

# Further action needed to secure long-term future of London's transport network, says London First - 28May2020

A [new report](#) sets out options to get Transport for London on a sustainable footing, including further devolution, fare rises and ensuring beneficiaries from transport projects contribute more

At a time when Transport for London (TfL) faces a 90% shortfall in revenue, and has recently been granted a short-term bailout by the Government, the report – *Squaring the Circle*, supported by KPMG – underlines the need to find new ways to fund longer-term investment in the capital's transport networks, and to reinvigorate TfL's older assets, from lines to carriages. This short-term cash crisis has also drawn into focus the long-term funding gap for TfL, which according to its own business plan sits at £50bn over the next 20 years.

[The report](#) argues that, if London does not have access to newly devolved flows of existing taxes, coupled with some revenue raising powers, the capital's transport system will either be unable to cope with expected growth and the challenges of post-pandemic recovery, or we will have to accept the degradation of the network. Among the options that will need to be considered are further fare rises and ensuring those who benefit from transport projects contribute, including businesses, developers and local residents.

**Commenting on the report, Jasmine Whitbread, Chief Executive of London First, said:**

“The Government's short-term bail out of TfL has rightly been the focus of debate, but it was at best a sticking plaster that failed to address the long-term structural funding challenges. Even if Covid-19 leads to a shift in how people travel and greater home working, the capital will still need a world-class mass transit system.”

“While London requires a fair funding settlement from Government, greater devolution of powers to City Hall would help the capital to raise its own revenues, freeing up resources for the rest of the UK and supporting the levelling up agenda.

“To get TfL on a sustainable footing, other options may also need to be considered, including further fare rises and ensuring those who benefit from transport projects pay their fair share.”

The report sets out a number of fundamentals to ensure that London secures the funding needed for its transport pipeline, taking into account its unique geography and population density, its reliance on public transport compared to the rest of the UK and the fact that London pays substantially more in taxes than it receives. It also makes clear that in the future, although businesses that benefit from investment should continue to pay a fair share, consideration should be given to new mechanisms that ensure residential properties that similarly benefit also contribute.

To support the delivery of its transport investment needs, London will require certainty from the Government on the shape of a future funding regime. This could be via a long-term funding agreement with the Treasury; or, more likely, from a combination of devolution/grant and new powers that broaden the scope of who contributes. Funding mechanisms raising money from London should:

- ensure a broad range of beneficiaries pay for new projects – with residents sharing the load with business and developers – and that there should be a mixture of London-wide and locally targeted mechanisms;
- support a programme of investment, as opposed to project-by-project schemes; and
- join up the interest and resources of the GLA with those of the Greater South East.

**Jasmine Whitbread added:**

“London on its own contributes a fifth of UK GDP, and the majority of its workforce commutes by public transport. If the country is to recover and grow stronger in the longer-term, TfL must have the ability to fund a world class system.

“The forthcoming English Devolution Bill provides an opportunity to help London and other city regions to manage their own resources and funds. But the time for significant action is now. The capital's needs must not be ignored, as its recovery will support the whole UK.”