

BusinessLDN's response to UTG's Rail and Urban Transport Review

Dear Sir/Madam,

We welcome the commissioning of the independent Rail and Urban Transport Review by the Labour Party to explore how to accelerate the delivery of better connectivity within and between the UK's key urban areas. Such connectivity is essential to support a strong, sustainable economy, with London playing a key role as the UK's capital and its economic engine.

By Q3 2023, London's economy is estimated to have been 9.2% above its pre-pandemic peak in Q4 2019. By comparison, the UK economy was only 1.8% above this level by Q3 2023. The city-region saw its net fiscal surplus (£37.9bn) increase above its pre-pandemic level (£37.4bn) in the financial year ending 2022, with the rest of the country, outside of the South-East, recording a fiscal deficit. London's large surplus supports public spending in other parts of the country, while UK-wide supply chains benefit from a successful capital and vice versa.

London's economic success has been underpinned by its local, regional, national and international connectivity. A new government will rightly want to improve such capacity in city regions across the UK. For example, as in Greater Manchester, where the Trailblazer devolution deal aims to create an integrated London-style transport system of rail, bus, Metrolink and cycle hire services by 2030, supported by simpler fares and ticketing. However, bringing "London levels" of public transport to other parts of the country must not be at the expense of maintaining such levels in the capital.

About BusinessLDN

BusinessLDN is a business membership organisation with the mission to make London the best city in the world in which to do business, working with and for the whole UK. We represent 170 large leading businesses across London, spanning a wide range of economic sectors.

In response to the Urban Transport Group's call for evidence, our views based on the four core themes identified as part of the review are:

Growth opportunity through unlocking planning

The UK today finds itself in one of the most challenging and competitive global environments. There is a real need for the UK to **be open for business** with the rest of the world and improving connectivity through its capital will be a key enabler for this.

1. The Institute for Urban Strategies Global City Power Index (GCPI) has ranked London as the most magnetic global city for its ability to attract people, capital and enterprise from around the world. London also acts as a gateway for many of the international visitors to the rest of the UK. However, the capital faces several significant transport challenges due to its population size, economic activity, vulnerability to external shocks (e.g. climate change) and historical urban development.

2. **Investing in transport is central to unlocking new development in the capital.** For example, the extension of the Northern Line to Battersea Power Station and Nine Elms is supporting the wider development of the Opportunity Area, delivering 20,000 new homes and 25,000 new jobs. With London's population expected to have grown by 800,000 to 9.9m by 2041, according to Greater London Authority forecasts, projects such as the DLR extension to Thamesmead could unlock land for up to 30,000 new homes and 10,000 new jobs and the Bakerloo Line Extension would help to support more than 20,000 additional homes, creating new communities with excellent transport links. Multi-year capital settlements from central Government will support longer-term investment in such projects which are vital to keeping London moving, retaining its position as a global city, driving sustainable growth and supporting UK-wide supply chains.
3. More broadly, **launching a strategic review of London's green belt to identify poor-quality parts close to existing or future transport nodes** which could be redesignated for sustainable, high-quality, well-designed residential development would further support growth. However, priority should continue to be given to redeveloping and densifying brownfield land.
4. **Strategic investment in roads infrastructure** is also needed to alleviate congestion, reduce travel times and cut emissions, while policy interventions need to recognise that some road journeys, which are essential for individuals and the economy, would not be feasible without the use of a private vehicle. Increased investment in the road network will lead to more reliable and sustainable road journeys, including those essential trips made using taxi, private hire and freight vehicles. At the same time, looking for additional ways to make travel in and around London more sustainable and ramping up the delivery of electric vehicles charging infrastructure is essential to support the capital's net-zero transition.
5. To overcome existing barriers and unlock the delivery of urban transport networks and infrastructure, **legislative changes and policies are needed both at London and national levels.** This includes reviewing spatial planning frameworks, such as the London Plan, to remove complexity, increase agility and cater for all transport uses such as land allocation to accommodate additional port and freight capacity, and at national level, accelerating plans for Great British Railways, or an authority similar in scope, to run and plan the railway network, with the expertise of the private sector carefully considered from the outset.

Clarity and certainty of policy and funding

6. Building on the recent one-year settlement, **Transport for London (TfL) needs a multi-year capital funding deal**, in line with settlements for other city regions, Highways England and National Rail, as well as other global cities, such as Paris and New York. Certainty over long-term capital funding will also leverage other private investment (see paragraph 15) into new development areas and enable key capital projects such as extensions to the Bakerloo Line, the DLR to Thamesmead, the West London Orbital and eventually Crossrail 2. These investments should be planned and delivered in a way that maximises the benefits for supply chains across the UK and investment in the future skills base needed to deliver the projects. Across the UK, TfL investment also underpins a nation-wide supply chain, which according to recent analysis (2023) was worth £5.9 billion in Gross Value Added to the UK economy in the last year alone and supports more than 100,000 jobs across the country.

