MDA No.: 1759

Title: Euston We Have A Problem: Mind The Funding Gap

1. Executive Summary

1.1 At the Budget and Performance Committee meeting on 22 July 2025 the Committee resolved that:

Authority be delegated to the Chairman, in consultation with party Group Lead Members, to agree any output arising from the meeting.

1.2 Following consultation with party Group Lead Members, the Chairman agreed the Committee's report to the Mayor of London regarding Euston we have a problem: Mind the funding gap as attached at **Appendix 1.**

2. Decision

2.1 **That the Chairman, in consultation with party Group Lead Members, agrees the Committee's report to the Mayor of London regarding Euston we have a problem: Mind the funding gap, as attached at Appendix 1.**

Assembly Member

I confirm that I do not have any disclosable pecuniary interests in the proposed decision and take the decision in compliance with the Code of Conduct for elected Members of the Authority.

The above request has my approval.

Signature:

Printed Name: **Neil Garratt AM, Chairman of the Budget and Performance Committee**

Date: **2 December 2025**

3. Decision by an Assembly Member under Delegated Authority

Background and proposed next steps:

3.1 The terms of reference for this investigation were agreed by the Chairman, in consultation with relevant party Group Lead Members, under the standing authority granted to Chairs of Committees and Sub-Committees. Officers confirm that the letters and its recommendations fall within these terms of reference.

3.2 The exercise of delegated authority approving the letters will be formally noted at the Budget and Performance Committee's next appropriate meeting.

Confirmation that appropriate delegated authority exists for this decision:

Signature (Committee Services): *Hannah Barlow*

Printed Name: Hannah Barlow, Principal Committee Manager

Date: 2 December 2025

Financial Implications: NOT REQUIRED

Note: Finance comments and signature are required only where there are financial implications arising or the potential for financial implications.

Signature (Finance): Not Required

Printed Name:

Date:

Legal Implications:

The Chair of the Transport Committee has the power to make the decision set out in this report.

Signature (Legal): 

Printed Name: Rory McKenna

Date: 3 December 2025

Email: rory.mckenna@london.gov.uk

Supporting Detail / List of Consultees:

- *Krupesh Hirani AM (Deputy Chairman)*
- *Zack Polanski AM*
- *Gareth Roberts AM*

4. Public Access to Information

4.1 Information in this form (Part 1) is subject to the FoIA, or the EIR and will be made available on the GLA Website, usually within one working day of approval.

4.2 If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary.

4.3 **Note**: this form (Part 1) will either be published within one working day after it has been approved or on the defer date.

Part 1 - Deferral:

Is the publication of Part 1 of this approval to be deferred? NO

If yes, until what date:

Part 2 – Sensitive Information:

Only the facts or advice that would be exempt from disclosure under FoIA or EIR should be included in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a part 2 form? NO

Lead Officer / Author

Signature: *Gino Brand*

Printed Name: Gino Brand

Job Title: Senior Policy Advisor

Date: 2 December 2025

Countersigned by Executive Director:

Signature: 

