



**Neil Garratt AM**  
**Chairman of the Budget & Performance Committee**  
(Sent by email)

**Andy Lord**  
Commissioner of Transport

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Dear Neil,

Thank you for sharing the report from the Budget and Performance Committee on Capital finance and delivery: Euston we have a problem: Mind the funding gap. The Mayor has asked me to respond on his behalf to the recommendations for both TFL and the GLA. Please see below a response to these recommendations. We have noted recommendations 10 and 11 which are directed at the Government.

### **Recommendation 1**

*The Mayor and Transport for London should restart the promotion and development work of the Crossrail 2 project with a particular focus on how delivery costs can be minimised and how the project will be financed. We ask the Mayor to respond to the Committee by the end of 2025-26 to set out his plans to do this.*

The Crossrail 2 scheme is a long-standing major rail infrastructure intervention planned to enable future London-wide and inter-regional movement, housing delivery and economic growth across Greater London and the wider Southeast.

Safeguarding Powers were made by HM Government in 2015 enabling the protection of potential land required for the scheme and associated worksites.

However, subsequent planning work for Crossrail 2 was paused in March 2020. Work up to that time had assumed a Hybrid Bill as the preferred consenting route, however this was never confirmed with the then Government.

Work has begun to refresh and reassess our understanding of the scale of the growth related issues and opportunities along the Crossrail 2 corridor, including establishing whether the case for delivering the scheme in its current form remains appropriate. To support this reassessment, TfL plans to undertake a study that will update the underlying information and data feeding into this work.

TfL has allocated a small amount of funding to undertake the additional study set out above. A scheme of this scale will require significant funding package, as used to deliver Crossrail, and this will need direct support of multiple sources, including the Government, TfL, the GLA and wider beneficiaries of the new infrastructure.

Once the results of the reassessment workstream are available (expected at the end of 2026) and if deemed appropriate, further work may be undertaken to assess funding, financing and delivery approach for the project.

It should further be noted that the 2015 safeguarding regulations for Crossrail 2 require updating, which was recognised by the Department for Transport (DfT) in the August 2022 Funding Agreement. However, the lengthy pause in Crossrail 2 scheme development since the pandemic has accentuated the need to reassess the Crossrail 2 scheme in its current form as highlighted earlier in this submission, which implies that the scheme must be confirmed as fit for purpose prior to any updating of the 2015 safeguarding regulations.

In practical terms, TfL therefore proposes to revisit the safeguarding update once the Crossrail 2 reassessment work completes in late 2026. This approach, working with the DfT, will ensure that Crossrail 2 remains fit for purpose and that any updates to the 2015 safeguarding regulations can be made by the Secretary of State based on the latest available housing and economic forecasts for London, meaning that the scheme design will remain appropriate to meet London's current and emerging growth context over the coming decades.

In the meantime, TfL remains in contact with DfT Officials regarding the discharge of this condition and is keeping the DfT updated both on the current reassessment work and emerging proposals for any safeguarding updating process.

## **Recommendation 2**

*The Mayor and Transport for London should present a fresh and engaging new vision for transport for 2040, including a clear pipeline for the infrastructure that can be delivered. The plan should set out for Londoners how this investment will improve their lives. We recommend that development of this vision and plan should begin as soon as possible and, after consultation with the Assembly and other stakeholders, it should be ready for publication in around twelve months. We ask that the Mayor confirm to the Committee by the end of 2025 that this work is underway.*

The [Mayor's Transport Strategy](#) (MTS) sets out the Mayor's policies and proposals to reshape transport in London, with the current strategy running to 2041.

That vision remains appropriate for London, and sets out a wide-ranging plan for improving people's experience of public transport through a combination of modernising existing services and providing new ones. We are focused on delivering this strategy. We monitor and report on our progress against the MTS annually through our Delivering the MTS report: [Delivering the Mayor's Transport Strategy 2024/25](#). In this we identify key priorities to advance our progress towards the MTS. In the latest report we highlighted bus speeds and Vision Zero in particular. We provide further detail at a modal level in our action plans.

We are working to publish an updated Vision Zero Action plan later this year and we published a Taxi and Private Hire action plan in 2025, and we updated our cycling action plan in 2023.

We continue to work with the GLA as they develop a new London Plan, with a draft expected to be released for public consultation in spring 2026. This will outline our spatial strategy for London's growth.

