

Agenda

Meeting: Finance Committee

Date: Friday 22 December 2023

Time: 11:30am

**Place: Conference Rooms 1 & 2 -
Palestra, 197 Blackfriars Road,
London, SE1 8NJ**

This meeting has been called with less than five clear working days' public notice in accordance with Standing Orders 31 and 33. The Chair has agreed, in accordance with Section 100B(4)(b) of the Local Government Act 1972, that this meeting be called as a matter of urgency in order to deal with the business listed at item 3 of the agenda. The reason for urgency is that the Business Plan needs to be approved.

The Committee Chair has also agreed that the paper for item 3 of the agenda will be circulated after the publication of this notice as confirmation of TfL's Capital Funding Settlement from Government has just been agreed and this requires changes to the Draft Business Plan considered by the Board on 13 December 2023.

There are, potentially, up to two further items that may be added to the agenda, if information is available on time. This would allow decisions to be taken in public, rather than through the use of Chair's Action. A decision on their inclusion will be taken at the time the Business Plan paper is ready for publication.

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: Jackie Gavigan, Secretariat Manager

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

Andrea Clarke, Interim General Counsel
Monday 18 December 2023

**Agenda
Finance Committee
Friday 22 December 2023**

1 Apologies for Absence and Chair's Announcements

2 Declarations of Interests

General Counsel

Members are reminded that any interests in a matter under discussion must be declared at the start of the meeting, or at the commencement of the item of business.

Members must not take part in any discussion or decision on such a matter and, depending on the nature of the interest, may be asked to leave the room during the discussion.

3 TfL 2024 Business Plan

Chief Customer and Strategy Officer and Chief Finance Officer

The Committee, under the authority delegated by the Board on 13 December 2023, is asked to approve the TfL 2024 Business Plan.

4 Any Other Business the Chair Considers Urgent

The Chair will state the reason for urgency of any item taken.

5 Date of Next Meeting

Wednesday, 6 March 2024 at 10.00am.

6 Exclusion of the Press and Public

The Committee is recommended to agree to exclude the press and public from the meeting, in accordance with paragraph 3 of Schedule 12A to the Local Government Act 1972 (as amended), in order to consider the following items of business.

Agenda Part 2 (to be confirmed)

[page left intentionally blank]

Finance Committee



Date: 22 December 2023

Item: 2024 TfL Business Plan

This paper will be considered in public.

As provided for under Section 100B(4)(b) of the Local Government Act 1972, the Chair is of the opinion that this item should be considered as a matter of urgency. TfL needs to approve its 2024 Business Plan and this could not be done until confirmation of TfL's Capital Funding Settlement from Government was confirmed.

1 Summary

- 1.1 This paper provides an update on the draft 2024 TfL Business Plan which was considered by the Board on 13 December 2023. At that meeting, the Board considered the draft 2024 TfL Business Plan, Capital Strategy and London Climate Budget and, recognising that a decision on approval could not be made until the resolution of several outstanding matters, delegated their approval to the Committee.
- 1.2 As described at the meeting of the Board, we have been in ongoing discussions on a capital funding settlement for 2024/25 with Government. Those discussions have now concluded, with the capital funding settlement announced on 18 December 2023. This paper describes how the funding settlement has been incorporated into our revised draft 2024 TfL Business Plan.
- 1.3 With confirmation of funding through this settlement as well as levers at TfL's disposal, TfL is able to produce a business plan for consideration by the Committee.

2 Recommendations

- 2.1 **The Committee is asked to note the paper and:**
 - (a) **approve the revised draft 2024 TfL Business Plan attached at Appendix 1;**
 - (b) **authorise the Chief Finance Officer to make any minor presentational amendments to the 2024 TfL Business Plan, before it is published as the final version on the TfL website; and**
 - (c) **approve the change to the TfL Scorecard target for capital expenditure, required as a result of the DfT inflation funding outcome for 2023/24, to align to the 2024 TfL Business Plan.**

3 Background

- 3.1 The pandemic had a devastating impact on TfL's finances. Since March 2020, Government has supported TfL by providing almost £6.4bn of funding to enable it to continue to operate, maintain and invest in London's transport network. The funding settlement agreed in August 2022, runs to 31 March 2024, alongside the 18 December 2023 capital funding settlement.
- 3.2 Since the depth of the pandemic in 2020/21, TfL has been on a path back to financial sustainability by rebuilding its revenue and continually improving its efficiency. As a result, TfL is forecasting to be operationally financially sustainable in 2023/24 and generate an operating surplus without Government support. This means that all Government funding received in 2023/24 is being used to support capital investment.
- 3.3 By growing its operating surplus, TfL is able to fund around three quarters of its capital investment programme for 2024/25 but still needs Government funding so that projects critical to the city – like the new fleet of Piccadilly line trains, more than half of which are being built in Goole in Yorkshire – can be delivered.
- 3.4 In September 2023, TfL made a submission for capital funding in 2024/25 to align with the current Spending Review period. This submission was for capital funding support for major capital enhancement and major renewals, including replacement of life expired rolling stock, signalling and major highways assets.

4 Capital funding settlement

- 4.1 The 18 December 2023 capital funding settlement, attached at Appendix 4, does not replace the existing 20-month funding settlement agreed in August 2022 and runs alongside that August 2022 settlement until that expires on 31 March 2024.
- 4.2 The capital funding settlement provides £250m of funding to be received: £100m on 18 January 2024; £95m on 15 February 2024; £50m on 14 March 2024; and £5m on 11 April 2024.

Conditions

- 4.3 The main conditions in the capital funding settlement relevant to the 2024 TfL Business Plan are summarised below:
 - (a) TfL is required to use the capital funding to continue to deliver its current capital programme and committed major projects while prioritising the Piccadilly Line Upgrade Phase 1. TfL is not to use the capital settlement to fund any new capital activity or for any other purpose;
 - (b) TfL will demonstrate to Government that it is financially sustainable at the end of March 2024, and will provide to Government its plan in July 2024 demonstrating how it will maintain and strengthen its financial sustainability from 2024/25; and

- (c) there are requirements which are extensions of existing funding conditions around managing risk across its capital programme and delivering capital efficiencies.

Future funding

- 4.4 The funding settlement states that TfL is not expected to request or assume further Government contribution towards major capital enhancements or renewals before the next Spending Review period, which will start from 1 April 2025, except through other funding streams for which it is eligible.
- 4.5 However, the funding settlement retains the Government’s recognition that TfL is not expected to solely finance major capital enhancements and renewals from its operating incomes. For the first time, this recognition includes specific references to the Bakerloo line fleet and major roads renewals as examples of projects TfL is not expected to solely finance.
- 4.6 Future capital funding will be considered as part of the DfT’s Spending Review submission. The funding settlement states that TfL should plan prudently for 2025/26 and beyond, noting the fiscal constraints Government is operating within and that any future funding requests will be subject to the usual Government and DfT processes.
- 4.7 We welcome the £250m of Government capital funding, which will enable us to continue to deliver our major rolling stock and signalling programmes in 2024/25, and the reference in the Autumn Statement for funding a new bus network in Thamesmead. However, longer term funding certainty is still needed, and we look forward to future discussions with Government on this.

5 2024 Business Plan impact

Financial impact

- 5.1 The draft 2024 TfL Business Plan, noted by the Board on 13 December 2023, assumed £500m of Government capital funding in 2024/25. Therefore, the capital funding settlement creates a shortfall of £250m against this previous assumption; although the funding is received earlier than assumed as most of the funding is in 2023/24.
- 5.2 The impact of this is set out in Table 1 below.

Table 1 - Impact of funding settlement

£m (decrease)/increase in cash	2023/24	2024/25	2025/26	2026/27	Total
draft TfL 2024 Business Plan assumption	515	500	350	318	1,683
Revised profile	760	5	350	318	1,433
Impact of capital funding settlement	245	(495)	0	0	(250)

Mitigations

5.3 We cannot add additional savings targets, given the scale of the existing savings challenge, higher than expected inflation, and the fact that our revenue ‘top-up’ guarantee from Government ends in March 2024.

5.4 Therefore, the proposed mitigations for the financial impact of the capital funding settlement are set out in Table 2 below and described below.

Table 2 - Proposed mitigations

£m (decrease)/increase in cash	2023/24	2024/25	2025/26	2026/27
Impact of capital funding settlement	245	(495)	-	-
Piccadilly Line Upgrade (net of cost and cash profile changes)	(126)	256	253	(291)
Updated operating surplus	120	(90)	-	-
Accelerated capital renewals	(14)	14		
Reduced capital expenditure				45
Other changes		(15)	15	
Net change after mitigations but pre-borrowing	225	(330)	268	(246)
Borrowing (decrease)/increase	(135)	240	(268)	246
Net change after mitigations post-borrowing	90	(90)	0	0

5.5 As described in a separate paper on the agenda, the proposed compensation event and cash profiling with Siemens for the Piccadilly Line Upgrade – Stage 1 is a key mitigation to the impact of the capital funding settlement.

5.6 Our financial performance in 2023/24 to date has been better than Budget, with TfL’s operating surplus being £46m favourable to budget as of Period 8. We have been managing a number of risks that were one-off in nature rather than recurring. In recent weeks several risks – including the outcome of the judicial review on enforcement of red routes using CCTV – have been retired. Therefore, we are able to release our contingency and recognise a one-off benefit in 2023/24, with our central forecast being to deliver an operating surplus for the year £120m favourable to our Budget.

5.7 However, the latest Office for Budget Responsibility forecast showed that inflation is now anticipated to fall more gradually over the course of 2024. This creates a significant cost pressure, with payment under many of TfL’s contracts being linked to either RPI or CPI. Therefore, we are likely to need to use a large proportion of the over performance in 2023/24 to increase our contingency and resilience in 2024/25 to manage this additional pressure.

5.8 TfL’s delivery of capital renewals has been strong during 2023/24, and our current delivery trajectory is to over deliver against our full year budget. The early receipt of funding under this funding settlement would allow us to maintain this rate of delivery this year and avoid slowing down critical programmes such as the

Central Line Improvement Programme. However, this is a timing difference only, an offsetting reduction will be made to capital renewals in future years.

- 5.9 A reduction to capital investment will need to be made in 2026/27 and beyond to offset the deferred costs from the changes to the Piccadilly Line Upgrade programme. This challenge will be considered in future capital funding submissions to Government.