Printed Name: Helen Ewen, Executive Director – Assembly Secretariat

Date: 2 December 2025

Appendix 1

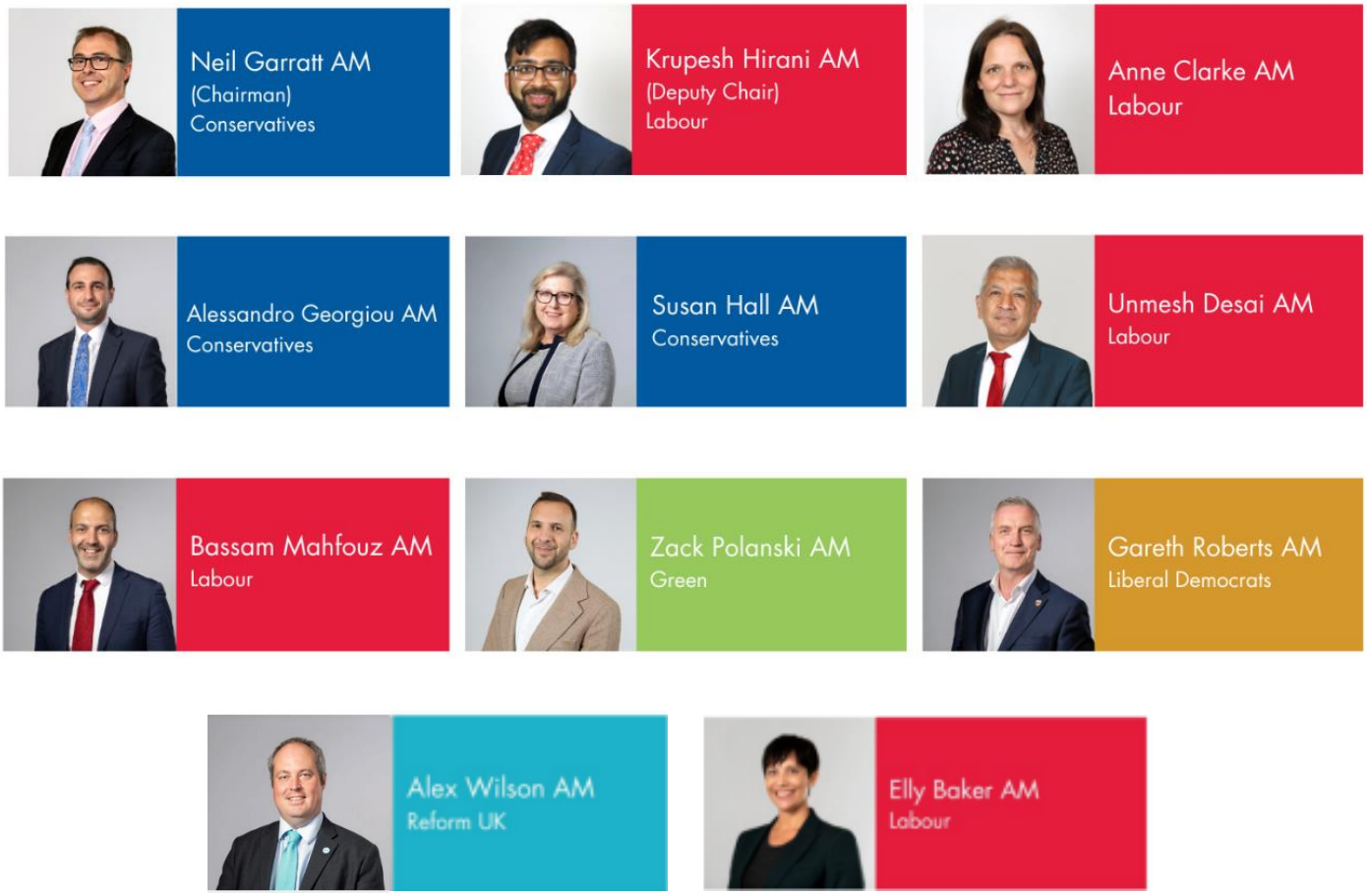
Euston we have a problem: Mind the funding gap

Budget and Performance Committee

November 2025

LONDONASSEMBLY

Budget and Performance Committee



The Budget and Performance Committee exist to examine and report on matters relating to the budgets and performance of the GLA and the Functional Bodies.

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Foreword

Neil Garratt AM
Chairman of the Budget and Performance Committee

Isn't the Elizabeth Line fantastic? Slashing journey times, seamlessly linking east with west: it's a magnificent piece of railway engineering that does us proud. Alas, it's also a sad flagship of all that's wrong with major capital projects in the UK: four years late, £4 billion over budget, a bespoke one-off whose legacy includes the powerful aversion to building another. Simultaneously fantastic and anti-fantastic, it is Schrodinger's Railway.