### **Recommendation 3**

*TfL should review the delivery of its largest transport infrastructure projects since 2015 against the above checklist to produce an infrastructure cost audit. We anticipate that this should be a review to identify what recurring issues have affected London's transport infrastructure projects recently, and what potential options might have been to reduce cost. The lessons learned through this process should inform future planning. We ask that the findings of such a review be shared with the Committee by the end of 2025-26.*

We note the recommendation and will investigate whether this is something TfL should adopt in addition to work already underway. We routinely refer to lessons learnt from the delivery of our major enhancement and renewal projects (for example the Barking Riverside extension, the Bank Station capacity upgrade, the Northern Line Extension and the Silvertown Tunnel) when planning for and delivering our new projects, such as the extension of the DLR to Thamesmead or upgrade projects, such as the Piccadilly Line Upgrade projects. When incorporating the lessons learned into our future planning, we consider options to reduce cost, as well as risk and the length of project delivery periods. We also look to ensure that we have the optimal supply chain strategy and type of contracts for the delivery of each of our projects and we mitigate the risk of over-scoping by applying value engineering to our design assumptions and standards.

### **Recommendation 4**

*TfL should confirm what records it holds for buried services and engage with London boroughs, utility companies and other partners to explore how a unified buried services database could be created and maintained for London. We ask that TfL responds to the Committee by the end of 2025-26 to provide its response to this proposal and any plans to take it forward.*

A digital map of underground pipes and cables in England, Wales and Northern Ireland already exists - the National Underground Asset Register, operated by Ordnance Survey on behalf of the Government Digital Service. London Boroughs and TfL have signed up to this.

### **Recommendation 5**

*TfL should engage with Transport Infrastructure Ireland to gather evidence of the impact and effectiveness of its compensation scheme, whereby residents are paid a flat fee for construction disruption, and then consider if such a scheme could be implemented in London. We ask that TfL responds to the Committee by the end of 2025-26 to provide its response to this proposal and any plans to take it forward.*

We would be happy to look into the scheme offered by Transport Infrastructure Ireland and investigate whether this could be implemented.

## **Recommendation 6**

*TfL should inform this Committee of the potential impact on its funding of the Government's Fair Funding review and what options it has, in light of this potential impact, for delivering an operating surplus in its 2026-27 Budget. TfL should provide the Committee with an overview of its analysis by the end of March 2026, alongside its final 2026-27 budget.*

The Fair Funding Settlement (also referred to as Fair Funding Review 2.0) is a major reform initiative by the Government aimed at overhauling how central funding is allocated to local authorities in England. It seeks to rebalance and modernise the distribution of central government funding to ensure greater fairness, consistency and local empowerment.

One of the most significant changes is to the Business Rates Retention (BRR) system. The Government will reset the BRR baseline, meaning any accumulated growth in business rates above the old baseline – previously retained by local authorities – will be forfeited back to Government. A new cycle of growth retention will commence from 2026/27.

TfL's funding will continue to rely heavily on BRR. The Mayor's Budget Guidance (July 2025) set out TfL's BRR allocations for the next three financial years, which have since been updated to reflect Group Collaboration Board costs and the inclusion of the grant for higher Employers' NICs funding. The revised BRR allocations are:

- **2026/27:** £2.250bn
- **2027/28:** £2.253bn
- **2028/29:** £2.277bn

A 2% annual growth applies to TfL's revenue component of BRR, but there is no inflationary uplift for the capital allocation, which is held flat at £1.070bn in each year. While this multi-year framework provides planning certainty, the lack of indexation on the capital component and below inflation indexation on the revenue component, along with ongoing cost pressures constrain flexibility and increase the challenge of delivering an operating surplus in 2026/27, all of which is reinvested in the network.

In response, TfL is advancing a balanced package of measures: targeting efficiency savings across all operations and the capital programme; revenue growth initiatives (including fares policy, advertising and commercial income and enforcement revenues); and ensuring TfL's capital investment aligns with available funding. TfL will provide the Committee with a comprehensive analysis of the potential impact of the Fair Funding Settlement on TfL's funding, and more details of TfL's operating surplus for 2026-27 in the final TfL Budget for 2026-27 by the end of March 2026.

## **Recommendation 7**

*The Mayor and TfL should review the impact of further rises in TfL fares, and consider alternative approaches such as a link to increases in Londoners' earnings. This review should include assessing the advantages and disadvantages of such approaches in detail, including the benefits of additional services or infrastructure. This would include both the direct impact, as well as secondary effects such as on cost of living and travel demand, and the consideration of targeting changes to particular modes or parts of the fares structure. We ask that the Mayor and TfL respond to the Committee by the end of 2025-26.*

Under the Greater London Authority Act 1999, the Mayor has the statutory duty to develop transport policies, including setting fares to ensure they are, for example, affordable.