7. In terms of international rail and air connectivity, as an island with high levels of international service exports, and with carbon emissions increasingly affecting business decisions, **the UK needs to be in the vanguard of SAF-based flights** as not flying cannot be a strategy for growth or prosperity. A UK domestic SAF market is predicted to create 10,300 jobs in the UK by 2030, rising to 60,000 by 2050, supporting industrial green skills across all UK regions and nations. Establishing a price support mechanism, based on the Contracts for Difference model used for offshore wind, would accelerate a domestic SAF industry and is vital for the UK's medium and long-term competitiveness. The government should also improve the affordability of low carbon travel options by reviewing the cost of high-speed track access charges and continuing to develop new surface access and onward connection options for visitors to UK airports, as well as continuing the programme to modernise the UK's airspace.
8. There is an abundance of private infrastructure finance globally ready to invest, however, the UK lacks a clear and investable pipeline of projects to attract such investment. The UK Government Infrastructure Finance Review showed that half of the UK's £600bn infrastructure pipeline over the next ten years needs to come from private sources. To release this investment, **the new government should set out clear preferred privately-financed infrastructure funding models** on a sector-by-sector basis, building on the success of the model employed for Thames Tideway Tunnel and the Contracts for Difference for offshore wind. In addition, in line with the findings of the Skidmore Review, a new body should be established to coordinate economic regulators over the signals they send to infrastructure investors. This will drive consistency in regulatory standards and approaches across sectors and unlock greater levels of private investment.
9. Another key ingredient to enable successful, strategic long-term policy and facilitate effective public/private relationships is **effective data-sharing**. Data is key to both making the case for projects (e.g. investments in EV charging infrastructure) and supporting their delivery. In London, the GLA's Data for London board, on which BusinessLDN sits, is creating a new London Data platform which will act as a repository for free and open data-sharing tools to help researchers and businesses better understand London's transport challenges and develop solutions to address them.

Devolution and sustainable partnerships

10. The creation of TfL in 2000 as a single integrated transport network by the GLA is a good example of how devolved powers can be leveraged to improve existing transport networks with ticketing innovations such as the Oyster card and contactless payments improving the passenger experience and boosting user numbers. For example, the advent of the Oyster card enabled 40 people to pass through one gate on the Tube every minute, compared with 25 passengers using paper tickets. As well as enabling the roll out of technological advances, greater control of the transport network at the local level, via the devolution of powers, also allows cities to reduce competition between modes and to plan more strategically and effectively.
11. London's experience is now being replicated in other regions across the UK. However, while policy-making at local level benefits from local knowledge and city-specific needs and characteristics, it needs to be **complemented by national standards and policies** as necessary. Specifications and policies for electric vehicle charging infrastructure and safety standards for autonomous vehicles deployment are two such examples.

12. Related to revenue generation and partnerships, devolution offers cities the opportunity for more **innovative and diverse ways of securing funding sources**. Given the role of transport in enabling socio-economic and environmental benefits, in some cities (for example, Paris and Nottingham) residents and businesses play a significant role in revenue generation. The National Infrastructure Commission's second national infrastructure assessment (2023) pointed to the fact that New York has 22 local taxes whereas London principally has two, business rates and council tax, along with some ability to raise revenue from developer contributions and the TfL farebox. Devolution of revenue raising powers would also help London to better deploy models like land-value capture to get new schemes underway.

Private Sector and Industry Capacity

13. The burden for investment in transport networks and infrastructure does not always need to fall entirely on the public sector. Given the current constraints on public expenditure, there is an opportunity to consider ways in which to leverage **greater private sector investment** in the UK's transport network.
14. In London, **the next Government should work with the private sector to maximise the benefits from HS2 and keep the door open for future expansion**, with a scheme that balances speed, cost and value. A necessary condition for this to succeed is for the tunnelling contract between Old Oak Common and London Euston to proceed as planned, as costs will significantly increase if the current contracting team is stood down. A credible strategy about how all aspects of the project will be financed and funded must be established early on. Addressing this will reduce the likelihood of cost increases in the future and ensure the Phase One section of HS2 from London Euston to Birmingham can be delivered at the lowest possible cost to taxpayers. The new Euston Station should also have provision for more platforms in case the route is expanded in the future.
15. The cost and complexity of UK rail fares is another barrier to growth. This is the result of decades of complicated regulations which makes the current ticketing system difficult to navigate and riddled with inconsistencies on pricing across the country. Rail and public transport, more widely, should be seen as much more than simply getting from A to B but as an enabler of economic growth and a way of achieving wider public policy aims around meeting environmental targets, improving accessibility and supporting social inclusion by connecting people to job opportunities. **A comprehensive review and reform of rail fares and ticketing systems** is needed to create better value, simplify the ticketing structure, cut fare evasion and even out peaks and troughs in demand. Similarly, innovative thinking should also be applied to Transport for London (TfL) fares to consider new working patterns in the post-pandemic era, for example, exploring options for flexible pricing and changes to on and off peak ticketing.
16. The UK should seek to further benefit from **open access in railway**, allowing more competition and thus kick-starting additional improved services, which will provide greater choice.
17. Aviation expansion in London and South East is beneficial for the UK as a whole. In 2019, for example, airports in the region accounted for 78% of all outbound air freight, a substantial proportion of trade to the UK. Also, with carbon increasingly affecting business decisions on flying, as noted above, the availability of SAF-based flights will be a growing factor in supporting economic activity.

18. New transport technology, underpinned by smartphone use and artificial intelligence, has been a key driver of change over recent years. Technology will continue to advance rapidly, and across the world billions of pounds will be invested in the development of new mobility services, such as electric vehicles, e-scooters, car clubs, autonomous vehicles, delivery robots, drones and other innovative modes of transport. The UK has the opportunity to emerge as a global leader in providing a carbon-neutral and technologically smart transport network. To achieve this, a flexible and adaptable regulatory approach and innovation-minded policy-making, will be needed in the years to come.