We've grown used to new railways, bridges, and tunnels being talked about for decades and rarely built, but it was not always this way. In 1890, the world's first deep tunnel railway opened between the City of London and Stockwell, a bold experiment not just in tunnelling but the unproven new technology of electric power, as lack of ventilation ruled out steam trains. It proved so successful that within 17 years it had been repeatedly extended and joined by so many other tunnelled railways that the 1907 London Underground map looks very similar to today's. Not plans on paper but real trains criss-crossing the city, carrying passengers. We still enjoy the fruits of that burst of activity which transformed not just London for ever but cities around the world.

If that seems ancient history, consider that staple of east London life: the Docklands Light Railway. A report on route options was published in June 1982. Funding was agreed with Acts of Parliament passed in 1984 and 1985. By August 1987 it was open for passengers, with an initial network of two lines serving 15 stations with 11 self-driving trains which has been repeatedly expanded since.

In this report, you will read similar dramatic stories from a metro railway in Madrid and German rail electrification, to nuclear power stations in France, where major programmes were agreed and completed, sometimes in a few short years, leaving benefits that improve people's lives for decades. The question we set out to answer is, how can we recreate this magic?

When asking why big projects in Britain cost so much and take so long, many people seem to have a pet theory. Some popular favourites include rip-off contractors, Treasury Says No, the public sector, the private sector, the planning system, lack of ambition, useless politicians, gold plating, NIMBYism, and the myopic electoral cycle. Perhaps you have your own favourite.

What we found was something different. Although there is some truth to each of those theories, I've come to realise that the solution is not about fixing one single problem but creating a self-reinforcing system of success. This is what we find in other European countries.

A slow project generates more risk and more opposition, as each passing year provides new reasons to object but no tangible benefits. When was the last time someone got up a petition to demolish a railway, tunnel, or bridge once people were using it? So, a modular project that opens in phases lets people enjoy the success sooner, generating public support, while decisive political leadership eliminates dither and mission creep.

Keeping things simple with modular, repeatable designs not only shortens the build time and risk, but lowers costs because with experience the people working on it get better, the supply chains develop, so they find new efficiencies and make fewer mistakes. Better still, a pipeline of projects maintains this skill base and supply chain as activity moves smoothly from one project to the next.

Lower cost then brings local funding into play. There are only three groups of people who can pay for new infrastructure: the users, via a fare or toll; local land owners, by capturing the land value uplift; and the taxpayer, via a subsidy. The first two are limited, so as the cost rises the taxpayer subsidy grows. This puts the Treasury in the driving seat and sets up the begging bowl politics we're so familiar with. But if you keep costs down, the fares revenue and uplift in land value cover all or most of the cost, so the project effectively pays for itself. This is how the Nine Elms Northern Line extension was paid for.

In this way, if London can fund and authorise its own new infrastructure, we not only liberate ourselves from the dreaded Treasury veto, we can create the steady pipeline of long term projects that keeps driving down the cost. And we reduce the zero-sum politics of north v south. When new bridges, tunnels, and railways become a normal thing that people expect, we don't just de-risk the individual projects but the politics around them. In Madrid, people loved their new metro system so much that elections became a contest to build even more: this report is a practical roadmap for London to navigate to that El Dorado. I hope you feel inspired to start the journey.

Executive Summary

The Budget and Performance Committee set out to investigate one of the most complex challenges facing London: the delivery of new transport infrastructure. We explored how to make schemes more affordable, to enable them to be delivered, and what new funding sources could be used.

What needs to be built and why

There are many proposals for new infrastructure in London, from huge, city-wide schemes to more local schemes. The projects we consider in this report are the Docklands Light Railway extension to Thamesmead, Bakerloo line extension to Lewisham, West London Orbital Hammersmith Bridge and, more ambitiously, Crossrail 2. There is a need for new infrastructure to be delivered, to make it easier to travel around the capital by public transport, to enable London's economy to prosper and to support the development of the new housing London needs.

We found that a long-term vision combined with political leadership are needed to define a pipeline of future projects, and recommend that the Mayor and TfL develop this.

How should it be built and at what cost

Based on comparison to international cases such as the extension of the Madrid metro, and major studies that have been conducted in the UK, there is a clear consensus that infrastructure schemes could be delivered for significantly lower costs than they have been in the past. If this were the case, then it opens up possibilities for approving new projects that might currently be considered unaffordable.