Implementing an earnings linked fares framework would present significant feasibility challenges. Londoners' earnings vary widely by sector, geography, and demographic group, and no single measure provides a representative basis for a sustainable, predictable fares policy. Additionally, earnings linked mechanisms would introduce volatility into TfL's revenue planning, making it more difficult to ensure stable funding for service operations, safety critical maintenance, and long-term capital investment. The current fares structure also sits within a wider landscape of concessions and discounts that provide targeted support for key groups, including younger people, students, older Londoners, and those on low incomes. These concessions (such as free travel for under-11s and 60+ Londoners, discounted bus, tram and tube journeys, and the Hopper fare) already help mitigate cost of living pressures for those who benefit most from lower fares.

Given these considerations, and the complexity and risk associated with implementing an earnings linked model, a full review of this type would not be practicable within existing resources or consistent with the financial sustainability obligations TfL must meet. However, we remain committed to ensuring that the fares system continues to be fair, accessible, and supportive of London's broader economic and social objectives.

We will continue to monitor the impact of fares on passengers and maintain our focus on protecting concessionary support for those who rely on it most.

#### **Recommendation 8**

*The Department for Transport, the Mayor and TfL should produce and publish a strategy for funding new infrastructure via private investment to aid transparency on such funding, protect public interest and allow comparison with other investment options. This should include a standard model for the long term that allows Tax Increment Finance from new revenue streams to be enabled from new transport infrastructure. We ask that the Department for Transport, the Mayor and TfL respond to the Committee with plans for a strategy by the end of 2025-26.*

TfL recognises the importance of developing a transparent and sustainable approach to funding major transport infrastructure through private investment. TfL and the GLA are working through innovative finance approaches and actively working with HM Treasury to explore all avenues to fund growth schemes, including value capture approaches, to address the significant funding needs of schemes such as the DLR extension to Thamesmead and Bakerloo Line Extension. This work will incorporate Tax Increment Financing (TIF) within a broader framework of options and seek to establish a standard model that protects public interest and enables comparison with alternative investment approaches.

#### **Recommendation 9**

*The Mayor should work with TfL and local boroughs in south east London to explore the options for a mechanism that aligns the Mayor's and London boroughs' powers over planning and housing under a single entity. This would be aimed at enabling a shared approach to land value capture to fund the Bakerloo line extension. The Mayor should respond to the Committee by the end of 2025-26 to set out plans to consider the benefits and practical implications of this proposal.*

TfL and the GLA have been working in partnership with south east London Boroughs to ensure that land use and transport planning, including for the Bakerloo line extension are fully integrated.

This is demonstrated through the London Plan, which has designed Opportunity Areas linked to the extension at Old Kent Road and at Lewisham, New Cross and Catford, as well as in the recently adopted LB Southwark and LB Lewisham local plans and the LB Southwark produced Old Kent Road Area Action Plan. Such coordinated working has ensured that a consistent vision can be promoted for the Bakerloo line corridor by all parties and that the benefits of the scheme can be maximised. Whilst more formal mechanisms do exist to combine planning and housing powers in a single entity, given existing levels of collaboration and partnership working between GLA, TfL and the boroughs, existing housing and planning powers are not considered a barrier to the project but this will be kept under review.

### **Recommendation 12**

*TfL needs to set out how it can realistically address its maintenance backlog within the next ten years. We ask that TfL addresses this in a response to the Committee with its plans by the end of 2025-26.*

TfL's maintenance activities involve the inspection and repair of its assets to keep them safe and operable while its renewal activities involve the refurbishment or replacement of existing assets to extend their working life and / or replace obsolete assets. TfL does not have a significant maintenance backlog, and has none where it is directed by regulation and or its Engineering Standards to inspect and maintain safety critical infrastructure (for example track condition, patrolling and measurement). Missed planned maintenance is closely monitored and is often covered by other means, such as repairs and defect handling where we carry out more inspections and maintenance in response to asset faults and failures.

In the TfL Budget for 2025-26, total renewals investment is over £800m, a substantial increase on the investment made pre-pandemic and during the pandemic years. This is despite the loss of the government operating grant in 2018 which means TfL income needs to fund most renewals with the exception of the largest fleet replacements which are part government funded.

TfL ensures capital investment is targeted correctly at keeping assets in the best possible condition, and that major investment programmes stay on time and on budget.

This is achieved through the in-depth Business Planning process, which brings together large quantities of safety, reliability and revenue generation data at a network, asset and project level, for collective assessment as part of a stringent Pan-TfL renewals prioritisation process.

Risk-based assessments are undertaken using consistent and where possible quantified risk matrixes. This helps to ensure that the renewals which are prioritised within a defined funding envelope continue to help protect safety, reliability and revenue. Where there are shortfalls against 'steady state' levels of investment, mitigations are identified to ensure our network remains safe and operable.

In addition, TfL's Capital Efficiencies programme is growing, helping deliver the same outcomes at lower cost, enabling our available funding to go further.

