn in line with the provisions of the Prudential Code and in particular, the requirement that TfL cannot borrow to invest for the primary purpose of financial return.
- 13.19 The total value of outstanding borrowing and other long-term liabilities is, at all times, maintained within an Authorised Limit agreed by the Mayor and approved annually by the Board (as required by the Local Government Act 2003) through a separate Prudential Indicators document.
- 13.20 TfL's borrowing plans are ultimately underpinned by access to the Public Works Loan Board, a readily available source of liquidity. With that said, TfL seeks to achieve its borrowing objectives through diversification of funding sources. In doing so, TfL maintains access to capital markets through its Euro Commercial Paper programme and Euro Medium Term Note programme in addition to holding loan facilities with financial institutions and the GLA, in particular, utilising the Mayor's Green Finance Fund when suitable projects are identified.
- 13.21 TfL continues to refinance the majority of its maturing debt. Borrowing also has a role to play in supporting the capital investment programme. Borrowing is further supported where the capital spend would result in a clear increase in recurring operating surplus that would service the operating and financing costs. The latest business plan assumes approximately £250m annual incremental borrowing, although this will be subject to a further assessment of affordability at the time of borrowing.
- 13.22 Places for London, the TfL property company is financially independent of TfL and has available to it, a revolving credit facility and will draw on this facility as required to support its capital programme. The Business Plan assumes Places for London will borrow a cumulative total of £283m by 2026/27 financial year using their facility arrangements which are non-recourse to TfL.
- 13.23 As debt service represents a relatively significant part of TfL's annual expenditure, a high level of certainty over the interest payment amounts is desirable to meet the balanced budget requirement. The TMS sets an upper limit on the level of variable debt exposure acceptable to TfL.

20-year Capital Ambition

- I 4.1 Our Capital Ambition over the long term is to deliver the outcomes of the MTS, including supporting the three pillars of that strategy: Healthy Streets and healthy people, a good public transport experience, and new homes and jobs.
- I 4.2 In the later years of this Capital Strategy, we hope to improve our funding position to enable an increase in the level of investment towards what is required to deliver all the outcomes of the MTS.
- I 4.3 We estimate that delivering this Capital Ambition beyond the next five years would require an average annual spend of £6.2bn in outturn terms (including inflation), of which £4.1bn is the required cost to renew and replace existing assets, including Major Rolling Stock and Signalling replacements. The remainder is required to deliver the enhancements and extensions that will support quality of life in the city as well as critical improvements such as making progress on decarbonising the transport network, eliminating death and serious injury from the transport network and cleaning London's air. The impact of inflation over 20 years is significant, and this is a large driver of the higher costs shown here compared to the first five years of this Budget.
- I 4.4 Our Capital Ambition can be divided into three substantial categories, detailed below. Average annual costs in outturn terms for years 6-20 are shown for each category.

Major Rolling Stock and Signalling replacements (£1.5bn pa)

- I 4.5 Across our rail services, TfL owns more than 800 trains, as well as signalling systems across each rail service and line. Underground trains have a design life of around 35-40 years and require replacing towards the end of this period, although in some cases it is possible to extend this life depending on asset condition. Light rail vehicles have a shorter life. We are already contractually committed to replacement programmes on the Piccadilly line and DLR. Like trains, signalling systems also degrade over time and require replacing when the costs of maintaining them are no longer efficient compared to the costs and benefits of replacing them.
- I 4.6 To optimise whole-life cost, rolling stock should be replaced at the end of its design life or as close to it as reasonably possible. Over the course of the next 20 years, this will mean replacing the rolling stock on the Piccadilly, Bakerloo, Central, Waterloo & City, Jubilee and Northern lines, as well as rolling stock on Trams and more recent DLR vehicles. We will require funding support to enable this programme of replacements to progress, and the government have acknowledged in the August 2022 funding letter that *for major capital enhancements and major renewals (i.e. replacement of life expired rolling stock and signalling), TfL is not expected to solely finance these from operating incomes, as is consistent with other transport authorities.*
- I 4.7 When TfL replaces life-expired assets, the new rolling stock and signalling typically provide much greater functionality than the older assets being replaced. This category assumes that we replace our assets with modern equivalents – which would perform

at a higher level than the assets they are replacing, some of which date back to the 1970s or earlier.

- I 4.8 Some rolling stock for London Overground and the Elizabeth line is leased and not owned by TfL, so is not included here.
- I 4.9 For signalling, costs are included for a replacement system on the Piccadilly line by the end of the plan and replacement Bakerloo line signalling. These investments would deliver performance, reliability and capacity benefits, supporting communities all along these important routes. Incremental replacement projects across the Central line and DLR, and ongoing management of existing systems on all other lines are included in Renewals.

Renewals (£2.6bn pa)

- I 4.10 Separate from the large-scale projects to renew and replace rolling stock and signalling, our ongoing capital renewals cover the remaining investment in our existing asset base. This covers assets ranging from London Underground track, stations, power and other enabling assets to highways, bridges, cycle routes, IT systems and many others.
- I 4.11 We continually assess asset condition to ensure we can maintain safe and reliable services. Our current Business Plan has allowed us to increase the level of renewals of our assets slightly, although this is still below the rate we need to achieve in the long term. In the second half of this strategy, we have increased renewals spend towards what is required for a more stable long-term investment rate.
- I 4.12 Investing in maintaining the condition of our assets -is crucial to the long-term sustainability of London's transport network. It supports the high standards of safety, reliability and environmental performance that we must deliver, as well as enabling the best whole-life cost for maintaining assets to be achieved. Failing to renew assets at an acceptable level will lead to reduced operations to maintain safety which will impact the reliability of our services, our revenue and financial sustainability. It will also lead to more inspections, maintenance and higher costs in the long term for emergency works and sub-optimal repairs. This strategy sets out a path to returning renewals investment to a sustainable level in the long term.

Enhancements (£1.7bn pa)

- I 4.13 Our latest Business Plan allows us to deliver enhancements to the network, however, this is still at a rate below that which we need to achieve in the long term. In the second half of this strategy, we hope to be able to build up activity to accelerate progress towards making London a safer city, with cleaner air and greener, more inclusive environments. This long-term investment will also be aimed at delivering a transport network that will unlock growth and support future housing and jobs growth, to maintain London's competitiveness as a world-leading city for living, working and visiting.

