



George Osborne snubs Boris Johnson's plea for millions of pounds to limit rise in rail fares



Funding snubbed: Chancellor George Osborne

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JOE MURPHY, POLITICAL EDITOR



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George Osborne appears to have thrown out Boris Johnson's plea for millions of pounds in extra funding after the Mayor was forced into a chaotic last-minute rethink over fares.

Treasury minister Nicky Morgan told MPs a decision to reduce the planned hike in Travelcards was "a matter for the Mayor" — implying Mr Johnson would have to shoulder the cost.

Labour estimated it would leave a £20 million black hole in Transport for London's accounts. Shadow transport secretary Mary Creagh called it a slap in the face caused by the pair "jostling for the Conservative leadership". City Hall sources insisted that talks are continuing with the Treasury.

Last month the Chancellor announced that from the New Year average rail fare increases would be limited to the rate of inflation, 3.1 per cent.

That forced Mr Johnson to cut a planned rise in the price of travelcards by one percentage point, to bring them into line. But unlike national railway companies, TfL is not entitled to compensation.

In the Commons, Ms Morgan was asked whether the Chancellor

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would meet the cost. She replied: "Decisions by the Mayor of London regarding London transport fares, and the funding of those decisions, are a matter for the Mayor of London."

Ms Creagh said: "It's a huge hit on London's transport budget — and just because Osborne and Boris Johnson are jostling for position in the Tory Party leadership stakes."

Mr Osborne's fare move surprised the Mayor, who just two days earlier had announced his complex annual basket of London fares. It was based on an assumption that prices for overground rail prices would rise by the previous national formula, the Retail Prices Index measure of inflation plus one per cent — working out at 4.1 per cent.

Sources say Mr Osborne did not reveal his plans to the Mayor, but had suggested Mr Johnson wait until after the Autumn Statement before announcing London's rise. Rather than charge Londoners more than the national increase, the Mayor decided to cap the travelcard rise. TfL finance chief David Goldstone has estimated the lost revenue at £13 million or £14 million a year.

Labour says TfL could lose another £6 million because the annual fares rise had to be delayed to January 19 to allow time for the last-minute change.

Mr Johnson initially called for "additional funding from Government" to bail out TfL. City Hall sources insist he still hopes to get some money "in the round" from the Treasury, if not directly. His spokesman said: "The Mayor is assured the Chancellor will be taking Treasury obligations on this matter into account."

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