

Rt Hon Jeremy Hunt MP
Chancellor of the Exchequer
11 Downing Street
Via email

02 November 2023

Capital funding deal for Transport for London

Dear Chancellor,

We are writing as a coalition of London business groups and transport-focused organisations ahead of the Autumn Statement to urge you to provide the certainty on transport funding needed to keep the capital moving, so that it can drive growth, investment and job creation that benefits the UK as a whole.

The Government provided essential financial support to Transport for London (TfL) and other public transport networks across the country to keep services running during the pandemic. With passenger levels recovering, TfL is now on track to be self-sufficient by March 2024 when it comes to day-to-day operations as required by the terms of its current funding deal.

While this is welcome, TfL cannot alone be expected to cover the capital investment needed to fund major renewals and enhancements through its own operating incomes. The current uncertainty on capital funding is undermining the ability to plan and deliver projects needed to ensure London's transport network remains fit for purpose. It is also unhelpful for the network's wider supply chain across the country. TfL investment in its UK supply chain was worth £5.9 billion in Gross Value Added to the UK economy in the last year alone, supporting more than 100,000 jobs across the country. This includes 8,870 jobs in the North West and 5,160 in the North East.

All other major transport authorities around the world receive government support for capital investment so we urge you to agree a capital funding deal for Transport for London beyond March 2024. In the short-term TfL needs £500million of capital funding to see it through 2024/25, but in equal measure, it must receive a multi-year capital funding deal – similar to those the Government already has with Network Rail, National Highways and eight city regions across the UK – to ensure it delivers projects in the most cost-effective way. The alternative is slow decline and greater costs in the future.

If the Government's promise to take long-term decisions for a brighter future is to be borne out, capital funding to keep the capital city moving is essential. London's population is growing, and the transport network needs continual capital investment to keep pace – from replacing ageing assets to opening up services for new communities and unlocking housing development. The original Docklands redevelopment is a great example – it was built on the DLR and the extension of the Jubilee Line – and the promise of Docklands 2.0 is only plausible with additional sustained transport investment.

London's success is a testament to a transport network that supports the city's economic agglomeration. Quicker and simpler journeys open up new opportunities for workers, businesses and visitors and also allows greater connectivity to other regions of the UK. During its first full year of operation, the Elizabeth line carried 150.7 million passenger journeys, proving what can be achieved with committed investment. Ridership on the line continues to grow, with more than

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700,000 journeys a day, and will only grow further once High Speed 2 arrives at Old Oak Common.

Without a multi-year capital funding deal, London risks grinding to a halt. As assets age they become less reliable. To maintain the safety of the network, that will inevitably result in more frequent disruption for passengers. And we know that when the quality of transport services deteriorates passengers leaving the network, taking revenue with them, and making future investment even harder to find. This spiral of decline must be avoided at all costs.

A long-term capital funding deal for TfL - as recommended by the recent National Infrastructure Assessment - would provide the certainty needed for London to support economic growth, encourage and enable greater use of public transport to support decarbonisation targets, and boost a supply chain that touches every corner of the UK.

We would be happy to discuss this issue further with you or with your officials.

Yours sincerely,

Peter Hogg, London City Executive, Arcadis
Simon Carter, Chief Executive Officer, British Land
John Dickie, Chief Executive, BusinessLDN
Paula Carney, Director, Carney Sweeney
Richard Cook, Group Director of Development, Clarion Housing Group
Jamie Ritblat, Founder and Chairman, Delancey
Jeremy Rees, Chief Executive Officer, ExCeL London
Chris Rumfitt, Founder and Chief Executive, Field Consulting
Laura Timm, FSB London Policy Representative
Helen Gordon, Chief Executive, Grainger plc
Matt Griffiths-Rimmer, Communications and Impact Director, Hadley Property Group
Ros Morgan, Chief Executive, Heart of London Business Alliance
Sophie Chapman, Surface Access Director, Heathrow
Matthew Bonning-Snook, Property Director, Helical
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John McLean OBE, Chair, IoD City of London
Mark Allen, Chief Executive, Landsec
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Gareth Powell, Managing Director, London Stansted Airport
Arthur Leathley, Chair of London TravelWatch
Mark Reynolds, Group Chairman and Chief Executive, Mace
Ruth Duston OBE, Founder and Chief Executive, Primera
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Sambit Banerjee and Rob Morris, Joint Chief Executives UKI, Siemens Mobility
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CC: Rt Hon Mark Harper MP, Secretary of State for Transport
Rt Hon Sadiq Khan, Mayor of London