- 14.14 The Enhancements category includes investment priorities that are required to deliver the wide range of improvements set out in the MTS. This includes progressing towards London's ambitious goal of making London's transport network zero-carbon; increasing mode shift to walking, cycling and public transport; our Vision Zero ambition to eliminate death and serious injury from London's roads; and providing step-free access at London Underground and rail stations. Improving the transport network will also require investment in our technology to increase productivity and improve customer experience.
- 14.15 As well as the capital investment on TfL's own assets included in this category, TfL contributes to improvements on London's street network through its operating account, which funds work on borough roads through the Local Implementation Plans.
- 14.16 This category also covers new-build schemes to extend existing lines or build completely new routes. We have been developing several such schemes that will unlock housing and growth across London, relieve crowding on the existing network and stimulate development in opportunity areas. None of these have been assumed to commence construction in the next five years and are subject to funding. We have adapted our capital plans to respond to our funding challenges by deferring these schemes and this presents a level of risk to delivery. Many schemes have developer and borough funding committed towards scheme development and/or delivery and delaying them may result in developers choosing to invest elsewhere, potentially outside London, losing significant third-party income to maximise economic growth in opportunity areas.
- 14.17 It remains crucial to focus on long-term demand and not solely on the volatility of our current circumstances. Network extensions require input from multiple stakeholders including the Mayor, developers, boroughs and other third-parties and due to their size and complexity they require bespoke delivery plans that take a long time to implement. We must plan now for longer-term enhancements that will enable us to prepare for a level of regeneration that will support recovery across London and the wider UK. It is not possible to commit to long-term projects unless and until there is long-term funding available to ensure they can be completed. Therefore, a lack of certainty of funding can delay the commencement of highly beneficial improvements.
- 14.18 The extension schemes included here are subject to funding becoming available to progress them. A potential DLR extension to Beckton Riverside and Thamesmead and a bus transit proposal serving Woolwich, Thamesmead and Abbey Wood would support delivery of 25,000 to 30,000 new homes and up to 10,000 new jobs. The Bakerloo line extension to Lewisham is assumed to commence in the mid-2030s and is aimed at improving connections within southeast London and into central London. The West London Orbital and a new rail service that would be part of the London Overground would improve connectivity across west and northwest London.

- I4.19 All planned extension schemes will be dependent on third-party and Government funding to support their affordability, reflecting the various beneficiaries such schemes deliver.
- I4.20 Many of these schemes would be likely to be delivered in cooperation with other organisations, but we have included the full estimated capital cost of each scheme at this stage. It is likely that TfL will not eventually incur the full capital cost as and when these schemes proceed to delivery, with partial funding from government and third parties.

Schemes not explicitly funded within the Capital Strategy

- I4.21 There continues to be a strong case for developing Crossrail 2 as a major scheme for the longer-term development of London. At this stage TfL does not expect construction work on Crossrail 2 to commence within the timescales covered by this Capital Strategy, but it remains an important long-term scheme for London. We continue to safeguard the route. If a funding package can be identified, work on the scheme could be brought forward.
- I4.22 There continues to be a strong case for further devolution for London's main line rail network to TfL, but this is dependent on wider solutions adopted for the main line rail network. No costs are allowed for related activity within this Capital Strategy, but work could be added if and when agreement on further devolution is reached.
- I4.23 Tackling the Climate Emergency creates a significant cost pressure on TfL, with costs heavily dependent on the speed of the improvements. TfL is improving its understanding of the pressures and priorities, and their likely costs. The outcome of this review will feed into next year's Capital Strategy.

20-Year Capital Investment Plan

- I5.1 All projects included in the Capital Ambition are included within the Capital Investment Plan.
- I5.2 While the MTS deliverables are clear, it is not always possible to be precise about the exact schemes being undertaken, particularly towards the later years of the Capital Strategy. Where specific projects and cost estimates are not available, costs have been included based on appropriate comparator projects. This means the costs outlined in this Capital Investment Plan are not precise and will be expected to change over time.
- I5.3 The Capital Investment Plan covers work on TfL's existing network and anticipated extensions to it. Other investment in London's transport infrastructure not owned by TfL would be required to accomplish the outcomes of the MTS, but such investment is not included here, as it would not be classified as TfL's capital investment. TfL will continue to make the case for all investment required to deliver the MTS to be progressed, regardless of who owns the assets. If there is any transfer of responsibility

for assets in future, then future Capital Strategies would reflect any required investment in this new asset base.

- I 5.4 Increasing activity from the current level to the levels of investment proposed for later years of this strategy would require increasing our delivery capacity. This would be best supported by confirmation of long-term funding that would allow us to commit to planning and developing schemes with our supply chain to allow us to achieve the level of delivery necessary to support a larger capital programme.
- I 5.5 Uncertainty of funding over a long period constrains TfL's ability to optimise investment delivery. It is also inconsistent with the commitments we need to make to projects that take many years to design and build and an asset portfolio that, in order to be efficient, requires a whole life approach to maintenance. Without a clear picture of future resources, TfL cannot plan for the future of the network, and the benefits it brings nationally, in an optimal way.
- I 5.6 The combined Capital Investment Plan and Capital Funding Plan are presented in Table 7.

20-Year Capital Funding Plan

- I 6.1 TfL is on course to reach operational financial sustainability by 2023/24. This will mean that capital renewals are funded by operating income. While the level of renewals will need to increase in later years of this strategy, our intention will be to continue to fund them within a balanced operating account.
- I 6.2 The other categories contain a large number of schemes, including all streets investment and much of our London Underground and Rail investment to renew, improve and grow the existing network. A steady and sustained level of capital improvements not only delivers efficiencies and reduces whole life costs but improves the reliability of our transport network.
- I 6.3 Our funding agreements with government have acknowledged that we would not be expected to fully fund the replacement of life-expired rolling stock and signalling. Constructive discussions with Government have continued since submitting our 2024/25 funding request in September, but these have not yet concluded.
- I 6.4 We regularly review the amounts we can borrow, ensuring they are prudent, affordable and sustainable. Around £250m per annum of incremental borrowing is anticipated across the Business Plan to fund TfL's capital investment programme for each financial year, which will be subject to a further assessment of affordability at the time of borrowing. We also plan to refinance the borrowing due to mature throughout the period of this plan.
- I 6.5 The Business Plan assumes Places for London will borrow cumulative total of £283m by 2026/27 financial year using their facility arrangements which are non-recourse to TfL.