Borrowing

- 5.10 The draft 2024 TfL Business Plan considered by the Board on 13 December 2023 assumed a steady level of incremental borrowing to fund investment of £250m per annum. The impact of the capital funding settlement, and our proposed mitigations, means that this will need to be varied to maintain TfL’s cash balance at our minimum of 60 days operating expenses while meeting the conditions of the 30 August 2022 funding settlement for the remainder of 2023/24.
- 5.11 The impact is a reduced borrowing requirement in 2023/24 and a cumulative reduction in borrowing requirement through to 2025/26. However, in 2026/27 there is a net cumulative increase in the borrowing requirement of £83m to fund the revised Piccadilly Line Upgrade programme cash profile.
- 5.12 The affordability of this additional borrowing will be kept under review over the next two years. Dependent on the level of growth to TfL’s operating surplus, and the outcomes of future Government funding settlements, it may be necessary to make further reductions to capital expenditure.
- 5.13 The revised borrowing profile is also ‘lumpier’ with a peak borrowing requirement in 2024/25 of £490m – rather than a ‘smooth’ profile of £250m per annum. This is shown in Table 3 below. Given TfL’s access to the Public Works Loan Board, as well as commercial debt markets this level of borrowing should be deliverable.

Table 3 - Impact on TfL borrowing requirement

	£m (decrease)/increase in cash	2023/24	2024/25	2025/26	2026/27
Absolute borrowing requirement – draft 2024 BP		282	250	250	250
Annual borrowing (decrease)/increase		(135)	240	(268)	246
Revised absolute borrowing requirement		147	490	(18)	496
<i>Cumulative borrowing (decrease)/increase</i>		<i>(135)</i>	<i>105</i>	<i>(163)</i>	<i>83</i>

- 5.14 An updated revised Business Plan document including all the impacts described above is contained in Appendix 1 as well as a summary of the changes to the key financial tables in Appendix 2 and the three forewords in Appendix 3.

Impact on outcomes

- 5.15 We continue to deliver against the Mayor’s Transport Strategy outcomes and the changes to the revised draft Business Plan to accommodate the capital funding settlement do not significantly affect the outcomes that are achievable. There remains a significant risk that ultimate delivery of these targets by 2041 will be

impacted if we continue to have either shortfalls in funding or uncertainty over funding. Investment in renewals is still below that which would be required to clear the backlog that follows the lack of investment deliverable under Government funding conditions in the years following the COVID-19 outbreak.

- 5.16 **Safe and Healthy Streets:** This plan invests £150m 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.
- 5.17 Road safety improvements are anticipated through investment in lower speed limits, changes to the Direct Vision Standard Phase 2 and continued delivery of the safer junction programme and Bus Safety Programme.
- 5.18 The plan will support decarbonisation by continuing our plans for the electrification of our bus fleet– the largest scale plans of this nature in the UK. Additional funding will still be required, however, to achieve this by our target of 2030 rather than the current trajectory of 2034. Our work to secure power purchase agreements is integral to delivering our plan to source 100 per cent of our electricity from renewable sources by 2030.
- 5.19 We also continue to invest in sustainable drainage and unlocking the benefits of biodiversity.
- 5.20 **A good public transport experience:** We are able to continue to invest in our major projects. Additional funding has also been allocated for the completion of the new Elephant & Castle station entrance and ticket hall.
- 5.21 We are able to maintain investment in renewals with £4.7bn allocated towards the renewals workbank over the next five years. However, this is still significantly below the required investment rate will result in constrained spend and some lower priority high-cost renewals being deferred which will in turn affect customer experience. This is one of the reasons it is vital for us to secure a longer-term funding deal.
- 5.22 We continue delivery of our bus priority programme, including 25km of new bus lanes and operation of the Superloop service, and we continue to deliver our bus action plan, and roll out of 4G/5G on London Underground and the Elizabeth line.
- 5.23 **New Homes and Jobs:** Additional money for the Sustainable Homes and Accessibility fund in 2026/27, as well as the continued leveraging of third-party funds, allows us to invest in the feasibility for growth schemes such as DLR Thamesmead, and other projects which will improve growth and connectivity around London.
- 5.24 Completion of stage 2 of the Elephant & Castle 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.
- 5.25 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.

6 2023/24 TfL Scorecard

- 6.1 The paper considered at the 13 December 2023 meeting of the Board set out the impact of not receiving Government inflation funding on our 2023/24 capital expenditure, but asked Board to delegate approval of changes to the scorecard metric to Finance Committee. This was because the capital expenditure target for 2023/24 was linked to the outcome of the capital funding settlement.
- 6.2 With the capital funding settlement in place, we are proposing to seek approval from the Committee to amend the absolute target for 2023/24 capital expenditure to £1,879m (from £1,947m), as a result of the impact of the inflation and capital funding outcomes.
- 6.3 As previously, we will maintain the +/- two per cent range around the new target, with any result within that range achieving the full weighting.

List of appendices to this report:

Appendix 1: Revised draft TfL 2024 Business Plan document
Appendix 2: Revised financial tables
Appendix 3: Revised draft Business Plan document forewords
Appendix 4: Funding settlement letter – 18 December 2023

Background papers:

TfL Board paper – 13 December 2023 – Business Plan

Contact Officers:

Rachel McLean, Chief Finance Officer
rachelmclean@tfl.gov.uk

Alex Williams, Chief Customer & Strategy Officer
AlexWilliams@tfl.gov.uk

[page left intentionally blank]

DRAFT



Page 9

2024 Business Plan

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



MAYOR OF LONDON



TRANSPORT FOR LONDON
EVERY JOURNEY MATTERS

Contents

- 3 Mayor's foreword
- 4 Commissioner's foreword
- 5 Our achievements
- 6 Key reporting themes
- 7 Our priorities
- 8 Our TfL strategy
- 9 Our customers
- 10 Our safety and security
- 12 Our green future
- 14 Our colleagues
- 16 Our finances
- 17 Securing our future
- 18 Building our resilience
- 19 Funding sources
- 20 Forecasting and trends
- 22 Funding our capital programme
- 23 Income statement
- 25 Capital expenditure
- 28 Growing our income
- 30 Working with the boroughs
- 31 Unlocking London's potential
- 33 Our savings programme
- 34 Working with our supply chain
- 36 Prioritising investments to meet our strategic outcomes

- 37 Healthy Streets and healthy people
- 38 Progress towards our goals
- 39 Safe streets
- 42 Active streets
- 43 Green travel
- 45 A good public transport experience
- 46 Progress towards our goals
- 47 Accessible travel
- 49 Customer and staff safety
- 51 Quality transport
- 55 Connecting London
- 56 New homes and jobs
- 57 Progress towards our goals
- 58 Unlocking London
- 62 Sustainable development



7



17



28



37



45



56

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 am relieved that Government has agreed to provide £250m in 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. To protect these benefits, it is still vitally important that we agree a decent long-term funding settlement from the Government that enables us to plan and invest for the future.

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. I am glad that we have now agreed a much-needed capital settlement with the Government for next year. All major transport operators in the UK and around the world require capital funding and London is no different. The Government has continually acknowledged its role in supporting capital expenditure in London, and I'm grateful that support has been agreed.

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 funding now in place for the year ahead, we can continue to be an engine for economic growth in the UK, lead the way in reaching net-zero, as well as transforming the experience of our customers by being 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 must be underpinned by long-term predictable funding. To maximise our investment, drive further efficiency and deliver value for money, it is vital that we agree a multi-year capital funding agreement in the same mould as those given to Network Rail, National Highways and eight 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

Page 17

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.



Page 18

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



Safety is our number one priority

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



Page 20

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.

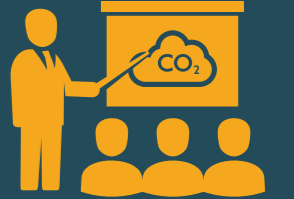


4,000

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.

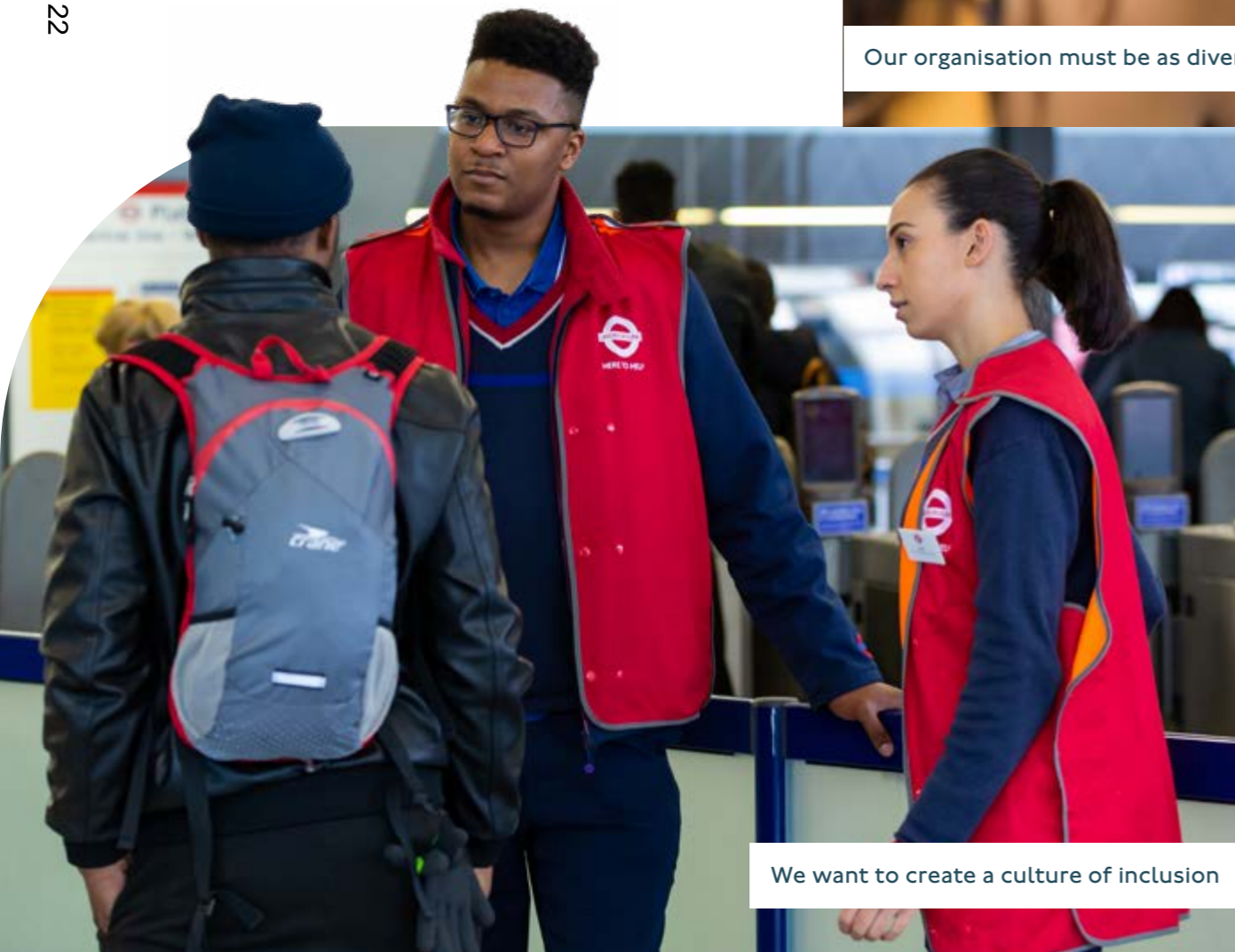


Our organisation must be as diverse as the city we serve

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

Page 23

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.

