



**Transport  
for London**

## Unlocking growth

The long-term case for investment in London's transport system

# Unlocking the potential of population growth



- London's population grew by a million between 2001 and 2011, reaching 8.2m, and will reach nine million by 2018 and 10 million by 2031
- By 2031: 25% more trips a day on public transport, 14% increase in road congestion

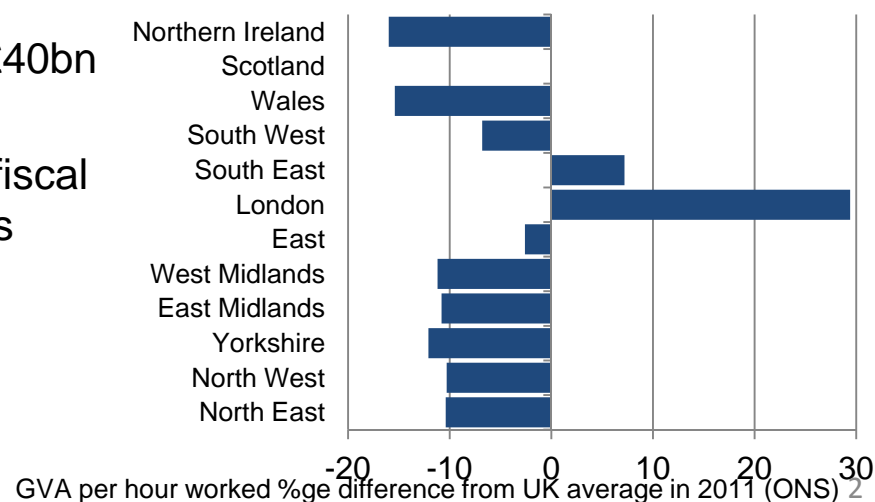
Population growth has enormous economic potential but requires investment to unlock it:

- Gross value added (GVA) per head is 71 per cent above UK average
- 35 per cent of the UK's GVA comes from London and the South East, contributing £40bn a year to the UK economy
- London is estimated to have generated a fiscal surplus of nearly £10bn in 2011/12 – this is projected to rise to £50bn by 2025/26

## London's projected rate of growth:

- Two full buses a day
- A full Tube train a week

## Productivity by region



# Cutting our costs



- We've been cutting hard since 2008:
- Material grant reduction means cutting services, much higher fares and cutting concessions
- We are making cuts of 15% to deliver around £20bn savings by 2021/22
- £1.1bn more in commercial revenue by 2021/22
- Staff cut by 2,300, frozen the bus network, sold 26 buildings, cut IT and support staff, taken four Tube strikes with more cuts to come
- Signalling upgrade costs are down 66% per km, bus subsidy is down 40%, road re-surfacing costs are down 40% per m<sup>2</sup>, overall operating costs are down 39% per passenger km

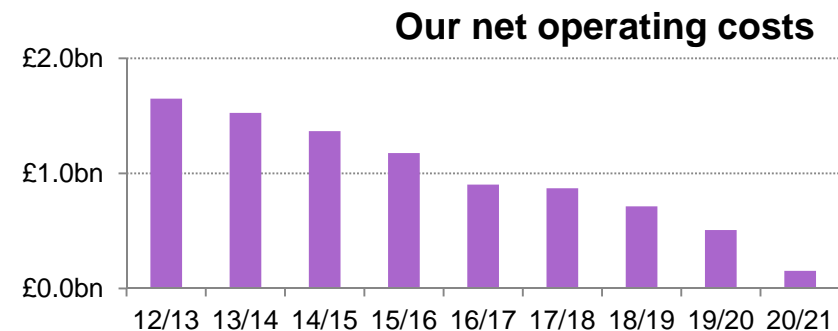
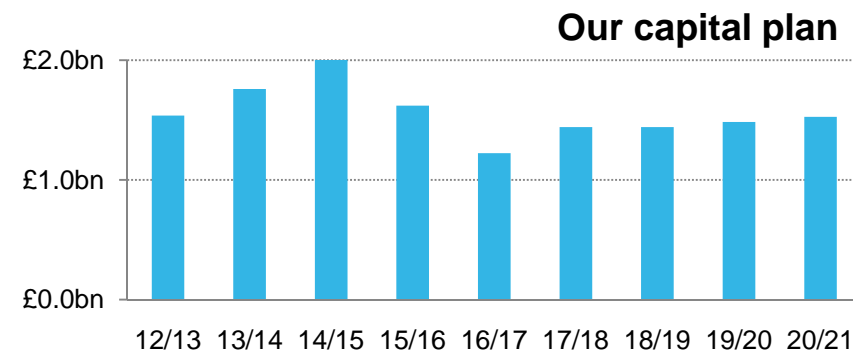
## **Our commitment on future cost reduction:**