- 16.6 Network extensions not only improve transport but also stimulate a step change in development in the areas they run through, and they are of strategic importance to the future of London and the wider South East. We must plan for the long-term demand and growth that London will need in the aftermath of the pandemic, to put it on the path to full economic recovery. Network extensions not only unlock growth, jobs and new homes but increase capacity and accessibility to jobs. They are a significant contributor to the national priorities of economic growth, levelling up and decarbonisation and not delivering them will likely put London and the wider UK's economic recovery at risk.
- 16.7 Due to the size, complexity and expense of these schemes, they require bespoke funding and delivery plans, as was the case for Crossrail 1 and the Northern Line Extension. Sources of funding for these projects could range from central government investment grant through to devolved income streams, contributions from developers and other forms of land value capture. Elements of some projects would be expected to be delivered by bodies other than TfL, such as Network Rail.
- 16.8 Given the early stages of development of these schemes, it is natural that their funding packages have not yet been fully agreed. This Capital Strategy includes funding where sources have already been identified.
- 16.9 Other possible funding sources towards this investment are considered in the next section.

Table 7: Capital Investment and Funding

All figures are adjusted for future forecasts of inflation

TfL's Capital Strategy £bn	2023/24 to 2027/28 £bn	2028/29 to 2032/33 £bn	2033/34 to 2037/38 £bn	2038/39 to 2042/43 £bn	Total Yrs 6-20 £bn	Average pa Yrs 6- 20 £bn
Major Rolling Stock and Signalling Upgrades	(3.6)	(2.6)	(12.0)	(7.7)	(22.3)	(1.5)
Enhancements	(1.9)	(3.9)	(9.8)	(11.5)	(25.2)	(1.7)
Renewals	(4.3)	(8.0)	(12.6)	(18.5)	(39.1)	(2.6)
Places for London	(1.1)	(2.0)	(2.4)	(2.8)	(7.2)	(0.5)
Crossrail	(0.1)	-	-	-	-	-
Total capital expenditure	(11.0)	(16.5)	(36.8)	(40.5)	(93.8)	(6.2)
Funding						
Capital Receipts	0.7	2.0	2.4	2.8	7.2	0.5
Revenue Contributions	6.2	11.2	15.9	21.7	48.8	3.2
Borrowing	1.4	-	-	-	-	-
Working Capital and Reserve movements	0.1	-	-	-	-	-
Capital Grants	2.5	-	-	-	-	-
Crossrail I Funding	0.1	-	-	-	-	-
Total funding	11.0	13.2	18.3	24.5	56.0	3.7
Overall additional funding required	0.0	(3.3)	(18.5)	(16.0)	(37.8)	(2.5)

Ambition Gap

- 17.1 Beyond the first four years, there is a gap between the Capital Ambition and identified funding sources. The long-term financial situation of TfL is uncertain and also subject to discussions with the GLA and the government, although in the longer term there is greater flexibility and the potential ability to identify new, sustainable sources of funding.
- 17.2 Various mechanisms exist for raising this additional funding, including:
- a. **Further government support beyond the current business rates arrangements.** This could include a larger allocation to London, reflecting its contribution to the national economy, and a longer-term settlement enabling us to plan with more certainty for investments that will take many years to deliver. We continue to make the case to government, for confirmed capital funding to support the investment described in this strategy.
 - b. **Devolution of financial powers to London (and other cities).** London controls relatively little of the tax raised within it. Devolving powers over taxes such as stamp duty and vehicle excise duty could allow the cities of the UK to better manage their own growth.
 - c. **Generating an operating surplus and devoting this to investment.** We intend to achieve operational financial sustainability in 2023/24 and then generate a growing operating surplus from 2024/25 onwards. Any such surplus would be used to fund further investment.
 - d. **Generating new commercial income.** We generate income from property development, management of our media and advertising estate, and leveraging our expertise and intellectual property in markets in the UK and overseas. Any new commercial income (beyond that already planned) could potentially be reinvested in capital investment.
 - e. **Funding from new income sources.** We are considering and implementing new sources of operating income as part of the latest funding agreement conditions. This income is included within this strategy. Further new income sources identified in future could address the funding gap.
 - f. **Bidding for targeted support from central government.** This could come from existing sources such as the Housing Infrastructure Fund, Major Road Network funding, Public Sector Decarbonisation Scheme, Levelling Up Fund, or from new sources.
 - g. **DfT funding for Major Rolling Stock and Signalling Replacements** as acknowledged in the August 2022 Funding Agreement.
 - h. **Private financing on a case-by-case basis where it delivers value for money.** Such financing would generally have to be paid back over time through the

operating account, so this option should only be considered as a short-term financing solution where circumstances justify it.

- i. **Borrowing.** The borrowing set out in this strategy has been assessed against affordability criteria. If our operating revenues increase sufficiently, it may be possible in future to use further borrowing to close short-term financing gaps, but this would only be appropriate to fund projects that will in the long run generate sufficient operating surpluses to service the interest on this borrowing. Borrowing could take place against revenues/funding sources that continue or begin beyond the 20-year period covered by this Capital Strategy. To optimally satisfy its Borrowing objectives, TfL actively diversifies its sources of finance, this includes utilising the Mayor's Green Finance Fund when suitable projects are identified. Places for London, the TfL property company is financially independent of TfL and has available to it, a revolving credit facility and will draw on this facility as required to support its capital programme. This facility is non-recourse to TfL.
- j. **Funding contributions from developers and other third parties including boroughs.** We seek such funding for all appropriate projects.

Risks to the Capital Investment Plan

- I 8.1 TfL manages an identified set of strategic risks through a defined framework. Risks are reviewed on a regular basis and reported to the relevant committee of the TfL Board annually. Some particular risks relevant to the capital account over a 20 year horizon are noted here.
- I 8.2 The long-term impacts of the pandemic on travel demand remain to be fully understood and are the subject of ongoing analysis and review and TfL will continue to revise its plans as needed in coming years as the future environment becomes clearer. This section focuses on more ongoing risks, which in many cases relate to the pandemic but would also be true regardless of it.
- I 8.3 Lack of long-term certainty of funding: It is not practicable to enter into long-term contracts for major projects until funding is determined, so delay in agreement of long-term funding can result in a delay in projects commencing. This risk can be best managed by early identification and sharing of funding requirements with stakeholders.
- I 8.4 Approvals and consents risk: Most projects require cooperation including approvals from other parties which may or may not be forthcoming. This includes Transport and Works Act 1992 powers / hybrid bills for many projects.
- I 8.5 Delivery Risk: delivery of a significant capital programme contains many risks, particularly where cost estimates are being made many years in advance of when projects would commence and in some cases with little detail available on which to base an estimate. Developments in the construction industry could lead to increases or decreases in the ease of delivering projects included here.