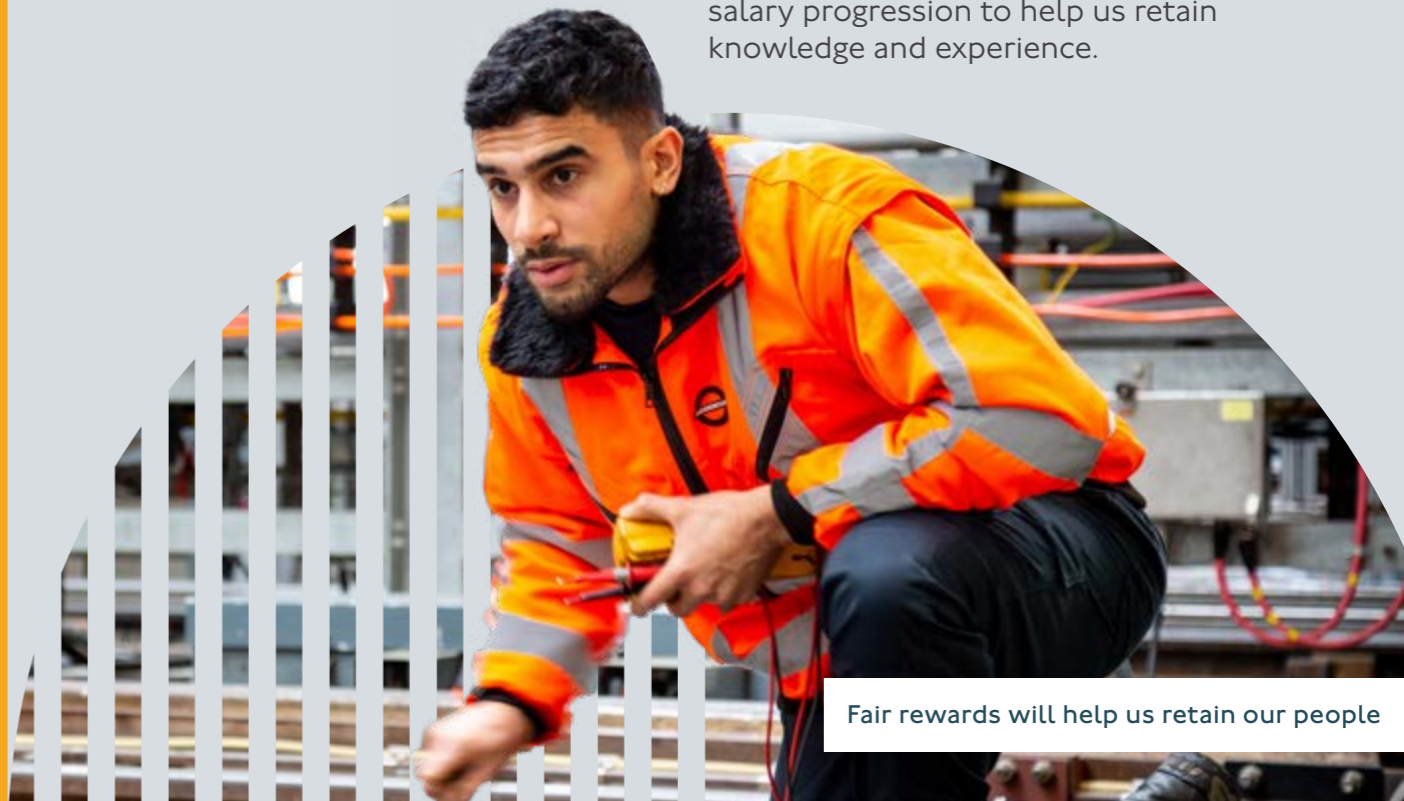


We are improving our staff facilities

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.

We welcome the £250m of Government capital funding, which will enable us to continue our major train and signalling programmes in 2024/25, and the reference in the Autumn Statement for funding a new bus network in Thamesmead. However, longer-term funding certainty is still needed and we look forward to future discussions with Government on this.

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.

DRAFT

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.

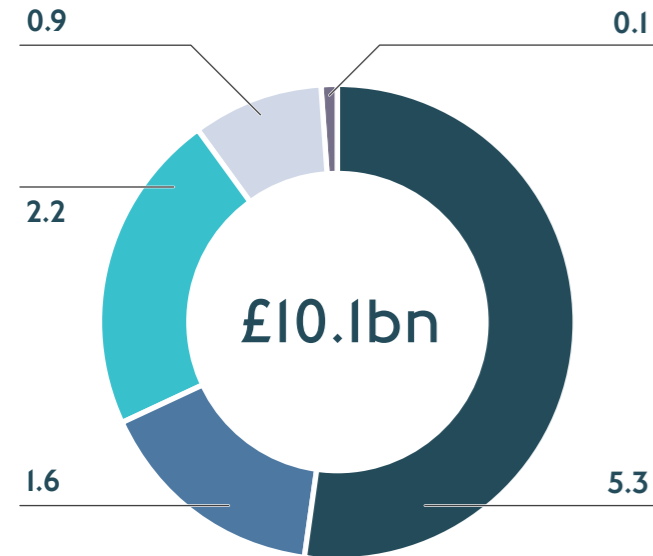
- Achieve a capital funding settlement with Government for 2024/25
- Achieve a long-term capital funding settlement with Government
- Grow an operating surplus of around £500m by 2026/27
- Grow our General Reserves Fund back to £500m by 2025/26*

* 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

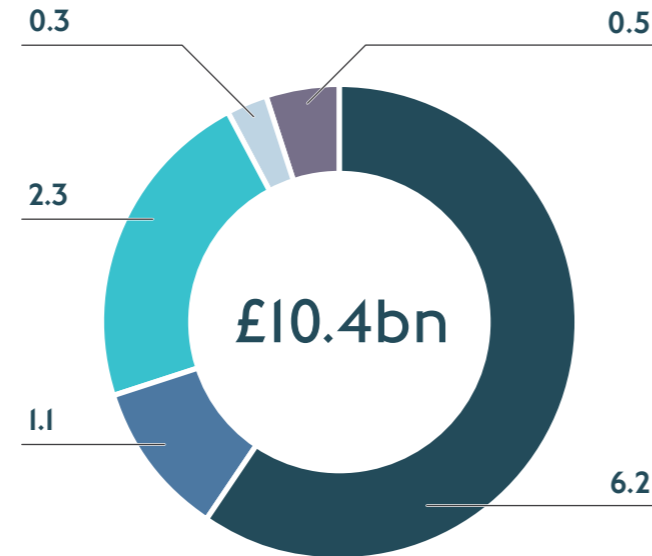
Funding sources

We have a range of funding sources to cover our costs

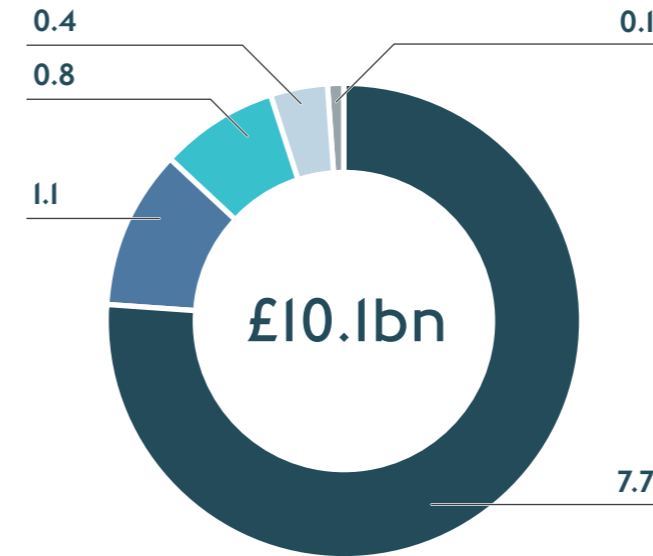
Income 2023/24 (£bn)



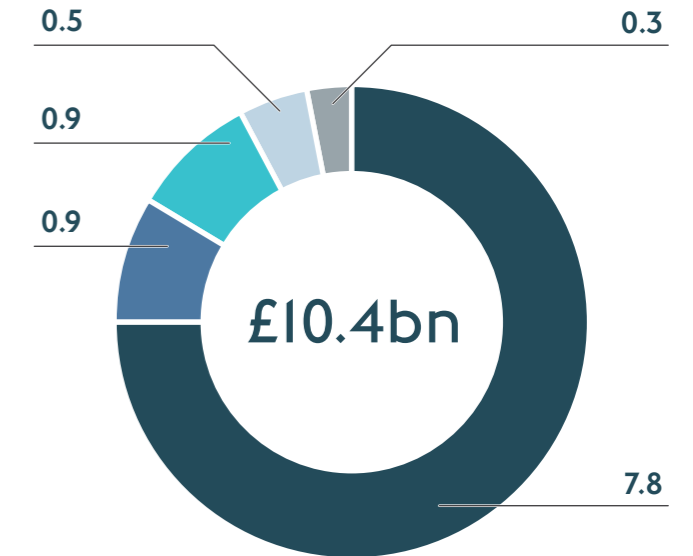
Income 2026/27 (£bn)



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
- Cash reserves

- 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. While we welcome the capital funding agreement for 2024/25, 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

