

May 12, 2013 5:12 pm

Mayor says 'insane' transport cuts threaten London's economy

By James Pickford, London and South-East Correspondent



Boris Johnson has warned that threatened cuts to London's transport budget in the chancellor's June spending review pose an "insane" risk to the capital's economy.

Transport for London, which runs the Underground, bus and Overground rail network, fears ministers may demand cuts of as much as 15 per cent to its

government funding in the spending round, after steady investment in the run-up to the 2012 Olympics.

But the London mayor, who chairs TfL, said there was "an overwhelming case" for continued investment in the capital's transport infrastructure as a boost to the wider UK economy. "It is insane to risk London's economic efficiency by failing to invest," he said.

Mr Johnson was speaking after a visit on Friday to a Wrightbus factory in Ballymena, Northern Ireland, where the chassis for 600 fuel-efficient double-decker buses are to be built for the capital in a £212m contract. The family-owned manufacturer in County Antrim expects to hire an extra 50 staff for the work.

TfL said more than 40 per cent of spending in its supply chain went to British companies outside London, supporting 40,000 jobs beyond the capital.

Sir Peter Hendy, London's transport commissioner, said TfL was calling on the government to agree a 5-year funding deal averaging £1.8bn a year, which would allow it to continue its investment in upgrading the Tube network.

"We are saying: give us that investment; we'll carry on improving the capacity of the Underground and will continue to create jobs and apprenticeships around the country," he said.

TfL is undergoing a cost reduction programme that it said would save £9.8bn in the 10 years to 2017-18.

Mr Johnson said: “We’ve removed 25 per cent of the directors from TfL and disposed of 40 buildings around London. Like every responsible department we are trying to make what savings we can. What we won’t accept is cuts to vital investment programmes.”

The Department for Transport declined to comment on the spending negotiations, saying only that it was “committed to supporting investment in London’s transport infrastructure, including Crossrail and the Tube upgrades.”

The capital’s transport system, parts of which date back to the Victorian era, will come under strain as statistics suggest the London population could rise by 14.2 per cent by 2021, to 9.4m. “The population is growing by 70,000 to 80,000 a year whether we invest or not,” Sir Peter said.

However, London already receives a disproportionate share of taxpayer funding on transport, those in other regions have argued. Public spending on transport in London was £774 per head in 2010-11, compared to £337 in the northwest and £328 in the east, the next highest spending regions.

Critics have singled out the mayor’s plans to spend £900m on cycling in London over the next 10 years – more than was spent on all public transport infrastructure in Manchester during the past decade, according to John Ashcroft, an economist and business leader.

Sir Peter said that the concentration of investment in London was justified by its high productivity.

“Every pound you spend in London delivers more economic value than anywhere else in the economy,” he said, adding that cutting investment in the capital would not spark growth elsewhere in the UK. “The jobs don’t move to Manchester. They move to Paris, Frankfurt and Hong Kong.”

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