- I 8.6 Risk of estimating future costs: It is very difficult to predict cost inflation over 20 years, and TfL faces both general inflation and differential construction cost inflation. There are also material short term uncertainties. A two per cent increase in inflation for next year, flowing through the 20 year plan would increase costs by circa £1.8bn.
- I 8.7 Risk that pressures on TfL's operating account require funding to be diverted away from capital expenditure. This could include for issues such as inflation or other drivers of higher operating costs for necessary staffing and maintenance levels.
- I 8.8 Risk related to asset condition: Due to affordability constraints, investment in our asset base in recent years has been less than is required for a sustainable long-term rate. This means asset condition has declined. This creates risks to performance, which we will have to manage through maintenance, inspections and if necessary restrictions. In the long term, there will be ongoing risk that worse asset condition will lead to higher required spend in the future.
- I 8.9 A PESTLE analysis of the Capital Strategy identifies a number of risks listed below. Many of these could impact on TfL either positively or negatively.
- Political risks: TfL is part of the regional government of London, and also works with political stakeholders at local (borough) and national levels. Different policy priorities between these groups will impact on TfL in different ways, including the availability of funding to achieve these policy priorities. This may alter the need for and funding available for TfL capital projects. Over 20 years changes in these different political stakeholders are hard to forecast, though many of the priorities towards which TfL projects contribute tend to have cross-party support.
 - Economic risks: Over 20 years many economic conditions and factors could change demand for TfL services, and hence indirectly funding available and the need to invest. TfL's revenues are particularly closely linked to the size of the London economy.
 - Social risks: Known risks include reductions in the requirement for travel such as increases in home working, internet shopping and alternatives to conventional public transport such as private hire apps, ride sharing, car clubs and new mobility solutions. Such trends if accelerated could require a re-prioritisation of the strategy
 - Technology risks: Known risks include cyber security, the impacts of Artificial Intelligence, autonomous vehicle technology and increased ability to work remotely – but there may be others yet to be invented. These could have favourable or unfavourable impacts on TfL and might challenge today's public transport model

- Legal Risks: TfL may be compelled to undertake new activity as a result of changes in law, which may increase costs of projects or require additional ones. Legal challenges may delay TfL activity
- Environmental Risks: The climate and ecological emergency creates a significant challenge for TfL across adaptation, resilience and decarbonisation. Increase risk of flooding, extreme weather events, drought and storms all need to be considered on our assets (including our natural assets) and network. Wider impacts due to the climate and ecological emergency include supply chain disruption, human and species migration and social unrest. We are improving our understanding of this requirement, but future climate challenges cannot be predicted with high confidence. Addressing the climate and ecological emergency will require us to invest in decarbonising our services, adapting to a changing climate and protecting and regenerating nature on our assets and through our supply chains, which we are already including in this Capital Strategy, but the specific requirements of this could change.

Appraisal and prioritisation

- I9.1 TfL's financial planning process involves input from TfL's Executive Committee, the Finance Committee and TfL Board at numerous points through the financial year.
- I9.2 Similarly, the MTS underwent a thorough review and approval process. This included substantial stakeholder engagement during its development followed by a fifteen-week public consultation in the summer of 2017. An Integrated Impact Assessment and substantial evidence base were also developed and published alongside the strategy. Taking into account comments received during this consultation, the final MTS was approved by the Mayor in February 2018, then considered by the London Assembly in March 2018.
- I9.3 The TfL project and programme management methodology "Pathway" allows for key governance intervention points to ensure effective governance oversight and control throughout the project lifecycle. This includes our three-line assurance system, part of which involves monitoring and advice from the Independent Investment Programme Advisory Group. At a strategic level, monitoring and evaluation are in place across the MTS to ensure that the desired outcomes are delivered.
- I9.4 Detailed prioritisation takes account of contractual and legal commitments, including Funding Agreements, as well as the relative business cases as determined according to TfL's Business Case Development Manual and the HMT Treasury Green Book, and detailed prioritisation criteria in TfL's Strategic Outcome Framework.

Statutory Chief Finance Officer sign off

This Capital Strategy is a planning document reflecting a high-level view at a time of considerable uncertainty. As understanding of funding and requirements of the network evolve in coming years, it will need to be kept under review. Affordability of the Capital Strategy over 20 years is dependent on TfL obtaining significant additional funding which cannot be considered certain at this point in time. The characteristics of the funding source(s) could influence the timing, cost and capitalisation of projects within the Capital Strategy. The nature of these large projects is such that they require a certainty of funding over a number of years prior to commencement. The risks noted above are a comprehensive but not exhaustive list. Significant known risks have been listed, however, it is possible that unpredictable future events and opportunities would result in an amendment to the TfL Capital Strategy. Readers of the Capital Strategy should note the considerable risk in estimating costs up to 20 years into the future, especially for novel projects.