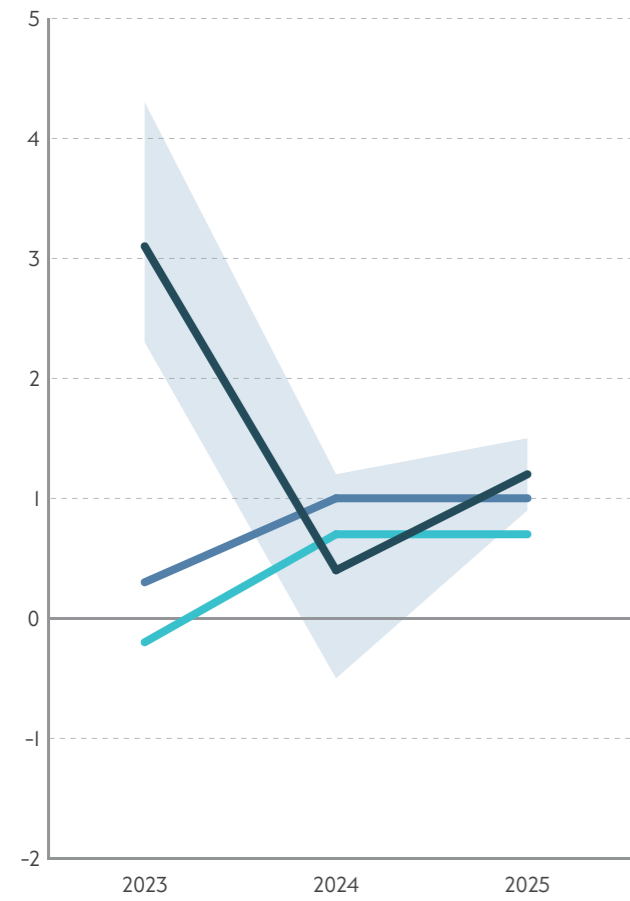


Macro-economic uncertainty



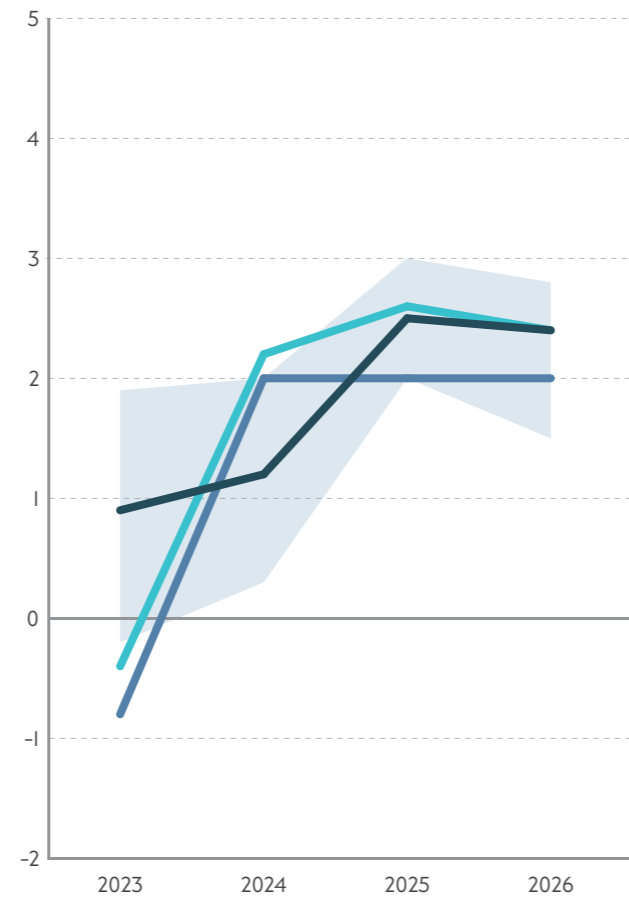
International political landscape

Employment (%)



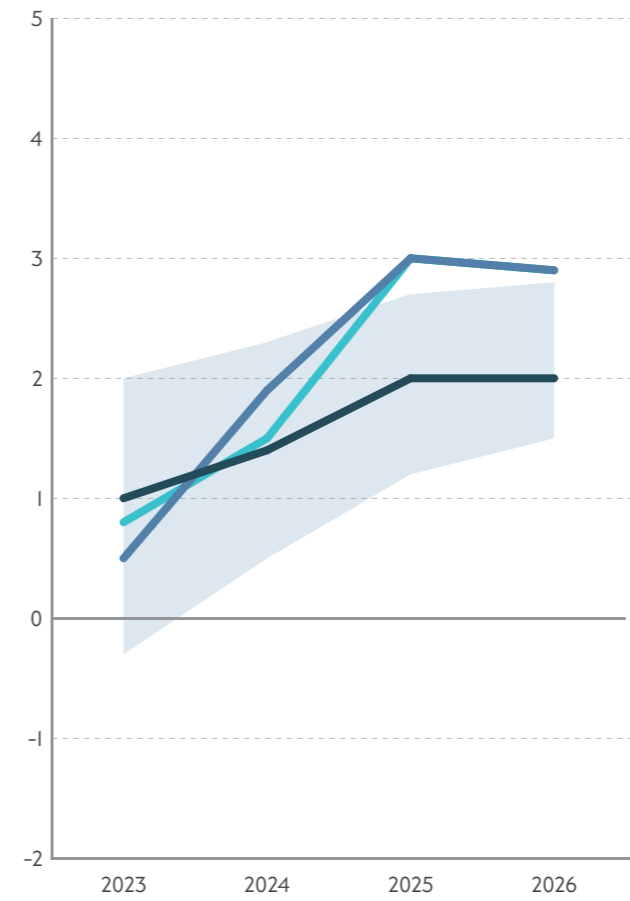
— 2024 Business plan — 2023/24 Budget
— 2023 Business plan — Range

Household expenditure (%)



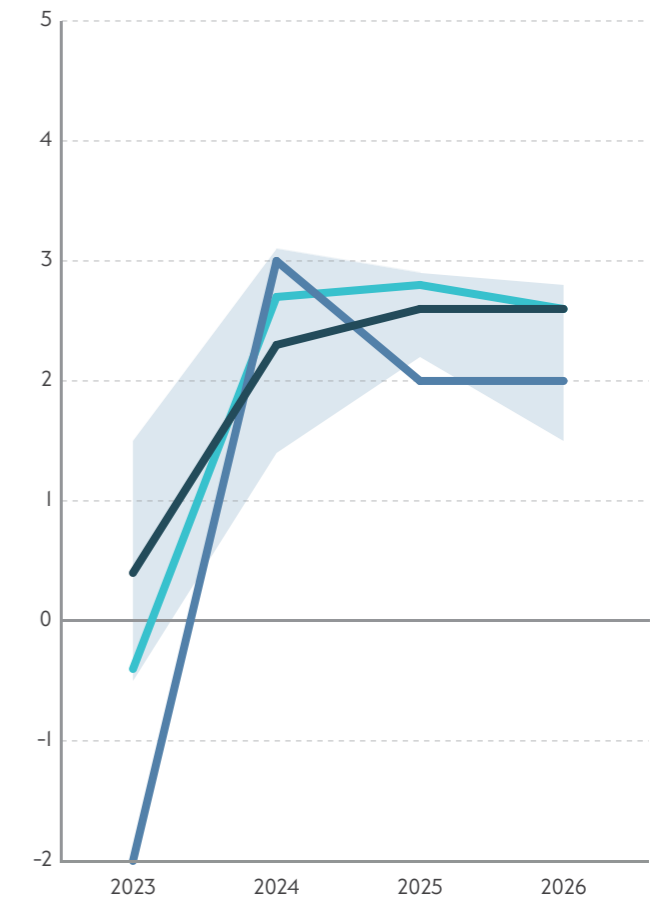
— 2024 Business plan — 2023/24 Budget
— 2023 Business plan — Range

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. We will continue to work constructively with the DfT to develop the best approach to long-term funding.

Critical projects

The additional £250m funding for 2024/25 from the DfT is critical to support the continued replacement of Piccadilly line trains by Siemens Mobility, which is investing up to £200m to manufacture at least 80 per cent of the trains at a new facility in Goole, East Yorkshire. It also enables us to prepare for a replacement fleet on the Bakerloo line, which is more than 50 years old and the oldest operational train fleet in the UK.

The funding also supports the delivery of a fleet of 54 new DLR trains and enables us to complete the major signalling upgrade on the District and Metropolitan lines, which will increase capacity across the lines with more frequent services.

The funding agreement for 2024/25 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.

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 £280m of net new borrowing is anticipated each year on average across the plan, 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

£250m

of capital support from the Government in 2024/25 to support our critical projects



Income statement

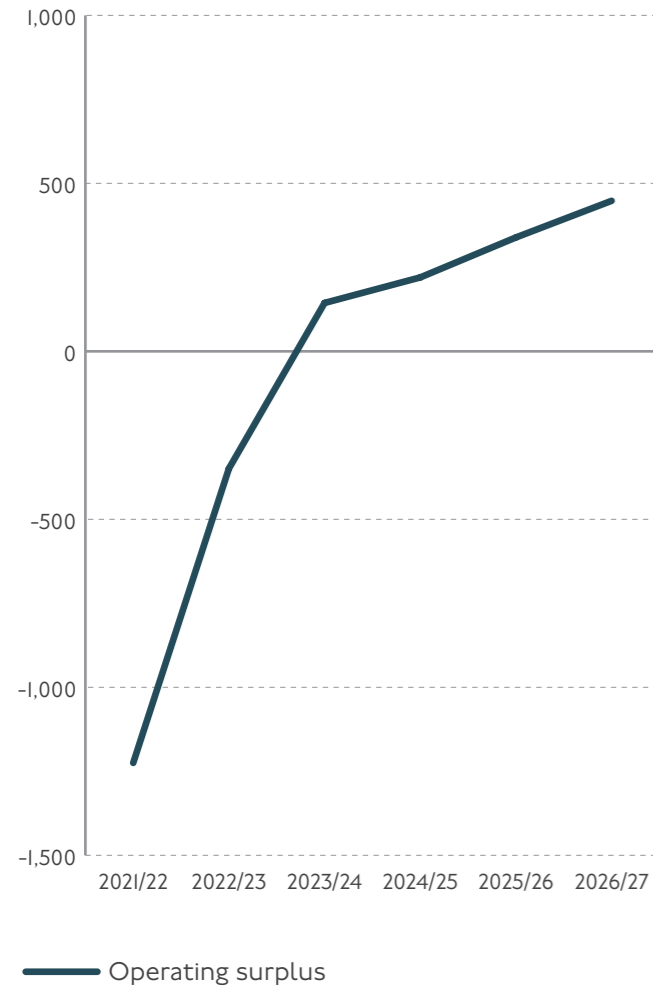
This plan outlines how we will achieve operational financial sustainability and grow our operating surplus to fund new investment

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)	(7,736)	(8,030)	(7,909)	(7,790)
Operating surplus before interest and renewals	1,618	1,309	1,414	1,662	1,874
Capital renewals	(624)	(750)	(761)	(850)	(925)
Operating surplus before interest	994	559	653	812	949
Net interest costs	(424)	(415)	(432)	(472)	(499)
Operating surplus	570	144	221	340	450
Operating (deficit)/surplus (excluding Extraordinary Revenue Grant)	(350)	144	221	340	450



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



Page 32

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 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. 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)
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	(407)	(393)	(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)	(307)	(370)
Total capital expenditure	(1,879)	(2,072)	(1,858)	(1,813)	(7,622)