We identified a range of factors that have increased the cost projects of infrastructure schemes, including the lengthy approval and planning processes, supply chain fragmentation, and over-scoping. We recommend TfL review recent projects to identify how these issues could be addressed.

We also heard about innovative ideas for delivering projects more efficiently. This includes how TfL can use a 'buried services database', to help those delivering construction know what pipes, cables, and so on are underground before work commences, and consider the benefits of compensating residents for construction disruption.

How it can be funded

Even with reduced costs, infrastructure projects are still very expensive and need commitments of large amounts of money. There are only three sets of parties who can fund transport infrastructure

infrastructure. These are the user through fares or a user charge, the taxpayer, or the beneficiary of the economic benefit. Examples include the Northern line extension which was largely funded by the beneficaries of the extension and Silvertown Tunnel where initially borrowing will be repaid through a user charge.

With large central Government grants for new infrastructure unlikely in the foreseeable future, we recommend that the Mayor and TfL explore other options, building on successful schemes. We recommend consideration of using fare revenue linked to earnings rather than inflation, and using land value capture mechanisms.

We also argue for greater devolution, to enable London to make the choices about what and how it funds. Noting the ongoing consideration of the English Devolution and Community Empowerment Bill, we recommend the devolution of revenue-raising powers and scheme approval powers to London.

Long-term improvements in project delivery

Our investigation also identified a number of other areas where progress could be made to improve London's infrastructure and how it is delivered:

- We found a backlog of maintenance of infrastructure, which needs to be addressed alongside delivering new schemes.
- Contractual arrangements with suppliers in infrastructure schemes should be reviewed to achieve an appropriate balance of risk between parties.
- There is a skills shortage in the transport construction sector that may put at risk the effective delivery of future infrastructure projects.

Recommendations

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.

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.

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.

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.

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.

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.

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.

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.

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.

Recommendation 10

We call on the Government to amend the English Devolution and Community Empowerment Bill as it passes through the report stage in Parliament to include devolution of Transport and Works Act Order powers to the Mayor.

Recommendation 11

The Government should consider amending the English Devolution and Community Empowerment Bill or introducing a specific finance bill that recognises that London is a substantial net contributor to the Exchequer, and that giving the capital more control over the tax revenue it generates would help support the funding of large infrastructure projects. This would support both local and national economic growth, ultimately generating more revenue for the national Exchequer to devolve further revenue raising powers to the GLA for the purposes of funding large transport infrastructure projects.

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.

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.

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.

Introduction

Euston Station has been designated as the terminus for High Speed Two (HS2), with tunneling from Old Oak Common expected to begin in spring 2026. The goal is to create a multi-modal interchange integrating National Rail, HS2, The London Underground, buses, and taxis, while transforming the area into a vibrant urban hub. While the Department for Transport (DfT) is overseeing the project and has committed to funding the initial phases, including a £300 million procurement for design and engineering partners, much of the required funding has yet to be secured. The HS2 budget for Euston Station is £2.6 billion (in 2019 prices). In March 2023, HS2 estimate for the station was £4.8 billion (in 2019 prices). The DfT is responsible for funding and overseeing the new HS2 Euston Station and the redevelopment of the existing Network Rail station. [1]

London is a global city that needs world class transport infrastructure, to meet the needs of nearly nine million residents and the millions more who work in or visit the city. New and improved infrastructure is vital for our economic prosperity, and will also support the development of the new homes that Londoners need.

Investment in major capital projects is expensive, however, and we are living in a time when there are limited resources available. Transport for London has an ongoing capital programme, and has delivered major projects in recent years such as the Elizabeth line, Northern line extension and Silvertown Tunnel. Other key schemes, including the Four Lines Modernisation programme for the Tube, are ongoing and have had their scope reduced in part due to technical issues.

However, other proposed upgrades including Crossrail 2, Docklands Light Railway (DLR) extension and repair of Hammersmith Bridge have seen several years with limited progress without the funding required to deliver them. At the current time, other than HS2, there are no approved and funded schemes ongoing that will expand London's transport options with new or extended rail lines, stations or river crossings.