Appendix 4: London Climate Budget Submission

Appendix B - Climate Budgeting

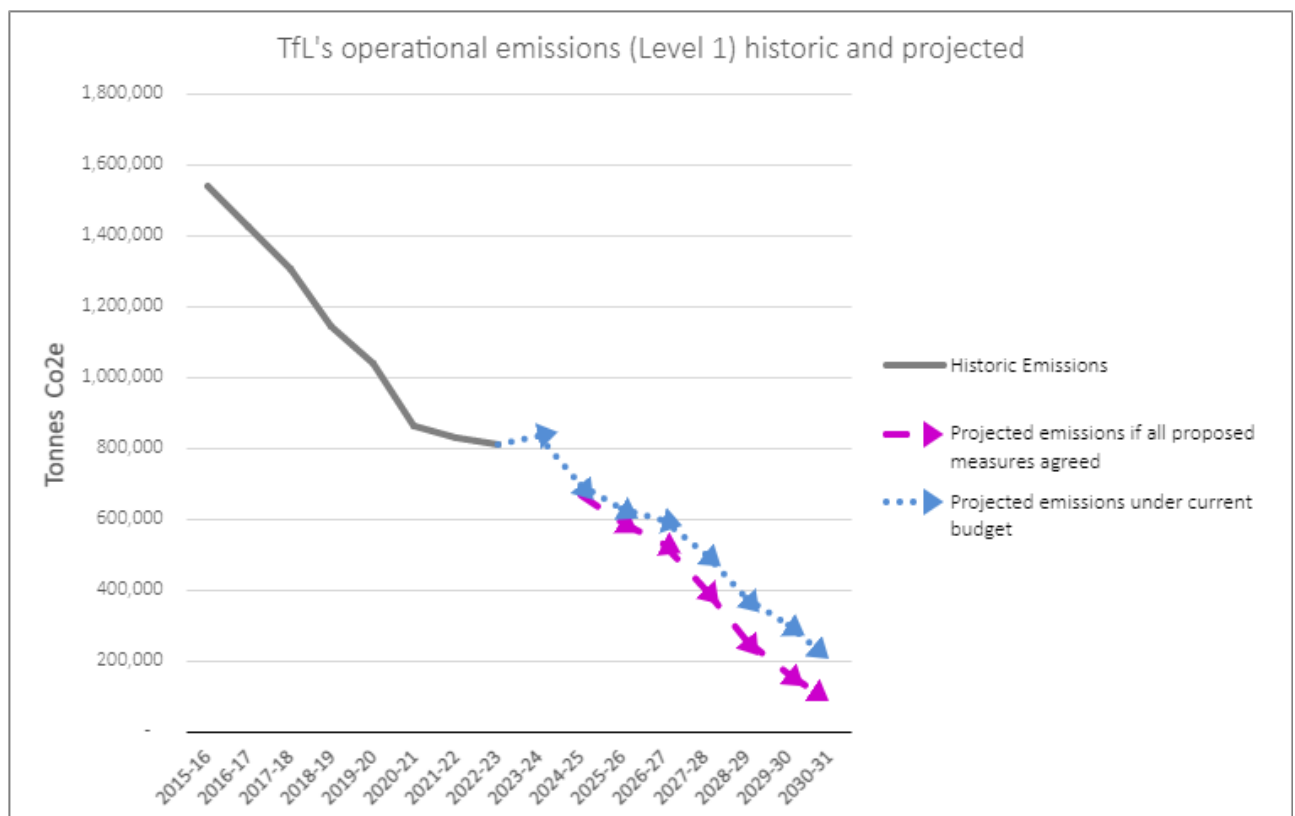
Climate Budget Scope

4.1 The scope of this year's Climate Budget includes:

- TfL's operational emissions – (Level 1)
- Key measures that deliver or enable emission reductions in parts of London outside of TfL's direct operational emissions – (Level 2).
- initiatives that help us adapt to climate change – (Level 1 and 2).

Level 1 – TfL's operational emissions

4.2 For TfL's operational emissions, the target is to achieve net zero by 2030. This includes all energy and fuel that TfL purchases directly, along with the emissions associated with the operation of TfL-branded services. For example, this includes the emissions associated with the TfL bus network and London Overground, where TfL doesn't directly purchase the energy or fuel directly.



4.3 TfL has made and will continue to make significant progress in reducing its operational carbon emissions. TfL's funded plan is demonstrated in the projected emissions

scenario above, which represents an 87% reduction in emissions versus 2015-16 levels. With additional funding, TfL could go even further, closing almost all of the gap towards the ambition of net zero operations by 2030. Further assessment would be required to close the **remaining** gap beyond the 'with further funding' scenario. The slight increase in emissions this year is mostly due to an increase in the carbon intensity of the electricity TfL consumes. Electricity usage on TfL's rail services has also increased slightly as full service is resumed since the pandemic. The Elizabeth line also commenced full service this year.

Level 2 – TfL's impact on wider London emissions

- 5.1 Considering TfL's contribution to reduce wider London emissions, TfL has decided to include in the Climate Budget most of its investment programme. TfL also includes the operational cost of new services in the year they are introduced. This is because investment in improving London's active travel and public transport network, and in supporting vehicle electrification, is key to shift more people from car travel to sustainable modes and reduce the number of polluting vehicles on the road, thereby reducing the carbon footprint of London as a whole. It is therefore important to note that there are some items which will be included in both tables A and C, where actions have an impact both on TfL's direct carbon emissions and on wider London emissions. Comments are included in the tables where this is the case.

Progress this year

- 5.2 TfL has set out its Vision & Values, which has as its central vision ensuring TfL is the "strong, green heartbeat for London". This year the Our TfL Strategy was published, which sets out how we will achieve this vision. Green is one of five key themes and reaching net-zero carbon in our operations by 2030 is a key measure of success. Emissions of carbon per person for transport in London are much lower than in the rest of the UK, and have been decreasing in recent years, but TfL must go further and is setting itself up as an organisation to achieve this. Continuing progress on decarbonisation is set out in this Budget, and with more funding TfL could go even further.

Level 1 – TfL's operational emissions

- 5.3 This year TfL launched its 1,200th zero-emission bus, making it the largest zero-emissions bus fleet in western Europe, with one in nine buses zero-emission. In 2016 there were only three zero-emission Bus routes, and by the end of 2023 TfL is expected to have a total of 73 zero emission bus routes. In addition, all of TfL's other buses are low emission and meet or exceed Euro VI emission standards, the same emissions standard as the Ultra Low Emission Zone.