* 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. While we welcome the capital funding agreement for 2024/25, 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	1,309	1,414	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	1,310	1,416	1,664	1,876
Cash flows from investing activities					
Capital renewals	(624)	(750)	(761)	(850)	(925)
New capital investment	(1,083)	(1,128)	(1,311)	(1,008)	(888)
Ring-fenced capital funding	295	965	90	407	347
Working capital movements	180	25	509	265	(411)
Net cash utilised by investing activities	(1,232)	(889)	(1,473)	(1,185)	(1,877)
Free cash flow	384	421	(58)	479	(1)
Cash flows from financing activities					
Net interest paid	(424)	(415)	(432)	(472)	(499)
Net TfL borrowing	(9)	147	490	(18)	496
Net cash generated from financing activities	(433)	(269)	58	(490)	(3)
Net (decrease)/increase in cash	(49)	152	1	(12)	(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	1,389	1,390	1,378	1,375

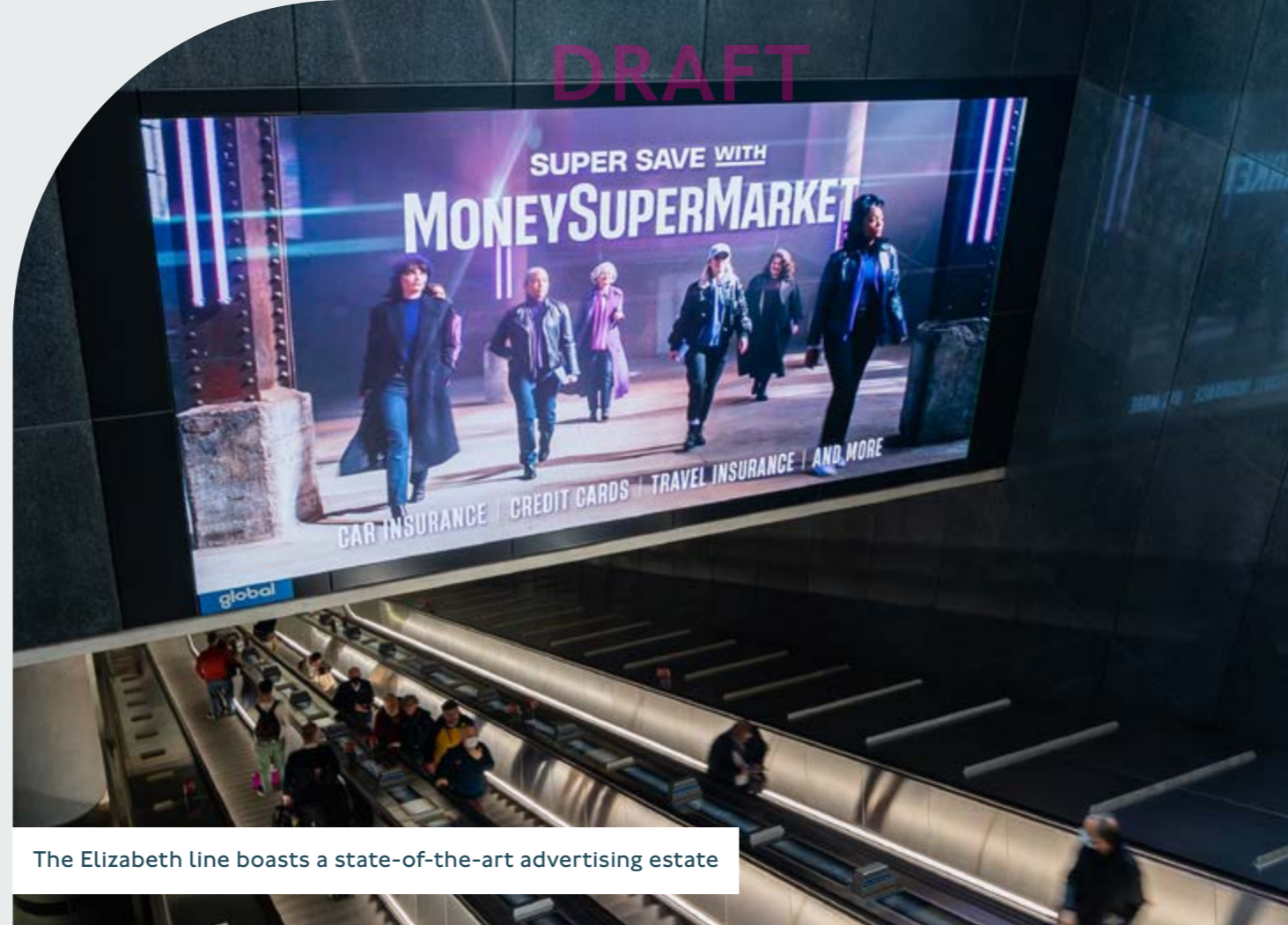
Growing our income

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.

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



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

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

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.

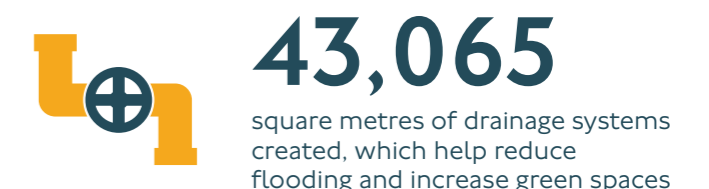
Beyond Local Implementation Plans, we work together with the boroughs to plan for the future, secure external funding and develop new ambitious transport projects. Improving many aspects of our transport network requires a London-wide approach, so that we can target investment where it is needed and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



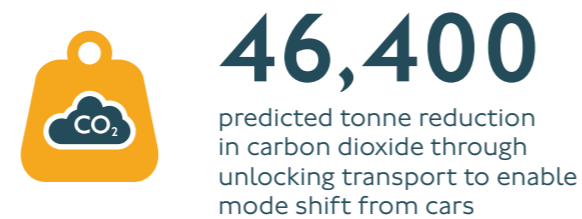
Unlocking London's potential

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



Page 40

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.

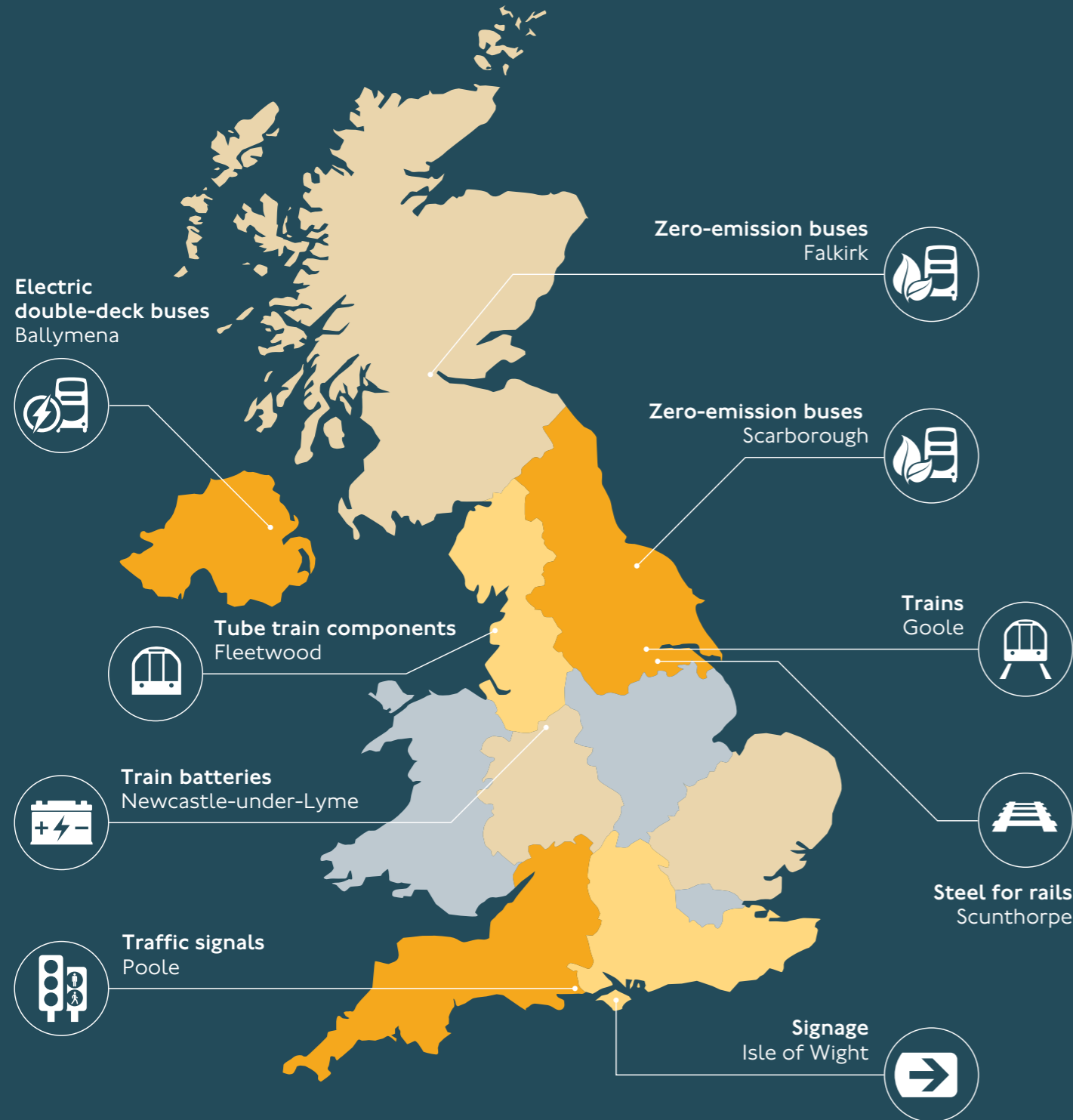
Additional financial support from Government starting in 2024/25 will enable us to continue to invest in improvements that make public transport, walking and cycling the most attractive and efficient ways to travel. This in turn will reduce carbon emissions and road danger, improving connectivity and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