- Deliver the further £5bn in staff and other savings by 2021/22 (over and above the £9.8bn already needed)
- We will be able to cover our net operating costs from our revenue by 2021/22

# Long-term, stable funding essential



- London needs the right level of funding and certainty over time
- Investment has been erratic, adding inefficiency and leaving infrastructure unmodernised
- Stop/start will add 15% to our costs
- Steady, sustainable investment:
  - Best deals from suppliers
  - Boosts business confidence in the UK and internationally
  - Allows suppliers to invest in jobs and apprentices



Paris has a €30bn agreed funding package to 2030, London's runs out in 2014/15

# Our investment plan: A pipeline of spade-ready projects



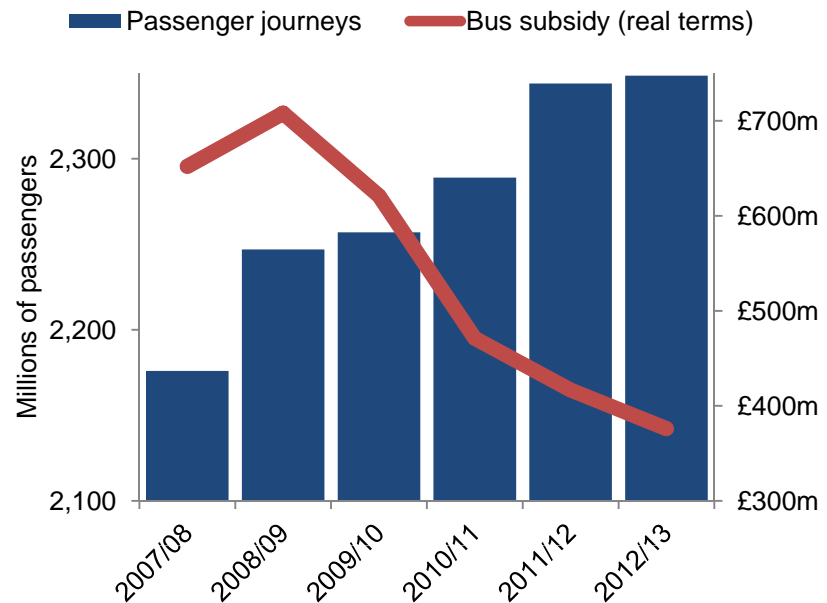
Network	Under way/ready to start	Ready to start within 3-5 years
Tube	<ul style="list-style-type: none"> <li>•Northern line upgrade</li> <li>•Sub-surface line upgrade</li> <li>•Tube Reliability plan</li> <li>•Victoria, Tottenham Court Road, Bond Street, Paddington and Vauxhall upgrades</li> <li>•Bank (Waterloo &amp; City line)</li> <li>•Northern Line Extension</li> </ul>	<ul style="list-style-type: none"> <li>•Extra Jubilee line trains</li> <li>•36 trains-per-hour on the Jubilee and Victoria lines</li> <li>•Bakerloo/Piccadilly line upgrade</li> <li>•Bank and Elephant &amp; Castle station upgrades</li> <li>•Northern line upgrade 2</li> <li>•Croxley Rail Link</li> </ul>
Roads	<ul style="list-style-type: none"> <li>•Structures and Tunnels Investment Programme</li> <li>•Removing roads pinch points</li> <li>•SCOOT traffic signal control</li> <li>•Old Street roundabout, Elephant &amp; Castle, Euston Road growth schemes</li> <li>•Lewisham Gateway, Tottenham Hale, Streatham High Road, Malden Rushett, Olympic Park access, A1 Mill Hill Cross and Rotherhithe roundabout improvement projects</li> <li>•Better Junctions Programme</li> </ul>	<ul style="list-style-type: none"> <li>•New Silvertown tunnel</li> <li>•Vauxhall Cross, King's Cross, Brent Cross, White City, Earls Court, Wandsworth, Waterloo, Victoria, Barking Riverside and A23 Fiveways growth schemes</li> <li>•Tower Hill, Archway, Seven Sisters Road/ St Anne's Road, Highbury Corner, A23 Purley Cross, Stoke Newington and Gallows Corner improvement projects</li> </ul>
Rail	<ul style="list-style-type: none"> <li>•Crossrail</li> <li>•Overground capacity expansion</li> <li>•Docklands Light Railway north double-tracking</li> <li>•Tram platform works and tram procurement</li> </ul>	
Bus	<ul style="list-style-type: none"> <li>•New Bus for London</li> <li>•Bus stop and station renewal</li> </ul>	<ul style="list-style-type: none"> <li>•Bus transit schemes</li> </ul>

