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Transport for London's grant cut by £220m in 2015-16

By James Pickford, London and Southeast Correspondent



Boris Johnson welcomed a government commitment to long-term investment in London's transport network even as George Osborne announced a 12.5 per cent cut in its grant.

The chancellor's decision to trim Transport for London's grant funding from £1.8bn to £1.6bn in 2015-16 was accompanied by a pledge to maintain

capital investment at around £1bn a year between 2015 and 2021.

TfL had feared the spending review would put at risk planned upgrades to the Tube system, including automated trains for the Piccadilly line and upgrades of the Bakerloo and Central lines as well as a £900m cycling improvement scheme and road safety measures.

Describing the deal as “a very good settlement”, the mayor of London, said: “In exchange for a relatively do-able modest cut in revenue for one year we've got a long-term commitment to capital funding which enables us to do all the things Londoners need and want.”

Tony Travers, local government expert at the London School of Economics, said it was “not a bad day” for the capital, whose “inexorable population growth” made it hard for ministers to avoid increasing capital investment. “There's no alternative for the government but to build more schools, railways and roads in London.”

The £220m cuts to TfL's £9bn annual budget raised the question of whether fares, the highest on average in any European city, would need to rise further. Mr Johnson refused to say where the savings might come, but added: “I don't want to put up fares. I'm acutely conscious that Londoners have had a bellyful of high fare increases.”

Crossrail 2, a proposed route from southwest to northeast London for which business groups have been pressing, will receive £2m for a feasibility study. Mr Johnson admitted this was “not big money” but nonetheless “placed the issue on the government's agenda”.

Mr Johnson will take responsibility for services between Liverpool Street, Hertford East and

Chingford, part of the Greater Anglia franchise, in what he described as “a historic decision” that would improve services for commuters. “It means TfL now has a say in overground rail in London in a way it hasn’t before,” he said.

TfL has been calling for ministers to adopt a longer-term approach to capital investment to give it greater certainty in planning and to drive down costs with suppliers. Mr Johnson suggested the move would help attract foreign direct investment. “You can go to Abu Dhabi and say this is the plan and we’ve got a government commitment to elements of it,” he said.

Bonuses of £1.5m for senior TfL staff were also announced on Wednesday, attracting condemnation from union leaders. “This is a bonus for doing your job,” said Mick Whelan, general secretary of Aslef. TfL said the pay awards were linked to record Tube performance over the London 2012 Olympics.

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