In conducting this investigation, the Budget & Performance Committee set out to address two overarching questions:

- How can infrastructure projects in London be delivered more efficiently, reducing the amount of money required?
- Are there new or innovative ways to fund infrastructure that London could take advantage of?

To answer these questions, the Committee met with senior officers from TfL, business representatives, and experts from think-tanks and academia. Our work was informed by an

[1] NAO, High Speed Two: Euston (Summary), 27 March 2023

extensive review of literature relating to the delivery of major capital projects, including lessons learned from comparable examples overseas.

This report sets out our findings and the recommendations we have made to the Mayor, TfL and the Government.

Chapter one – What needs to be built and why

"If you build the Docklands Light Railway to Thamesmead, you unlock […] potentially tens of thousands of new homes around that site. The other thing about that scheme is that you are also providing social value for those communities. There are high levels of deprivation in and around the area, you are providing connectivity that provides onward routes to employment, access to jobs and routes into the centre of the city as well. It is not just about moving people around, it is about social equity and about the communities you are benefiting from those projects."[2]

John Kavanagh
Programme Director, Infrastructure, Business LDN

Supporting government priorities – housing delivery and growth

The Government confirmed in its December 2024 *Plan for Change* an ambition to build 1.5 million new homes by 2029, and to deliver the highest sustained economic growth in the G7 economies.[3] It also published its 10-year infrastructure strategy in June 2025. The strategy stated that *"a significant increase in private investment is needed to complement and maximise the value of the extensive public investment underway."*[4]

For London, the Government has stated that 880,000 new homes are needed in the ten years from 2026 to 2036.[5] Achieving the planned level of housing growth will in part depend on the delivery of supporting transport infrastructure. The Mayor's proposals for a new London Plan – the spatial development strategy for London – reiterates this:

> *"The Mayor is clear that achieving higher rates of housebuilding also depends on funding for vital transport improvements to unlock additional capacity for these homes. Higher volumes of development, as well as its sustainability, critically depend on good public transport connections and a high-quality safe environment for walking and cycling."*[6]

The Government's overall objective means that London needs 88,000 new homes per year in London for the next ten years. This is ambitious due to the scale of the challenge, which significantly exceeds London's historical building rates: London has been delivering between about 30,000 and 45,000 homes a year for the last decade.[7] The Government's June 2025 Spending Review included a £39 billion, 10-year funding commitment for a successor to the latest Affordable Homes Programme starting in the 2026-27 financial year. This includes £11.7 billion that has been allocated to London.

[2] Budget and Performance Committee, transcript, 22 July 2025
[3] UK Government, Plan for Change, 5 December 2024. G7 nations are Canada, France, Germany, Italy, Japan, the United Kingdom, and the United States.
[4] UK Government, 10 Year Infrastructure Strategy, P8, June 2025
[5] Mayor of London, Towards a New London Plan, May 2025
[6] Mayor of London, Towards a New London Plan, May 2025
[7] GLA, Towards a new London Plan, 9 May 2025

As well as enabling housing development in London, new transport infrastructure would support economic growth across the UK. TfL informed the Committee at our meeting in July 2025 that:

> *"in 2022-23 and 2023-24, TfL spent about £12 billion with more than 3,000 UK-based suppliers, but supported about £11 billion in total gross value added across the UK. About 197,000 full-time equivalent job years equivalent to supporting employment at about 98,000 full time positions."*[8]

Despite the importance of new transport infrastructure in London to economic growth and new housing, the required level of support from the Government is not yet in place. On 4 June 2025, the Government announced a £15.6 billion investment in the England's transport infrastructure.[9] However, none of this was dedicated to projects in London. There was no discussion of the key projects featured later in this chapter, with the exception of the proposed DLR extension.