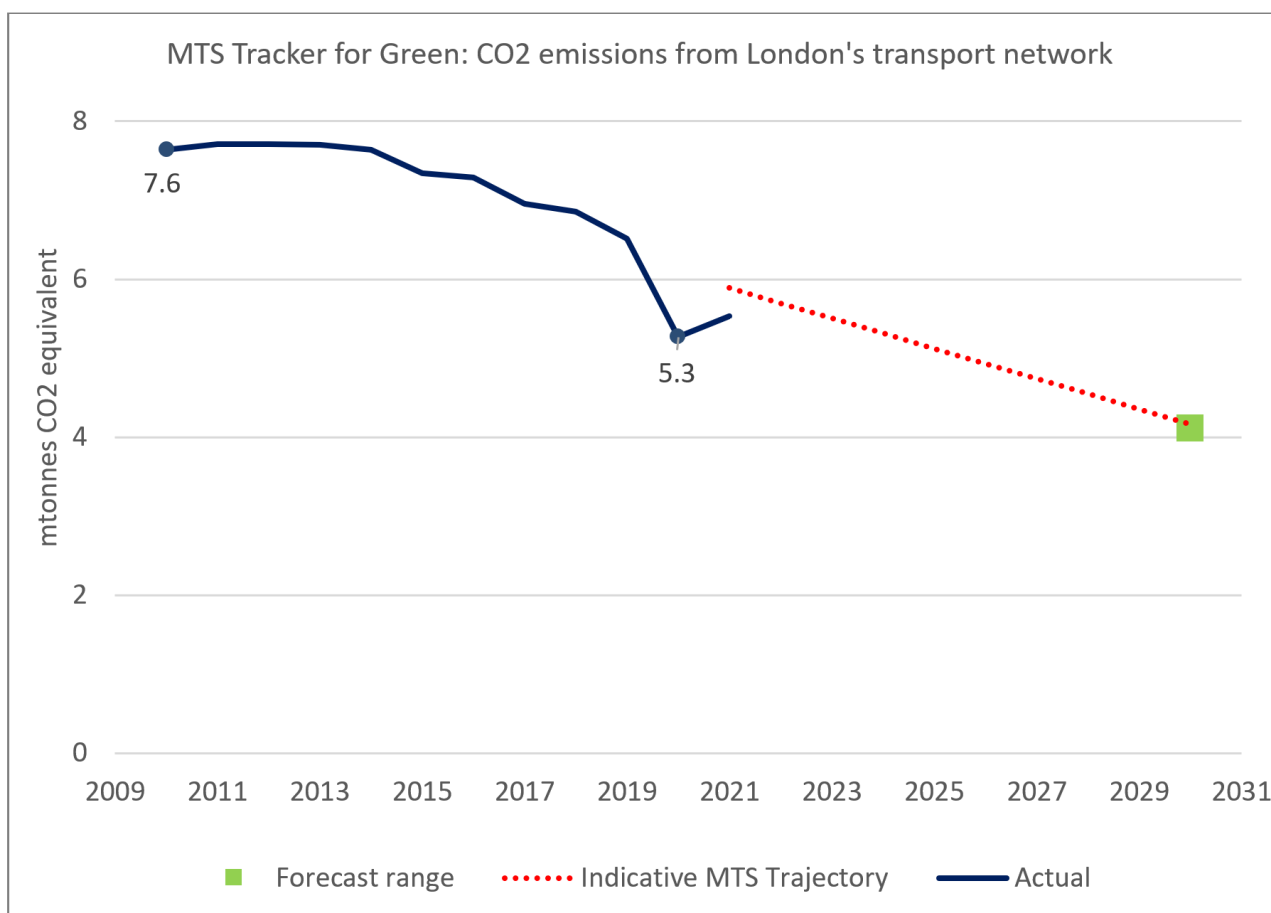
- 5.4 Since setting out its plan for decarbonising our buildings estate last year, TfL has created a programme with dedicated funding to go towards delivering it – both on its operational estate and on its commercial estate through its new subsidiary Places for London. This programme focuses on fossil fuel appliance removal prioritising the assets reaching end of life, those in poor condition and those that will payback within the period of the plan. The programme also looks at implementing energy efficiency upgrades to further reduce energy consumption and installing solar panels where other works are undertaken. This year TfL has completed feasibility studies to decarbonise heating at 14 buildings in 8 of its operational sites and it has secured £600k of government grant funding to deliver its first low-carbon depot at Therapia Lane Tramlink Depot. As per TfL’s strategy, it is seeking external funding such as the Public Sector Decarbonisation Scheme in addition to existing business plan funding to accelerate decarbonisation initiatives at some of TfL’s harder to decarbonise sites.
- 5.5 TfL has started to produce whole life carbon baselines for its Major Projects – this is the first time this has been done for all ten current Major Projects. This allows identification of carbon hotspots and reduction of the impact of these projects by management of carbon through the design process and in collaboration with TfL’s supply chain. TfL is now working to expand the carbon baseline across its capital investment portfolio, which will support better decision making around carbon management throughout the whole project lifecycle.
- 5.6 In recognition that everyone has their part to play in cutting carbon the TfL Carbon Literacy Training was launched in summer 2022 with the Carbon Literacy Project. Over 2,400 employees have now taken the training (over 1,700 so far this Financial Year), which is delivered by a group of 75 volunteer trainers from all areas of TfL. TfL aims to train 3,000 TfL colleagues this financial year and is currently on track to achieve this, with 10 courses per week running from October through to March 2024.
- 5.7 TfL’s first Power Purchase Agreement (PPA) tender is a vital step towards ensuring that TfL’s operations can be net zero by 2030. The tender encourages the market to increase the volume of renewable energy supplying the national grid. The Invitation to Tender stage of the procurement process has now closed and TfL has entered into the evaluation and negotiation stages which are expected to conclude by the end of November 2023, with contract signature planned for early 2024.
- 5.8 TfL is in the process of arranging further funding from the Mayor’s Green Finance Fund (GFF) to finance the implementation and acceleration of carbon reduction projects. These include LED lighting on the Transport for London Road Network (TLRN) as well as in London Underground stations. LED lighting uses less energy than traditional

lighting reducing TfL's related energy consumption and emissions by up to 65 per cent whilst also providing a brighter and more secure network for customers. In addition to LED lighting TfL is also exploring the use of GFF funding to install solar panels and fossil-fuel free heating systems whilst improving the insulation and efficiency of depots and head office buildings.

- 5.9 TfL published its brand-new Climate Change Adaptation Plan in March 2023. Over the course of the financial year, TfL has allocated £500k to a range of adaptation initiatives aimed at improving its understanding of climate risk, including an interdependencies project and contributing to London-wide SuDS opportunity modelling. This will improve TfL's ability to make evidence-based decisions on where to focus future adaptation initiatives. Furthermore, TfL has now made Sustainable Drainage Systems (SuDS), which slow the release of rainwater into London's streets and sewer systems, the default option for all future renewal and enhancement projects that involve changes to surface water management. This will reduce flooding, improve water quality and enhance biodiversity.

Level 2 – TfL's impact on wider London emissions

- 5.10 TfL's continuous investment, alongside wider changes across the city, has led to a substantial reduction in transport emissions already which is forecast to continue. The Delivering the Mayor's Transport Strategy 2022/23 Report, published in November 2023, shows estimates for London's CO₂ emissions from transport (graph below). While TfL is broadly on track to meet the original strategy aims (including London being a zero-carbon city by 2050), further large-scale action is needed to meet the accelerated net-zero 2030 target. TfL is exploring the options that could be considered to respond to the accelerated 2030 target which will inform future budgets.