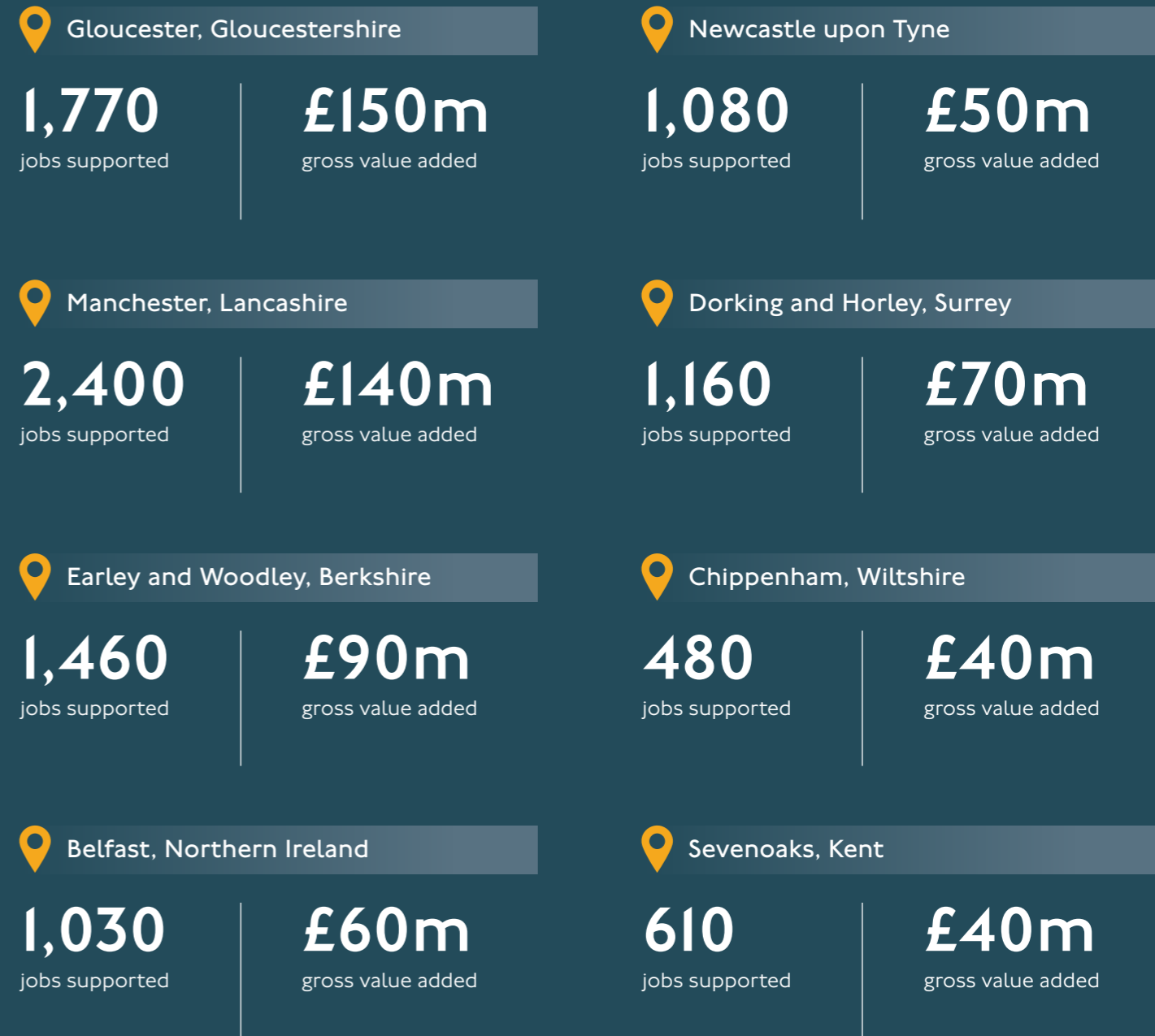


We are supporting the wider UK economy through our projects

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

DRAFT

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

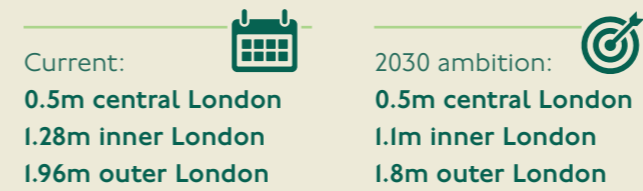
Percentage of Londoners doing daily active travel



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.

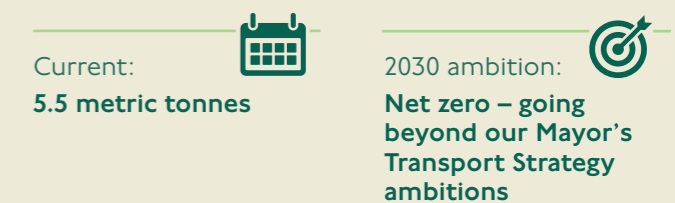
Green

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

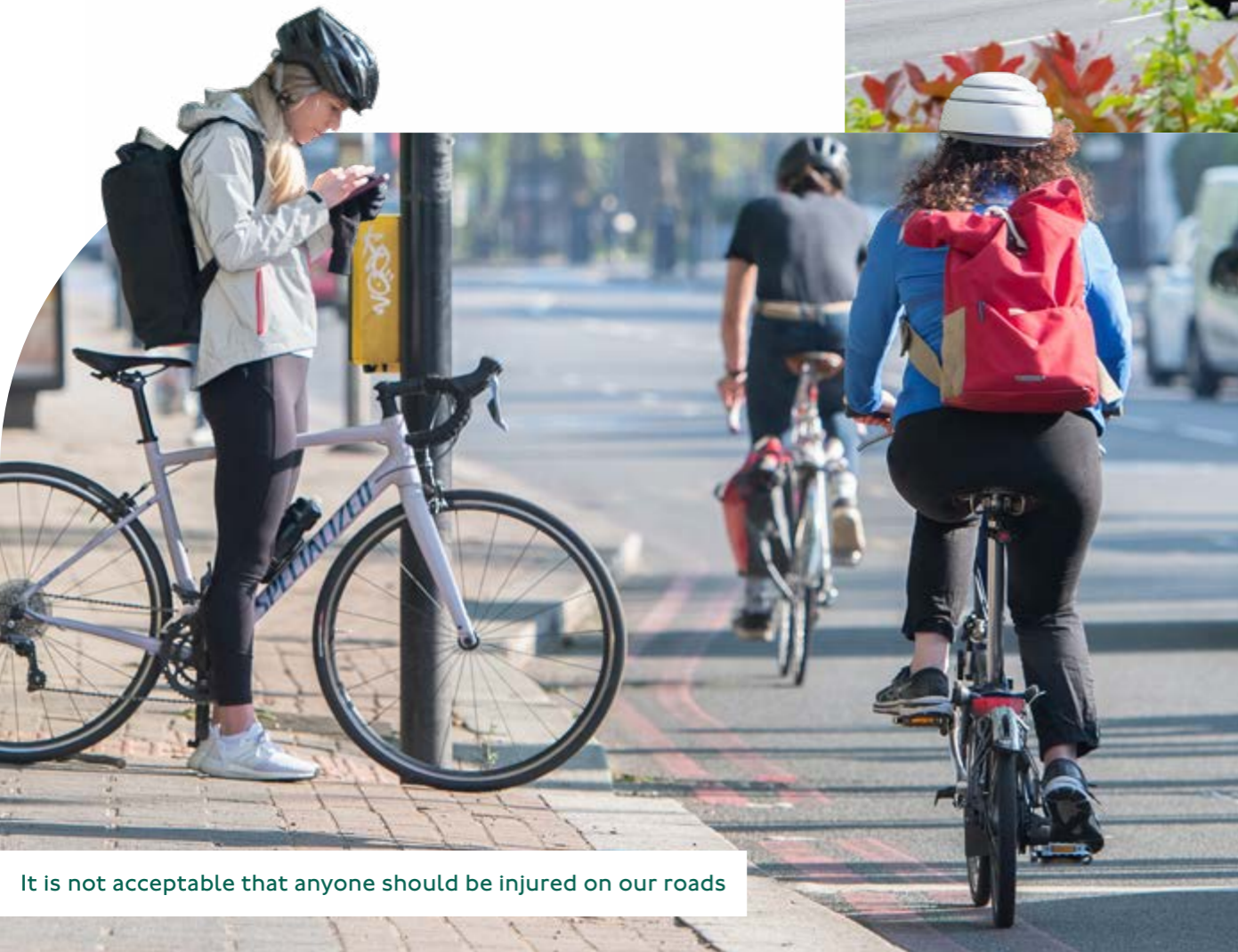


We measure carbon dioxide emissions from our network. We are prioritising investment on decarbonisation, incorporating decarbonisation into our business as usual renewals, and keeping the pathway open to a fully zero-emission bus fleet by 2030 and procuring green electricity for our operations. We are 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.

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

Page 47



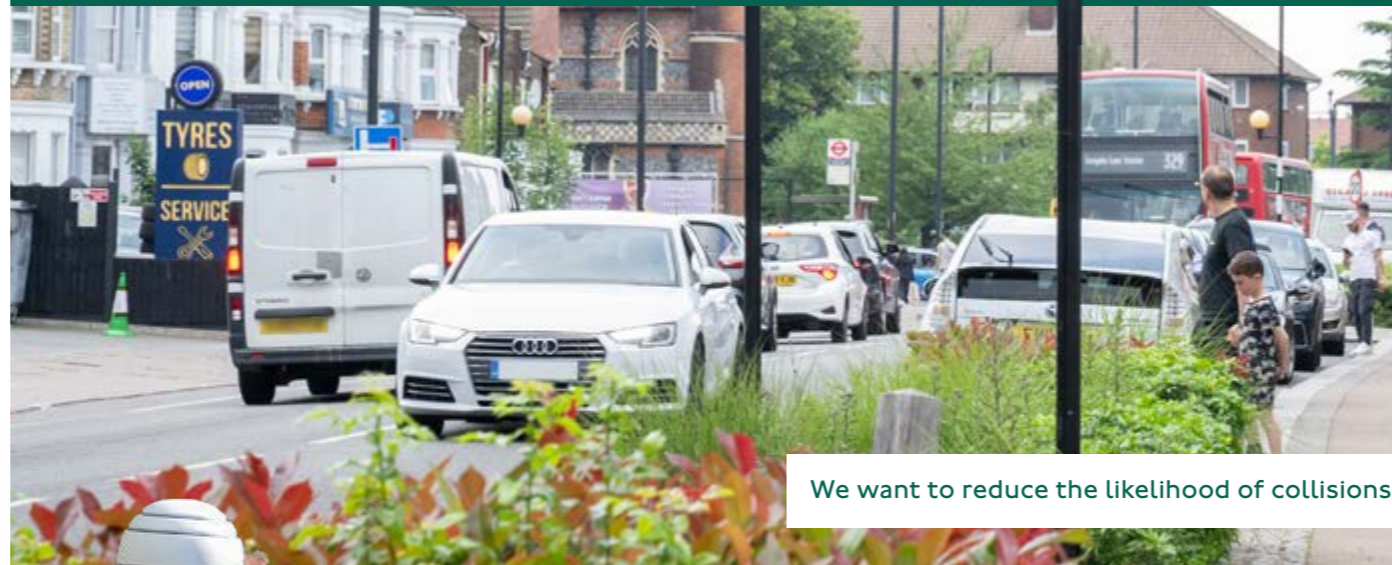
It is not acceptable that anyone should be injured on our roads

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

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.

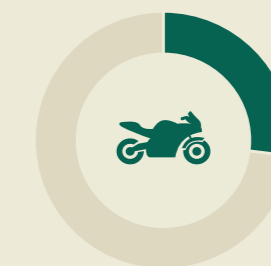
Our road safety charter

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



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.