The 11 June 2025 Spending Review included a commitment from the Government for £2.2 billion of funding between 2026-27 and 2029-30 for TfL capital renewals programme.[10] TfL confirmed to this Committee in July that with the £2.2 billion funding, TfL can:

> *"complete the introduction of new trains on the Piccadilly line and DLR and new signalling on 40 per cent of the Tube, can procure a new tram fleet, progress discussions on new Bakerloo line trains and can get to work on renewing some of London's critical roads, tunnels and flyovers."*[11]

This work is welcome, although we note it is primarily about improving existing services rather than investing in an expansion of our transport network. The Mayor described the Government's Spending Review as mixture of "some good, some bad, some ugly," praising the new funding for TfL, but criticising the lack of support for new transport infrastructure."[12]

On 26 November 2025 it was announced that:

> "*The government welcomes confirmation that London will deliver the DLR extension to Thamesmead, funded through Transport for London (TfL) and Greater London Authority (GLA) borrowing. The majority of the costs will be met by TFL and GLA, with the government also contributing over the long term. The government will continue to work with London to finalise funding details and will continue to work with the GLA to look at options for innovative financing to support the delivery of infrastructure projects in the capital*."

TfL's funded and unfunded infrastructure plans

Capital expenditure is the investment of money in building, upgrading or maintaining fixed assets, including transport infrastructure such as roads, trains, railways, bridges and tunnels. It contrasts

[8] Budget and Performance Committee, transcript, 22 July 2025
[9] HMT, Biggest ever investment in city region local transport, 4 June 2025
[10] HM Govt, Spending Review 2025, P81, 11 June 2025
[11] Email to the Chair from TfL's Government Relations on 11 June 2025.
[12] BBC, Sir Sadiq Khan criticises Rachel Reeves over Spending Review, 17 June 2025

with revenue expenditure, which is money spent on an organisation's day-to-day running costs, such as maintenance and staff costs.

TfL spends significant amounts of money on capital projects, averaging around £2.7 billion per year over the past decade.[13] This is funded from various sources, including Government grants, loans, surpluses from operating income (such as fares income), or differents forms of taxation or levies.

The latest TfL Business Plan was published in December 2023 and stated that TfL would continue to make the case for a multi-year capital investment deal with the Government for large-scale projects that are unaffordable from its own resources alone.[14] This includes replacing the trains on the Bakerloo and Piccadilly lines, the DLR, trams and signalling on the four lines that are part of the Four Lines Modernisation programme.[15] It states that TfL: *"will continue feasibility work on the DLR extension to Thamesmead, the Bakerloo line extension and West London Orbital. However, any network extensions depend on securing additional funding, as the significant capital requirement is not affordable from our operating revenue alone."*[16]

The Business Plan has been supplemented by TfL's current Capital Strategy, published in November 2024, which sets out its ambition for infrastructure investment for the next 20 years.[17] TfL's Capital Strategy investment is anticipated at £113 billion to implement over the 20 years to 2043-44. TfL aims to fund £65 billion of its capital strategy from its own resources, leaving funding required of £50 billion.[18] TfL's Capital Strategy includes reference to the DLR extension to Thamesmead, the Bakerloo line extension to Lewisham, and West London Orbital – all discussed further below – but states that these are *"subject to funding becoming available."*[19]

Manish Gupta, the Corporate Finance Director at TfL, confirmed to the Committee the schemes that TfL would like to progress.

> *"if we have the money, the schemes we would like to deliver is definitely DLR Thamesmead, West London Orbital, [and the] Bakerloo line extension. We are working with the Department for Transport closely on Euston upgrade, obviously, it is a High Speed 2 station, but obviously there is a substantial TfL interplay under the station. Those are the four schemes which we are quite keen on. […] if we had an indefinite amount of money, Crossrail 2 would definitely be on the agenda, but it is quite a substantial scheme."*[20]

Details of these some of the major projects that have been proposed in London are set out below.

