

Robert Gordon Clark: Who is to blame for TfL needing a bailout? And what will happen next?

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[Robert Gordon Clark](#)

Experts at the London Communications Agency have been exploring the rights, wrongs and future possibilities

The recent announcement by the Government of a £1.6 billion bailout for Transport for London (TfL) has generated much comment from all sides, most of which we have read and discussed at [London Communications Agency](#) – and now we know who the new commissioner is too. We ask four simple questions:

One: Whose “fault” is it that TfL is in need of rescuing?

The straight answer is no single person or single act. Whilst the government recognises Covid-19 as the primary cause, a relevant [written ministerial statement](#) by the transport secretary Grant Shapps goes on to say:

“...an important secondary factor was the pre-existing poor condition of TfL’s financial position as a result of decisions made over the last four years. Combined with significant cost increases and delays to Crossrail, this left TfL in serious financial difficulty even before the public health emergency.”

So yes, Sadiq Khan did decide to freeze fares for 2016-2020, and this has been highlighted as a key reason for the mess by many in government. However, in the Mayor’s defence he wrote this pledge into his election manifesto way back in early 2016. That was before Brexit and at a time when London’s superb public transport system was achieving [record levels of usership](#). Hindsight is, as ever, a wonderful thing. Sure, Khan could have reneged on his pledge mid-term, but he chose not to and rightly so – it would have hit the lowest paid and many key workers proportionally much harder than those like me who don’t even think about the cost.

Then there is Crossrail, a project that has been beset by delays and overspends and whose final opening date is still unknown. But anyone involved in planning and delivering very large infrastructure projects knows that problems which surface near the end of a project often have their origins in decisions made way before that. Crossrail started formally in 2010 (as a Network Rail project), six years before Khan took over. During that six-year period we had Conservative-led governments and, oh yes, a certain Boris Johnson happened to be Mayor of London. (And it was a Conservative Government which decided TfL could live without a £700 million annual operating grant). Mistakes may well have been made by Khan and the Crossrail team since 2016 – and optimism about the opening date certainly looks like one – but again, this is not a black and white argument.

The counter view perhaps rightly includes criticism of Khan’s performance maximising TfL’s revenues through advertising and better use of its landholdings. These may well be part of the equation. But the bottom line is that Covid-19 has brought TfL to its knees primarily because it has followed the government’s mandates, like any other public transport provider up and down the country. And we at LCA have been impressed with the way senior management there has responded. So the bailout is needed and justified.

Two: So does this solve the problem?

No. The settlement is an interim solution and, as has been reported, is partly a grant and partly a loan. No one can predict when or how we will get over the Covid-19 pandemic. Even if a vaccine or “cure” of some sort is discovered soon and then found to work safely when introduced, we are still months away from a return to “normal” on our public transport system.

TfL has rightly forecast capacity will be capped at around 15 per cent on the Tube, even when it gets back to a 100 per cent service. So it is inevitable that more funding will be needed. But already, one senses the government is laying the ground for more blame to be heaped on Khan.

See for example its demand to have two (financial) observers on TfL's board. What difference will this make? In our opinion, very little. In fact, one could say that, politically, it is a mistake as it brings government that much closer to TfL and management decisions at a time when it appears to want to keep its distance and blame the Mayor for everything that goes wrong. Meanwhile the government appears to be bailing out private [bus](#) and [rail](#) companies without quite as many punitive conditions attached.

Three: Is this settlement good news for London?

Well, in the very short term, yes. At least it means the capital can function, but only up to a point. In the longer term, no it is not. The political slanging match – from both sides – is not good for the capital at all. We have commented before that the relationship between regional and central government is now at its lowest level at any time since the Greater London Authority (GLA), comprising the Mayor and the London Assembly, was formed, 20 years ago: worse than Ken the “Independent” versus Tony of “New Labour”; worse than Boris versus [Gordon](#) from 2008-2010; and worse even than the Old Etonian ego battle of Boris v Dave!

And we all know why. The necessary but potentially damaging postponement of the GLA elections, from May 2020 to May 2021, provides the government with a tempting political opportunity to pile pressure on Khan.

But at a time when London is perhaps at its most vulnerable – arguably even more than it was after 7/7 – surely we need all tiers of government to work together. The news that there will now be a London Transition Board, co-chaired by the Mayor and housing, communities and local government secretary Robert Jenrick, is welcome, but will it work well?

Key here will be to see which of the many projects that TfL aspired to deliver will come on stream in the next few years. The message currently is that there can be no commitment to any new projects which are not necessary. How does that sit with the government's clear desire to see construction boom? And if public transport capacity remains constrained and fares rise as a result, the prospect of a significant modal shift back to car use arises. No surprise, therefore, that the congestion charge is now £15 a day and for longer periods.

And a reminder: whilst the government aspires to “level things up” between London the regions, right now London still accounts for over 20 per cent of the UK's GDP and is a net contributor to the Treasury. It was [estimated](#) to give £34.3 billion more to the national purse than it was given in 2017/18. The golden goose is now in real danger of being throttled by short-term political games.

Four: Is this a precursor to something more significant for the GLA?

We would say “possibly”. Let's remember that the GLA and other forms of regional government were initially a creation of a New Labour government. The Conservatives broadly went along with this approach, conscious that they had chucked the baby out with the bath water when they abolished the Greater London Council (GLC) in 1986.

But now it is clear to everyone that the Covid-19 pandemic is exposing flaws, many of which we all knew existed, between national, regional and local government. That is not just in London, but across the United Kingdom. The current Conservative government, which enjoys a comfortable majority of over 80, could easily decide to look again at the way decisions are made, at all levels.

Right now they have Covid-19 and Brexit to deal with, their popularity has dropped and may stay low as a result of their still-uncertain outcomes. But in theory they have to the next scheduled general election in 2024, which provides plenty of time to move on to other matters...

Which all makes for an interesting time for the new commissioner at TfL – welcome back to London [Andy Byford](#)!

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