

London Assembly
City Hall
The Queen's Walk
London
SE1 2AA

please reply to:
70 Dynevor Road
Stoke Newington
London
N16 0DX

roger.blake@railfuture.org.uk

For the attention of Will King

Will.King@london.gov.uk

Date 2018-08-30

Dear Mr King,

“Who will pay for the TfL of the future?” An investigation by the Greater London Assembly’s Budget & Performance Committee

Railfuture is the leading national independent voluntary organisation campaigning for a better railway across a bigger network for passenger and freight users in order to support economic growth, environmental improvement and better-connected communities.

We are mindful of the context set by the Assembly’s Budget & Performance Committee investigation of:

- TfL’s financial position and performance.
- TfL’s plans to increase revenue to address its deficit.
- Plans to cut costs to address the deficit, and the consequences of cuts.
- How the TfL of the future might be financed.

We shall not attempt to respond to all questions, where we recognise that our knowledge and experience is insufficient to be able to offer a worthwhile contribution.

Key Questions

Fares Revenue

- What happens if fares revenue continues to fall?

As a key plank of TfL’s credit-worthiness, it may make borrowing for investment more difficult and/or more expensive. It is also likely to contribute to a ‘crumbling edge of quality’ which will gnaw away at TfL’s hard-won, widely-recognised and hitherto jealously-guarded reputation for high standards.

- What is the long-term vision for fares revenue?

Notwithstanding the wider socio-economic and environmental benefits to London, Londoners and non-Londoners from a progressively increasing public transport mode share, it will probably remain the case that its users will continue to be expected, particularly by non-users and by central governments, to shoulder a fair proportion of its costs, through the fares they pay. In an operating environment where costs continue to rise, whatever measure of inflation and other indicators are used, it might seem unreasonable, even to users, that their ‘fair proportion’ does not broadly keep in step with such rises.

www.railfuture.org.uk www.railfuturescotland.org.uk www.railfuturewales.org.uk
www.railwatch.org.uk

- What impact will the continued trend towards cycling and walking have on fares revenue?

At face value it would appear unlikely to help even maintain, never mind increase, fares revenue – assuming that even the former is still regarded as a significant and important issue. A possibly related but seemingly unasked question would be about the potential impact on fares revenue of a continued trend towards lower car ownership and use, where the balance of any resulting mode shift to fare-paying public transport vis-à-vis non-fare-paying walking and cycling would need to be assessed.

- Could the Mayor afford to freeze fares in a second term?

Only if the full range of implications and choices out to 2024 could be clearly enunciated and accepted by a very broad and representative swathe of opinion, both in and beyond London. A further fares freeze would have to be set in the context of other financial policies in order to improve its chances of being understood and at least accepted if not actively supported. A more important question may be whether London could afford a further fares freeze.

- How reliant is TfL on the Elizabeth line?

We are in no position to judge definitively. With the economic and societal changes experienced in recent years it would probably be unwise to harbour ambitious expectations.

- How should London's roads be funded?

We take 'roads' to mean footways as well as carriageways, so there is probably no-one who does not at some time and in some way use London's 'roads'. As not all of London's public transport is within TfL's control (eg Network Rail infrastructure, DfT-awarded rail franchise operations) so most of London's roads are not within TfL's direct control (eg Borough roads). As with public transport, all London, Londoners, even non-Londoners derive benefit from both networks being 'good'. However, the relationship between users and funders is perhaps more direct with public transport – generally, payment at the point of use – than with what might loosely be referred to as private transport – generally, and with the notable exception of the Central London Congestion Charge Area, payment at the point of purchase. In a similar way to the policy choices to be made about the balance of public transport funding between users and non-users, and how that contribution is made (generally, with a 'permit to travel' acquired at the point of use) there are policy choices to be made about the balance of roads funding between users who may derive most benefit vis-à-vis users who impose most impact, and how that contribution is collected. We offer the observation that the principle of an already generally more direct relationship between public transport users and funders might usefully be extended to users and funders of the roads network. In the background are probable differences between the balance and relative directness of revenue-sharing of non-TfL public transport in London (eg DfT franchised rail operations in London via Travelcard and other revenue-apportionment mechanisms) compared with the perceived imbalance and indirectness of revenue-sharing between London where much of 'roads-based revenue' is generated and central government where most of it is collected.

- Can bus revenue increase without improving congestion?

Almost certainly not, in our view; it is very challenging to imagine how that could happen.

- Will new forms of transport like 'on-demand buses' hit TfL bus revenues?

We are in no position to judge.

Commercial revenue

- How far can commercial revenue on the Tube go?

- Is TfL pushing hard enough on commercial income?

In both cases, we are in no position to judge so offer no comment.

Who will pay for the TfL of the future?

Cost savings

- What will happen to London's roads in the next five years as TfL stops proactive road maintenance?

Things can hardly get better. With an apparent long-term trend towards greater extremes of weather conditions, such 'savings' are more likely to prove illusory. Furthermore, such a reduction in road maintenance could well import the risk of less safe roads, resulting in more collisions, more trips slips and falls, so that any apparent 'cost savings' are only in reality cost transfers to for example the NHS.

- Is TfL on track to deliver its planned savings?

We are in no position to judge and offer no comment.

- How will the passenger experience change over the next few years of belt-tightening?

An all-too-often insufficiently recognised yet significant proportion of what makes for positive passenger experience is in our experience excellent customer service. As with road maintenance, reductions in revenue raised translating into reductions in revenue expenditure on customer service maintenance can only reasonably be expected to have one, probably unsurprising, outcome. It takes us back to the 'crumbling edge' referred to earlier. It should in our view be remembered that 'passenger' in London means many people who have choices about where to work, visit and do business on an international not just national or London scale. As a global capital city we firmly believe that London's reputation for quality in so many aspects of its public realm, hard-won yet potentially so easily lost and with plenty yet to do, matters hugely. We would be apprehensive about 'cost savings' proving to be false economies.

Yours sincerely,

Roger Blake
Railfuture
Director for Infrastructure & Networks
Vice-Chair, London & South East regional branch