5.11 In August 2023, the Mayor expanded the Ultra Low Emission Zone (ULEZ) London-wide to tackle the triple threats of air pollution, the climate emergency and congestion, and to ensure five million more Londoners can breathe cleaner air. The expansion operates across all London boroughs and uses the same boundary as the Low Emission Zone which has applied to heavy vehicles since 2008. It is estimated that, since 2019, the ULEZ has led to a reduction of around 800,000 tonnes of carbon dioxide emissions from vehicles across London over the four-year period compared to without the ULEZ, a saving of three per cent of road transport emissions. This reduction in emissions is a vital step closer to achieving the Mayor’s aim of reaching net zero carbon emissions by 2030

5.12 Aside from the ULEZ, TfL has numerous other policies that aim to reduce emissions and improve air quality in London. These include healthy streets, taking action through taxi and private hire vehicle licensing requirements, rolling out electric vehicle (EV) charging infrastructure and working to reduce emissions from freight through TfL’s Freight and Servicing Action Plan. Further detail on all of TfL’s policies and on progress to date on reducing emissions in wider London are detailed within TfL’s Delivering the Mayor’s Transport Strategy 2022/23 Report: <https://tfl.gov.uk/corporate/about-tfl/the-mayors-transport-strategy#on-this-page-6>

Funded initiatives

Level 1 – TfL Operational emissions (projected scenario)

- 6.1 Around 98 per cent of TfL’s operational emissions come from bus operations and the electricity used for TfL’s rail operations (covering traction and non-traction, for example in TfL buildings). Therefore, TfL’s primary focus has been on tackling these two issues.
- 6.2 Bus operations make up over 50 per cent of TfL’s operational emissions. The MTS in 2018 set out an ambition for all TfL buses to be zero emission by 2037. In 2021, TfL confirmed that all new TfL buses entering service will be zero emission and that the plan to deliver a 100 per cent zero-emission fleet would be brought forward by three years, to 2034. At the same time, TfL set out that, with further funding, it would be possible to accelerate further, to achieve a fully zero-emission bus fleet by 2030. The TfL business plan maintains the 2034 zero emission bus plan, but confirms that investment is needed to keep the pathway open for an acceleration to 2030. Maintaining this trajectory towards a 2030 target beyond 2024/25 will require significant additional funding (see section on additional funding).
- 6.3 TfL continues to make progress on its plan for a cost-effective transition to zero carbon energy. Following on from the expected contract award for TfL’s first PPA in early 2024, this year TfL will be reviewing and setting out its future energy purchasing strategy. This strategy will set out a plan to enable 100% of TfL’s electricity to be from renewable sources by 2030, of which a significant proportion will be achieved through PPAs.
- 6.4 These two key initiatives are complemented by the following range of additional initiatives.
- 6.5 TfL is continuing to progress its plan towards decarbonising its buildings estate. This year TfL will be delivering on some of the feasibility studies it has already completed. It is also progressing a further tranche of feasibility studies for a minimum of 23 buildings across 14 sites. TfL will also continue to refine its assessment and prioritisation methodology to ensure that it is delivering interventions that deliver the greatest carbon savings soonest.
- 6.6 The MTS and London Environment Strategy outline commitments for all GLA Group fleets to be zero emission by 2030. To support this, TfL’s Corporate Environment Plan sets out the following targets:
- All cars in TfL fleet must be zero emission by 2025;

- All vans in TfL support fleet must be zero emission by 2030;
 - All heavy vehicles (greater than 3.5 tonnes) must be fossil fuel-free from 2030.
- 6.7 TfL operates approximately 1,000 fleet vehicles, with less than five per cent currently being Zero Emission Capable. TfL has funding to continue its plan to convert all cars and vans in its fleet to zero emission in line with its targets, with the leasing of new vehicles as well as the implementation of supporting infrastructure in the vehicle depots.
- 6.8 Solar Private Wire is a key project to enable TfL to directly receive zero-carbon electricity from new-build local solar assets, reducing the carbon emissions associated with the operation of the London Underground network. As well as the environmental benefits, there is the potential for financial savings based on the avoidance of costs associated with delivery of power via the grid, which typically makes up circa 40 per cent of the energy bill.
- 6.9 Energy efficiency is key to reducing TfL's carbon footprint. TfL has a rolling programme of LED upgrades across the network, including in stations, depots, and across TfL's strategic road network. These upgrades are currently phased to coincide with asset life expiry but with additional funding these upgrades could be accelerated and carbon savings realised sooner (see additional funding section).
- 6.10 Electricity used to power TfL's trains makes up 35% of TfL's emissions currently. Through introducing more modern and efficient trains and re-configuring its power network TfL is planning to reduce the amount of energy it is using. There is more TfL can do to optimise energy use across its network, which it will continue to explore.
- 6.11 TfL is investing £1.6m over the next three years in improving its understanding of its energy consumption. TfL will be purchasing and installing additional energy sub-metering on its recently awarded TfL submetering and energy data contract. These will help to provide a greater understanding of energy consumption across the network and enable TfL to better prioritise and articulate interventions that will reduce emissions.
- 6.12 Next year, TfL has allocated £1.7 million to progressing its maturity and delivery of climate adaptation measures, including £500k on adaptation delivery projects, including highways SuDS and Trams drainage capacity enhancements. Dedicated adaptation and green infrastructure funding, alongside adaptation measures delivered as part of projects, will support the delivery of TfL's new target for 5,000sqm of catchment draining into SuDS each year, as well as targets within TfL's forthcoming Green Infrastructure and Biodiversity Plan.