10

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 trialed 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

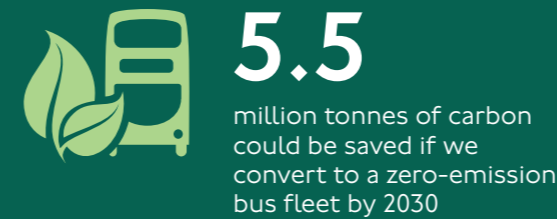


Working towards a zero-emission bus fleet

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



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.



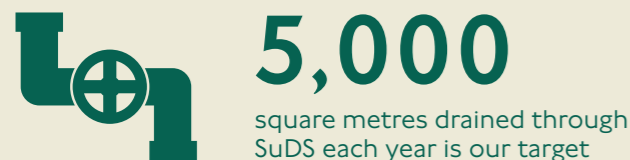
We are adapting to a changing climate

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.



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

Page 57

DRAFT

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



Page 58
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

Page 59



The new DLR trains include a number of new features

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.

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

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 80 per cent 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



Page 61

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 are working to make the air cleaner on the Tube



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

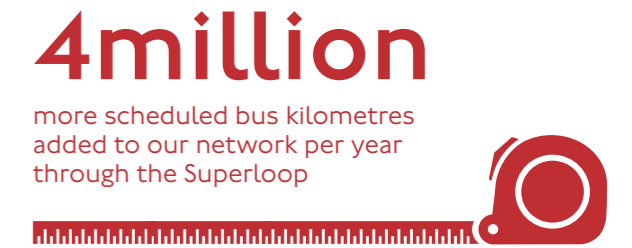
Outer London Superloop bus expansion

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.



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.



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.

The additional funding support from Government will ensure the signalling works are completed, including the final sections of the District and Metropolitan

lines, and the full benefits of the programme are realised. This will enable peak capacity to increase by up to 23 per cent on average across the four lines. This also means that 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.

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.



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

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

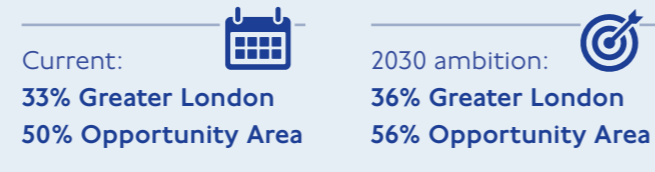


Progress towards our goals

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

The regeneration project at Elephant and Castle will deliver 5,000 new homes, some replacing existing ones, with at least 1,650 being affordable. The development includes education, 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 now able to be funded as part of this Business Plan.

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

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.



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

DRAFT

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.

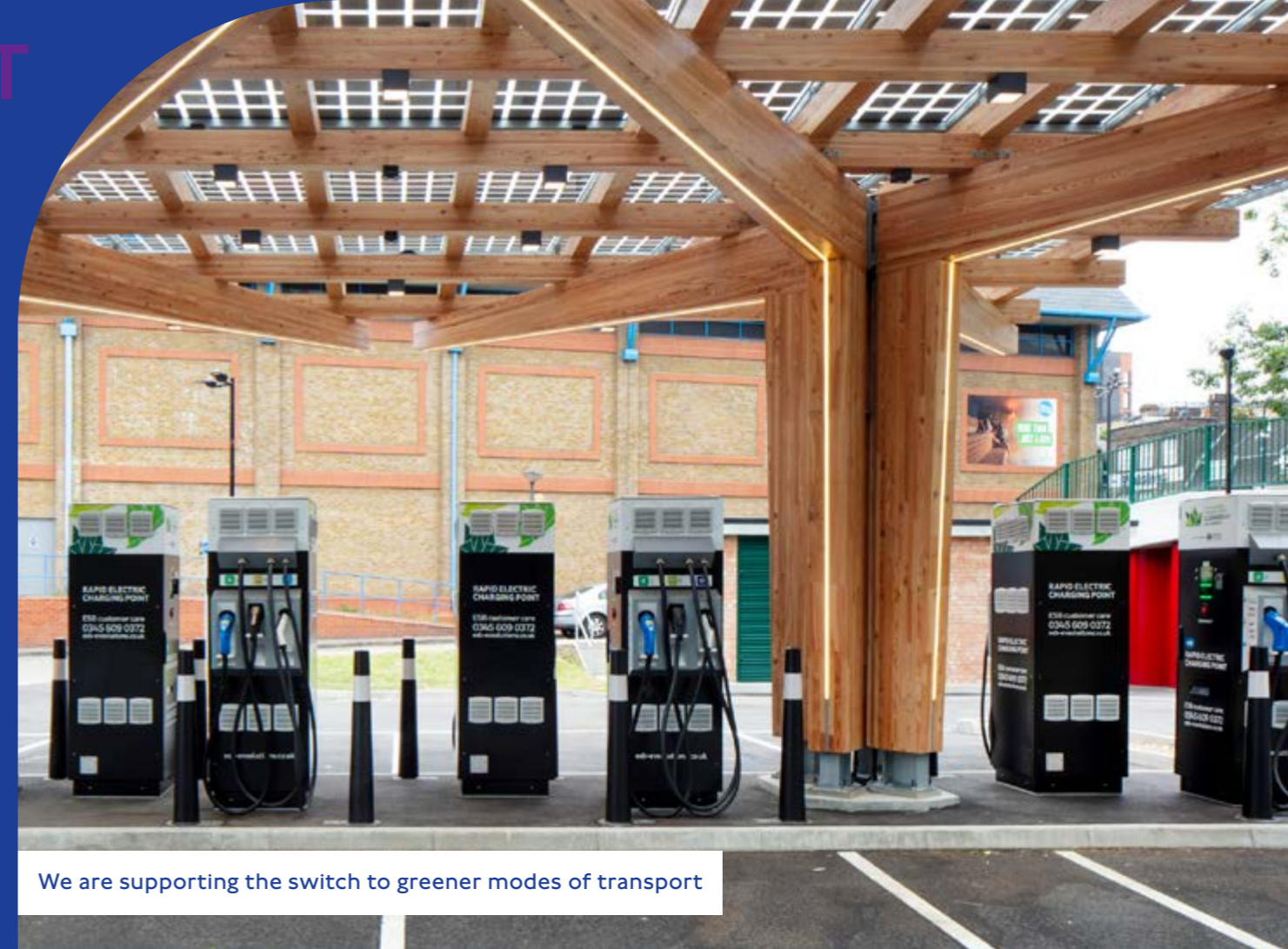
Sustainable development

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.

DRAFT

Appendix 2 – Income Statement (£m)

	Draft Business Plan: 13 Dec 23				Rev. Draft Business Plan: 22 Dec 23				Changes			
	2023/24 Forecast	2024/25 Plan	2025/26 Plan	2026/27 Plan	2023/24 Forecast	2024/25 Plan	2025/26 Plan	2026/27 Plan	2023/24 Forecast	2024/25 Plan	2025/26 Plan	2027/26 Plan
Passenger income	5,256	5,647	5,963	6,223	5,256	5,647	5,963	6,223	-	-	-	-
Other operating income	1,541	1,530	1,319	1,137	1,541	1,530	1,319	1,137	-	-	-	-
Business rates retention	1,914	2,014	2,033	2,052	1,914	2,014	2,033	2,052	-	-	-	-
Other revenue grants	334	253	256	252	334	253	256	252	-	-	-	-
Revenue	9,045	9,444	9,571	9,664	9,045	9,444	9,571	9,664	-	-	-	-
Operating Costs	(7,856)	(7,940)	(7,909)	(7,790)	(7,736)	(8,030)	(7,909)	(7,790)	120	(90)	-	-
Operating surplus before interest and renewals	1,189	1,504	1,662	1,874	1,309	1,414	1,662	1,874	120	(90)	-	-
Capital renewals	(736)	(775)	(850)	(925)	(750)	(761)	(850)	(925)	(14)	14	-	-
Operating surplus before interest	453	729	812	949	559	653	812	949	106	(76)	-	-
Net interest costs	(415)	(432)	(472)	(499)	(415)	(432)	(472)	(499)	-	-	-	-
Operating surplus	38	297	340	450	144	221	340	450	106	(76)	-	-

Appendix 2 – Cash Flow Statement (£m)

	Draft Business Plan: 13 Dec 23				Draft Business Plan: 22 Dec 23				Changes			
	2023/24 Forecast	2024/25 Plan	2025/26 Plan	2026/27 Plan	2023/24 Forecast	2024/25 Plan	2025/26 Plan	2026/27 Plan	2023/24 Forecast	2024/25 Plan	2025/26 Plan	2027/26 Plan
Cash generated from operating activities												
Operating surplus before interest and renewals	1,189	1,504	1,662	1,874	1,309	1,414	1,662	1,874	120	(90)	-	-
Less LTIG & LTM*	1	2	2	2	1	2	2	2	-	-	-	-
Net cash from operating activities	1,190	1,506	1,664	1,876	1,310	1,416	1,664	1,876	120	(90)	-	-
Cashflow from investing activities												
Capital renewals	(736)	(775)	(850)	(925)	(750)	(761)	(850)	(925)	(14)	14	-	-
New capital investment	(1,128)	(1,311)	(1,008)	(933)	(1,128)	(1,311)	(1,008)	(888)	-	-	-	45
Ring-fenced capital funding	720	585	407	347	965	90	407	347	245	(495)	-	-
Working capital mvts	151	253	12	(120)	25	509	265	(411)	(126)	256	253	(291)
Net cash utilised by investing activities	(994)	(1,249)	(1,439)	(1,631)	(889)	(1,249)	(1,439)	(1,631)	105	(225)	253	(246)
Free cash flow	197	257	226	245	421	(58)	479	(1)	225	(315)	253	(246)
Cash flows from financing activities												
Net interest paid	(415)	(432)	(472)	(499)	(415)	(432)	(472)	(499)	-	-	-	-
Net TfL borrowing	281	250	250	250	147	490	(18)	496	(135)	240	(268)	246
Net cash from financing activities	(134)	(182)	(222)	(249)	(269)	58	(490)	(3)	(135)	240	(268)	246
Net increase / (decrease) in cash	63	76	3	(4)	152	1	(12)	(4)	90	(75)	(15)	-
<i>TfL cash balances</i>	<i>1,300</i>	<i>1,376</i>	<i>1,378</i>	<i>1,374</i>	<i>1,390</i>	<i>1,391</i>	<i>1,377</i>	<i>1,374</i>	<i>90</i>	<i>15</i>	<i>(1)</i>	<i>-</i>

*London Transport Insurance (Guernsey) Limited and London Transport Museum

Appendix 3 – Revised draft Business Plan foreword changes

Mayor’s foreword – page 3

As originally published (13 December Board)	Revised draft Business Plan
<p>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.</p>	<p>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 am relieved that Government has agreed to provide £250m in capital funding for TfL in 2024-25.</p>
<p>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.</p>	<p>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. To protect these benefits, it’s still vitally important that we agree a decent long-term funding settlement from the Government that allows us to plan and invest for the future.</p>