# Buses: Lower subsidy, lower costs



- We are managing the bus network to optimise performance
- We are increasingly covering the cost of London's buses from operating income
- Total real bus subsidy has been reduced by 40 per cent over the last five years
- Bus demand continues to grow
- Any further reduction in support for bus running costs will mean a reduction in overall network capacity

## Bus passenger journeys and bus subsidy



# Quality roads boost land value and retail spend



## Great Queen Street Covent Garden WC2



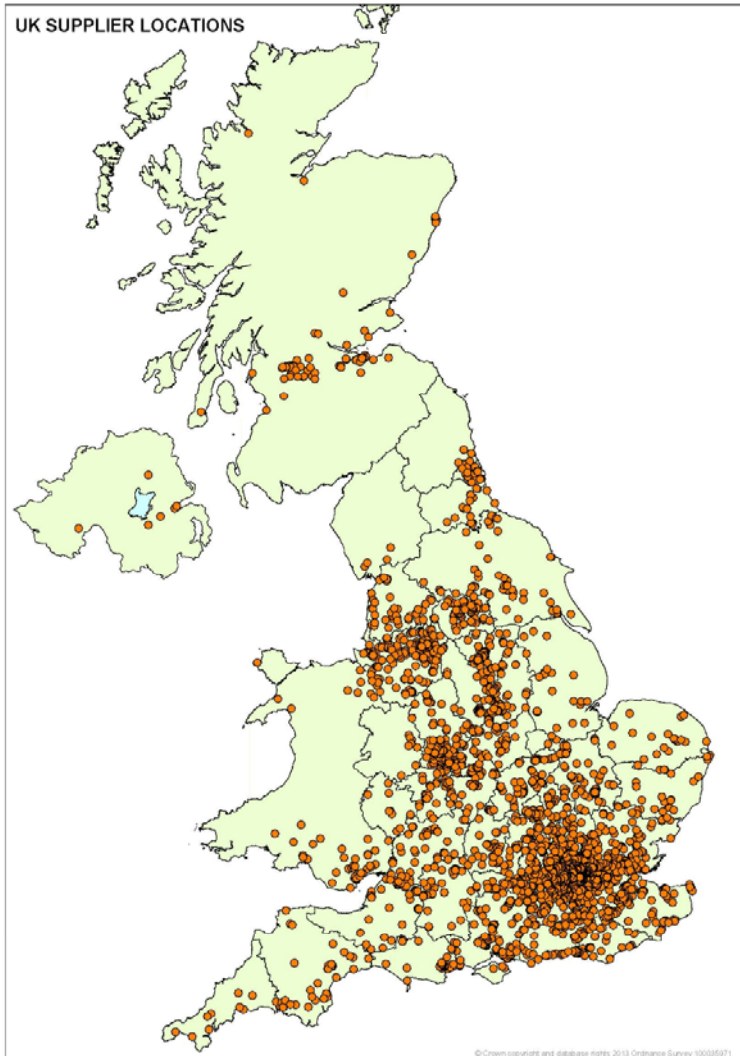
- £0.8m invested in improvements
- £6.3m estimated return for retailers and property owners

## The Cut Southwark SE1



- £3m invested in improvements
- £9.5m estimated return for property owners

# Jobs and growth across the UK



- 40,000 jobs supported in supply chain outside London in 2011/12 (22,000 in the North and Midlands)
- 64 per cent of our spend went to suppliers outside London,
- 55,000 will work on Crossrail, 62 per cent of spend is outside London
- 3,500 apprentices, 3,400 long-term unemployed into work

## TT Pumps, North Shropshire constituency

- Long-term supplier to London Underground
- Employs 80 people in Woore factory
- Long-established apprenticeships programme
- Plans to create new jobs and new apprenticeships



# The productive heart of Britain



- 96% of businesses say cuts in transport investment would damage them
- 90% say investment should be sustained, not varied annually
- We need a commitment to a sustained level of capital funding over at least five years to deliver our Business Plan's c.£1.8bn a year in infrastructure, together with the right levels of operating grant to support operations, the borrowing programme and enabling fare rises to be minimised

## Our offer:

- Spade-ready road and rail projects to boost reliability, reduce overcrowding and congestion and unlock growth
- Quick returns on investment (more trains, efficient traffic management)
- Vocal support from business
- Deliver further and tougher savings over and above those we are already delivering

Modelling for a 15% reduction in our grant options include:

- A significant above-inflation increase in fares
- Cutting or delaying the Tube upgrade, one of the Top 40 National Infrastructure projects
- Removing concessions for old people, young people or those seeking work