Level 2 – measures that deliver benefits for wider London

- 6.13 Carbon emissions per person for transport in London are much lower than in the rest of the UK, and TfL's sustainable travel offer plays a key role in this. However, there is more TfL can do going forwards to further reduce London-wide emissions from road transport. This year, TfL will continue to invest in improving London's active travel and public transport network and to support vehicle electrification in line with the MTS goals. This will shift more people from car travel to sustainable modes and reduce the number of polluting vehicles on the road, thereby reducing the carbon footprint of London as a whole.
- 6.14 TfL's investment in major projects which increase capacity, frequency and quality of public transport, such as the Four Lines Modernisation and Piccadilly Line upgrade, make public transport a more attractive mode choice and hence encourage the shift away from private car use. The same can be said for rail and station enhancements and rolling stock replacements, e.g. DLR, which all improve the customer's overall experience. Continued investment in maintaining and improving this public transport offer is essential to delivering wider carbon savings for London. (C.01, C.02, C.04, C.05, C.06, C.07, C.08, C.09, C.13, C.15, C.16)
- 6.15 To maximise the potential benefits of expanding the ULEZ and strengthen alternatives to private cars, the Mayor also announced a plan for improving the bus network with Superloop in outer London that will see over one million further kilometres added to the bus network. (C.18) Further information about [enhancements to bus services](#) can be found on our website.
- 6.16 TfL continues to invest in London's streets. The Healthy Streets programme ensures London's streets are safer and more pleasant, in turn making walking and cycling more appealing. E-bikes will also be a more viable option with the addition of 1,400 e-bikes being rolled out in Spring 2024. This further encourages the shift away from private car use, for those who are able to walk or cycle instead. In addition, the bus priority schemes facilitate more competitive and reliable bus journey times and make it a more viable option for Londoners to switch from using their private vehicles. (C.10, C.11)
- 6.17 TfL's EV Infrastructure Strategy supports the acceleration of the transition to zero emission vehicles. It sets out requirements for the provision of infrastructure, focusing on key user groups, including high mileage essential road users, such as taxi, private hire and commercial vehicle drivers. The strategy forecasts a need for between 40,000-60,000 public charge points by 2030, of which up to 4,000 will need to be rapid. As of October 2023, TfL has 16,960 public charge points, of which 987 are rapid. The key commitment in the strategy is to unlock Greater London Authority land

for EV charging. TfL's Electric Vehicle Infrastructure Delivery programme will deliver 100 EV charging bays on the TfL road network, with the first new rapid charge points operational in 2024. TfL will also tender later this year for a Joint Venture partner to deliver EV Charging Hubs on TfL land, with an initial five sites. (C.12) Further information is available in [London's 2030 electric vehicle infrastructure strategy](#) available online.

- 6.18 To support the thousands of new homes and jobs that London needs, TfL invests in expanding the active travel and public transport offer in areas of growth, increasing frequencies and capacity in the network. This is vital to ensure London grows sustainably, preventing an exponential increase in carbon emissions from road transport generated by new residents, workers and visitors. These projects are often third party funded, meaning projects can deliver mode shift and carbon benefits at a lower cost and risk to TfL. In addition, TfL is investing in accessibility improvements to the existing network, making it suitable for customers of all ages and abilities (who may otherwise have no other choice but to drive or be driven). (C.03, C.17)
- 6.19 Investment in infrastructure renewals and enhancements across the network such as track, lifts & escalators, bus infrastructure etc. overall provides the customer experience required to keep public transport options more attractive than private vehicles. (C.14)
- 6.20 TfL is also continuing to fund a project team to explore the delivery of waste heat opportunities that would provide carbon savings to London, by capturing and re-using thermal energy from London Underground ventilation shafts for use by external suppliers of local heat networks and buildings. An initial site has been identified to be progressed as a priority, with the learnings to then inform a longer-term strategy, to deliver additional sites across the network.
- 6.21 Whilst TfL can model the total likely impact of its interventions on carbon emissions, it would be inaccurate to break this down into the carbon impact of each business plan item. London's transport network works as a system and TfL's projects and interventions do not work in isolation, they work together and enhance each other's impacts. The figure in 2.3.1 demonstrates our best estimate of how London's transport emissions will reduce through to 2030 as a result of these actions.

Initiatives with additional funding – Level 1 – TfL Operational emissions

- 7.1 With additional funding, TfL could deliver additional improvements that would close the gap between its forecast and net zero emissions by 2030. Some of these options are at a very early stage of development, with costs and benefits estimated only at a high level. Further funding certainty in future would enable the development of some of these options for delivery through this decade.

- 7.2 With additional funding, TfL could lock-in the pathway to making the bus fleet zero-emission by its target of 2030. This would however require significant additional funding, although this cost would be spread over the lifetime of the new vehicles which extends beyond 2030.
- 7.3 In addition to making all buses zero emission, further funding would allow TfL to make its Dial-a-Ride fleet zero emission. The full Dial-a-Ride fleet of 256 buses was renewed with Euro VI vehicles between 2019 and 2021, in order to be compliant with ULEZ. While this considerably improved their emissions footprint, moving to electric vehicles would remove tailpipe emissions completely. It would also improve air quality and reduce noise in residential areas where many customers live. Infrastructure would need to be installed at each Dial-a-Ride depot to facilitate charging.
- 7.4 TfL has plans to make its operational support fleet of cars and vans zero emission. A more expensive intervention would be to make the 20 HGVs in the TfL support fleet zero emission, as options for such vehicles are much more limited. TfL has estimated costs only at a very high level, though as the market matures options may improve.
- 7.5 Energy usage and emissions from TfL's rail modes could be reduced through further improving traction efficiency. This could include measures such as regenerative braking, energy storage and enhanced signalling measures such as 'green CBTC', where driving style is designed to minimise energy usage.
- 7.6 TfL's current funding will reduce the carbon emissions from its buildings by one third, by focusing on the most technically feasible sites. With additional funding TfL could eliminate all of its building fossil fuel emissions, however the remaining two thirds will be progressively more expensive as TfL takes action on its more technically challenging sites. Through its dedicated building decarbonisation programme, TfL is building a pipeline of feasibility studies to produce detailed plans for its buildings, which is improving the accuracy of its estimated funding requirements over the coming years. TfL will be looking at addressing sites at increasing level of complexity and for the most technically challenging sites it will continue to look at external funding opportunities like the Public Sector Decarbonisation Scheme.
- 7.7 TfL is progressing the replacement of LEDs in its advertising infrastructure, street lighting and traffic signals as part of its current investment programme. With further funding this could be accelerated to bring forward emissions savings, as well as supporting cost savings in operations.

Uncertainty over funded initiatives

- 8.1 TfL's Government funding settlement ends in March 2024, and it is on track to achieve operational financial sustainability in 2023/24. However, there is currently no certainty on Government funding for capital investment beyond March 2024. The TfL Business Plan makes an assumption on the level of funding that will be made available for the capital programme, including rolling stock and signalling replacement. If this funding is not confirmed, TfL will not be able to complete all its planned capital investment, and therefore the benefits of that investment, including both direct and indirect environmental benefits, will not be realised. Investment in infrastructure is required not only to create new assets but also to maintain existing ones. If there is not sufficient funding available for renewals, the quality of existing assets decreases, which impacts on reliability and customer experience, and therefore could reduce mode shift away from private cars to sustainable transport modes.

- 8.2 Funding discussions with Government are ongoing. TfL also continues to seek out other funding opportunities, including the Mayor's Green Financing Fund and the Public Sector Decarbonisation Scheme.

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