Commissioner’s foreword – page 4

As originally published (13 December Board)	Revised draft Business Plan
<p>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.</p>	<p>Thanks to our hard work, and tight financial control, we will be able to meet 75 per cent of our capital investment needs. I am glad that we have now agreed a much-needed capital settlement with the Government for next year. All major transport operators in the UK and around the world require capital funding and London is no different. The Government has continually acknowledged its role in supporting capital expenditure in London, and I’m grateful that support has been agreed.</p>

<p>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.</p>	<p>With funding now in place for the year ahead, we can continue to be an engine for economic growth in the UK, lead the way in reaching net-zero, as well as transforming the experience of our customers by being one of the most accessible and inclusive transport networks in Europe.</p>
<p>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.</p>	<p>All of this investment must be underpinned by long-term predictable funding. To maximise our investment, drive further efficiency and deliver value for money, it is vital that we agree a multiyear capital funding agreement in the same mould as those given to Network Rail, National Highways and eight city regions across England.</p>

Chief Finance Officer’s foreword – page 16

As originally published (13 December Board)	Revised draft Business Plan
<p>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.</p>	<p>We welcome the £250m of Government capital funding, which will enable us to continue our major train and signalling programmes in 2024/25, and the reference in the Autumn Statement for funding a new bus network in Thamesmead. However, longer-term funding certainty is still needed and we look forward to future discussions with Government on this.</p>



Department
for Transport

From the Secretary of State
The Rt Hon Mark Harper MP

Great Minster House
33 Horseferry Road
London
SW1P 4DR

Tel: 0300 330 3000
E-Mail: mark.harper@dft.gov.uk

Web site: www.gov.uk/dft

Sadiq Khan
Mayor of London
Kamal Chunchie Way
London
E16 1ZE

18 December 2023

Dear Sadiq,

Transport for London – capital funding settlement

1. Since March 2020, HM Government (HMG) has supported Transport for London (TfL) by providing almost £6.4bn of funding to enable it to operate, maintain and invest in London's transport network. The last funding settlement ensured the delivery of key capital renewals and investment in London worth almost £3.6bn, including the completion of a number of major projects, new road schemes and increased bus priority.
2. HMG expects TfL to become financially sustainable by March 2024, which it defines as TfL's ability to cover, from sources available to it (including the consideration of potential new sources of income and committed Business Rates Retention): operating expenditure; servicing and repaying debt; and capital enhancements and renewals. For major capital enhancements and renewals (eg replacement of life expired rolling stock such as the Bakerloo Line fleet, signalling and major road renewals), TfL is not expected to solely finance these from operating incomes, as is consistent with other transport authorities. The conditions in paragraph 9 apply to any major capital enhancements and renewals.
3. TfL will demonstrate to HMG that it was financially sustainable at the end of March 2024, and will provide to HMG its plan in July 2024 demonstrating how it will maintain and strengthen its financial sustainability from FY24/25.
4. HMG has fully considered TfL's request for capital funding in the context of the current financial and funding environment and, under the terms of this settlement letter and following the payment schedule in paragraph 8,

will provide £250m to TfL in accordance with section 101 of the Greater London Authority Act 1999 (GLA Act).

5. This capital settlement is to enable TfL to continue to deliver its current capital programme and its committed major capital projects, prioritising the Piccadilly Line Upgrade Phase 1, and should not be used for any other purpose or to fund any new capital activity.
6. TfL remains responsible for managing risk across its capital programme and will continue to identify and realise capital efficiencies in its capital programme.
7. TfL, in cooperation with HMG, will continue its work to reform its pension scheme. If recommended changes require TfL to consult members, TfL will commence consultation no later than 1 July 2024.
8. The Department will make the following payments to TfL: £100m on 18 January 2024; £95m on 15 February 2024; £50m on 14 March 2024; and £5m on 11 April 2024.
9. TfL should not request or assume any further HMG funding contribution towards major capital enhancements or renewals before the next Spending Review period, except through other funding streams for which it is eligible. The Department will work with TfL to consider its future capital funding needs as part of the Department's Spending Review submission. However, TfL should plan prudently for FY25/26 and beyond, noting the fiscal constraints HMG is operating within and that any future funding requests will be subject to the usual HMG and departmental processes.
10. HMG will continue to engage on and monitor the financing of Northern Line Train Services contract. If a Supervening Event occurs in accordance with clause 25A.1.1 of the Amended and Restated Usage Contract, HMG will work with TfL and take reasonable steps to assist TfL in meeting the contractual obligations set out in clause 25A of that contract and other associated provisions, or finding alternative forms of support acceptable to the relevant counterparties.
11. TfL and HMG will hold Oversight Group meetings in Spring 2024, Summer 2024 for TfL to demonstrate its adherence to paragraphs 3 and 6 of this letter and in Autumn 2024 for TfL to update HMG on its progress in strengthening its financial sustainability and identify and realising capital efficiencies.
12. TfL and HMG recognise the mutual benefits that have resulted from HMG's representation at TfL's Board, Finance Committee and

Programmes and Investment Committee. HMG should continue to be represented at these meetings for the duration of this settlement.

13. This is another significant funding boost to your budget from central Government. As Mayor, it is up to you to ensure TfL delivers transport services in the Capital without placing an unfair burden on either Londoners or taxpayers more generally.

Yours sincerely,

A handwritten signature in black ink that reads "Mark Harper". The signature is written in a cursive style with a long horizontal flourish at the end.

The Rt Hon Mark Harper MP

SECRETARY OF STATE FOR TRANSPORT

[page left intentionally blank]

Finance Committee



Date: 22 December 2023

Item: Piccadilly Line Upgrade – Stage 1 Progress Update

This paper will be considered in public

As provided for under section 100B(4)(b) of the Local Government Act 1972, the Chair is of the opinion that this item should be considered as a matter of urgency. The decisions impact the approval of the TfL 2024 Business Plan, elsewhere on the agenda, and the discussions with Siemens Mobility Limited were ongoing when the original notice for this meeting was published.

1 Summary

- 1.1 This paper is a follow up to the annual updates provided to the Programmes and Investment Committee in October 2022 and on 5 October 2023 which explained the challenges across the rolling stock, depot and infrastructure projects which make up the Piccadilly Line Upgrade (PLU) programme (the Programme). It seeks endorsement of matters which are key to overall delivery of the Programme but for which additional Authorities are not required currently.
- 1.2 Supplementary information is included in Part 2 of the agenda for Members. This information is exempt and is therefore not for publication to the public or press by virtue of paragraphs 3 and 5 of Schedule 12A of the Local Government Act 1972, in that it contains information relating to the business affairs of TfL and legally privileged advice.
- 1.3 This matter is ordinarily within the remit of the Programmes and Investment Committee. As provided for in the Terms of Reference for this Committee and the Programmes and Investment Committee, the Chairs of both Committees have agreed that it would be expedient for the item to be considered by this Committee, given it supports the proposed Business Plan and the decision can be taken in public.

2 Recommendations

- 2.1 **The Committee is asked to note the paper and the exempt supplementary information on Part 2 of the agenda and:**
 - (a) endorse proceeding with finalising a Compensation Event; and
 - (b) endorse the proposal to reprofile payments,

both under the Manufacture and Supply Agreement for the Deep Tube Upgrade Programme with Siemens Mobility Limited as detailed in the related paper on Part 2 of the agenda.

3 Background

- 3.1 As explained in the papers to the Programmes and Investment Committee in October 2022 and October 2023, TfL has experienced severe financial pressure following the impact the coronavirus pandemic on ridership and revenues. This disruption has had impacts on the delivery of PLU Stage 1 and the schedule for introduction of the new trains. The introduction of 'lockdown' restrictions severely disrupted the continuity and availability of our resources and supply chain resources, restricting physical progress across our capital delivery programme.
- 3.2 For PLU, while the trains contract has continued to deliver to schedule with testing now underway of the first train, the planned commencement of London Underground infrastructure upgrading and enabling works was deferred by six months. As explained in the paper to the Programmes and Investment Committee on 5 October 2023, there are several factors that could result in an extension of the PLU programme which have now emerged and are driving schedule pressures in the delivery of the depot and infrastructure enabling works required for the operation and maintenance of new trains.
- 3.3 Despite these challenges, the first train arriving in London for testing remains on schedule for mid-2024 and introduction into service in 2025. However, in December 2023 the PLU rolling stock manufacturer, Siemens Mobility Limited, wrote to TfL notifying a likely Compensation Event under the terms of the contract, the basis of which is that access to designated depots for the base order of 94 trains will not be available to Siemens for the purposes of provisional acceptance of the train(s) relevant contractual dates.

4 Benefits

- 4.1 The proposed extended rolling stock manufacturing and testing programme, would offer value for money and have advantages compared to alternative options such as storage of trains and risk to performance of trains after storage. This would also preserve the intent to introduce the service frequency increase to 27 trains per hour by May 2028.
- 4.2 This approach would also benefit TfL's revised draft Business Plan (to be discussed under a separate item on the agenda) and overarching Capital Programme by significantly rephasing the PLU cash profile given the Government capital funding settlement announced on 18 December 2023 resulted in £250m less than assumed in our draft Business Plan.
- 4.3 It is also likely that, with a longer rolling stock programme, an even higher proportion (more than 50 per cent) of the 94 trains being manufactured by Siemens Mobility Limited will be assembled in Goole, East Yorkshire, and could reduce the gap to the start of production for the Bakerloo line option in the contract and we will continue to make the case for Government funding next year.

5 Finance

- 5.1 If the Committee endorses proceeding with this course of action to avoid the cost impacts and risk of storing trains, the PLU Programme Estimated Final Cost will increase as detailed in the paper on Part 2 of the agenda. However, there are significant opportunities and efficiencies that can be realised which will reduce the Estimated Final Cost. Given this, no additional Project and Programme Authority is being sought at this time.
- 5.2 No additional Procurement Authority is sought as detailed in the paper on Part 2 of the agenda.

6 Assurance

- 6.1 TfL Project Assurance (PA) and the Independent Investment Programme Advisory Group (IIPAG) have assured the PLU Programme via continuous assurance on an ongoing real-time basis. They have received detailed briefings from the project team on the issues and challenges facing the Programme.
- 6.2 In addition, PA and IIPAG undertook a targeted assurance review to support the update to the Programmes and Investment Committee on 5 October 2023.

List of appendices to this report:

Exempt supplementary information is included in a paper on Part 2 of the agenda

List of Background Papers:

None

Contact Officer: Stuart Harvey, Chief Capital Officer
Email: StuartHarvey@tfl.gov.uk

Contact Officer: Rachel McLean, Chief Finance Officer
Email: RachelMcLean@tfl.gov.uk

[page left intentionally blank]

By virtue of paragraph(s) 3, 5 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

[page left intentionally blank]