The Director TfL Engineering and Asset Strategy reports to TfL's Executive Committee each period enabling rapid decisions to be taken if a change to the prioritisation of work is required.

TfL's Programme and Investment Committee (PIC) is regularly updated with the key progress and challenges of the delivery of projects across TfL. In its latest report for Quarter 2 2025-26 (published 11 December 2025 and which can be accessed [here](#)), further information can be found on the renewals activities being undertaken by TfL across the various investment areas, including but not limited to, London Underground, Technology and Streets, Bus, Rail and Sponsored Services.

Nevertheless, the impact of different levels of asset investment needs to be assessed over a period longer than a single budget year. In the 2026 Business Plan, TfL is seeking to prioritise service performance and the customer experience through its allocation of renewals expenditure in line with its available funding.

### **Recommendation 13**

*TfL should explore the benefits of including a reduction and addition list in its major infrastructure business cases and contracts. TfL should share its findings with the Committee by the end of 2025-26.*

We note the recommendation and will investigate whether this is something TfL is able to adopt. We approach the procurement and commercial management (including the selection of the most appropriate contract clauses) for our major enhancement and renewal projects on a case by case basis.

### **Recommendation 14**

*TfL and the Mayor should work together to review the retention of key construction skills, both within TfL and the supply chain, and consider how TfL and the Mayor through the Adult Skills Fund, can support the maintenance and development of the key skills that are required to deliver transport infrastructure. TfL and the Mayor should share their findings with the Committee by the end of 2025-26.*

TfL is working with the Mayor and wider partners to align skills provision with current and future employer demand to ensure a sustainable supply of skills to deliver transport infrastructure and this will accelerate through:

#### **Greater London**

- Mayor's Inclusive Talent Strategy and Construction Sector Board
- Refresh of Local London Skills Improvement Plans (LSIPs)

TfL is contributing skills demand intelligence into both forums as representative members.

#### **Nationally**

- Construction Skills Mission Board established by Government following the publication of the National Infrastructure Strategy with the aim of building a demand-led skills system capable of delivering an additional 100,000 new entrants into the industry by the end of this parliamentary term.

- Senior Infrastructure Sector Board a national group of transport and infrastructure client organisations working to collaborate in relation to national infrastructure projects chaired by Lord Blunkett. The Board has set up a Skills and Talent working group to identify opportunities to collaborate on attracting, developing and retaining the talent needed.

Through these forums, TfL will share evidence from its workforce planning and supply chain engagement to support the prioritisation of construction and infrastructure skills within London's skills system.

In 2024, TfL launched its TfL wide Strategic Workforce Plan (SWP) to ensure the organisation has the right people, skills and capacity to deliver transport infrastructure over the medium and long term. This includes a focus on the retention of key construction and infrastructure skills across TfL and its supply chain.

Chief Officers have developed local Strategic Workforce Plans, using data led analysis of external labour market trends, including construction and infrastructure skills shortages. These plans are currently being analysed and will inform TfL's contribution to the Mayor's Inclusive Talent Strategy, as well as regional, national and sector based skills boards. They will also shape decisions on the construction and infrastructure training that TfL will access or codesign through the Adult Skills Fund and other skills funding, working with the GLA and supply chain partners.

#### **Adult Skills Fund and Skills Interventions**

Working collaboratively with the Mayor, skills boards and suppliers, TfL will identify the most effective funding and delivery mechanisms to retain and develop scarce construction skills. This is expected to include, but not be limited to:

- Skills Bootcamps (existing or co-designed) funded through the Adult Skills Fund
- Bespoke Adult Skills Fund programmes outside the Bootcamp model
- Use of the Growth and Skills Levy for short courses and upskilling apprenticeships

#### **Skills for Construction**

Places for London, TfL's property company runs three skills programmes, including Skills for Construction, which supports Londoners to access employment opportunities in construction, the built environment and green skills. The programme addresses London's critical construction skills shortage by providing comprehensive training pathways from entry level to technical qualifications. It provides hands-on experience with real equipment and industry-recognised certification.

Since 2019, TfL has supported over 10,000 Londoners with construction training through a network of skills hubs, with 4,500 people supported into construction careers. The programme helps address skills shortages, market failures in provision and under-representation in the workforce.

**Supplier Skills Programme**

TfL embeds skills and employment requirements into contracts, proportionate to contract value, including apprenticeships, job starts, work placements and education engagement. TfL supports delivery through partnerships with suppliers, colleges and community organisations.

TfL and the Mayor will continue to work jointly to review construction skills retention and capability across TfL and its supply chain.

I hope this information is useful and clarifies our position. Thank you for interest in this.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Andy Lord', with a stylized flourish at the end.

**Andy Lord**