[13] London Assembly Research Unit, Transport for London's finances 2011-12 to 2024-25, January 2025
[14] TfL, 2024 Business Plan, P52, 22 December 2023
[15] A major upgrade of the Circle, District, Hammersmith & City, and Metropolitan lines. It involves a new digital signalling system that allows trains to run more frequently.
[16] TfL, 2024 Business Plan, P55, 22 December 2023
[17] TfL, TfL Mayor's Budget Submission 2025-26, P48, 24 November 2024
[18] TfL, TfL Mayor's Budget Submission 2025-26, P51, 24 November 2024
[19] TfL, TfL Mayor's Budget Submission 2025-26, P48, 24 November 2024
[20] Budget and Performance Committee, transcript, 22 July 2025

DLR Extension to Thamesmead

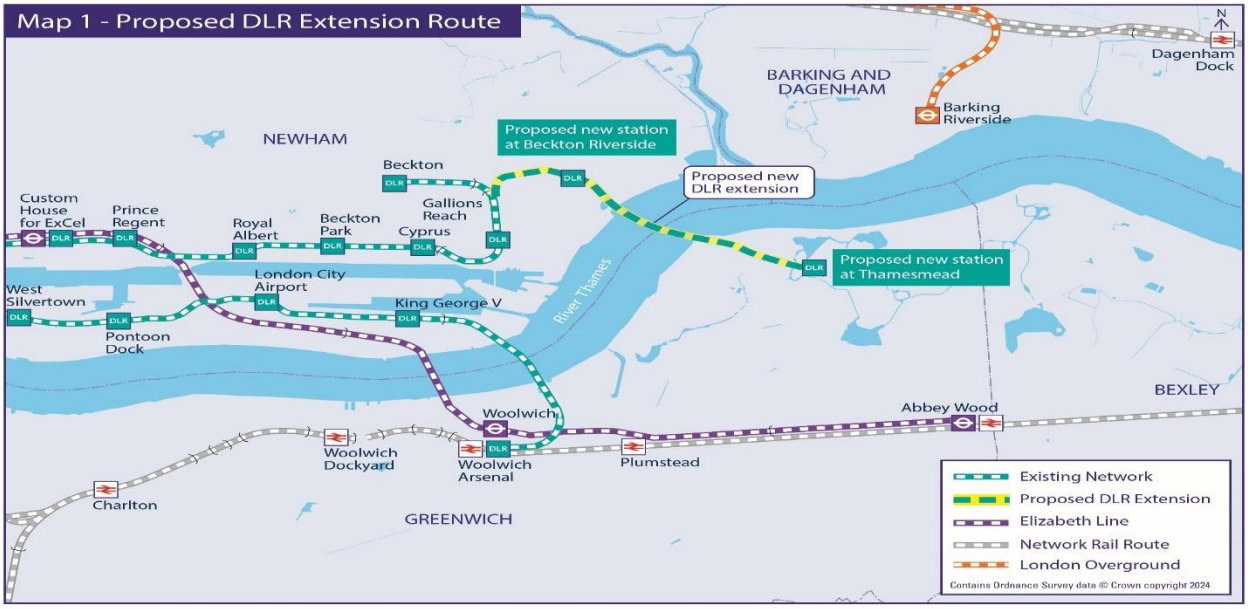
In December 2019, a DLR extension to Thamesmead was formally proposed by TfL as part of the draft Thamesmead and Abbey Wood Opportunity Area Planning Framework.[21] The extension was also included in the Mayor's Transport Strategy that was published in February 2018.[22] This proposed extension of the DLR from Gallions Reach to Thamesmead, would go through the boroughs of Newham and Greenwich. The scheme includes two new DLR stations - at Beckton Riverside and at Thamesmead, with a tunnel under the Thames. The extension would take place within the London Borough of Newham and Royal Borough of Greenwich.

TfL has estimated the cost to be £1 billion pounds in 2022 prices.[23] More recently the extension has been estimated by BusinessLDN to cost £1.6 billion.[24] The scheme could potentially support development at two sites, Thamesmead Waterfront and Beckton Riverside, with up to 25,000 homes across. There is also the potential for 111,000 square metres in additional commercial floorspace.[25]

TfL ran a consultation on the DLR extension between June and August 2025.[26] The Committee heard from Lucinda Turner, Director of Spatial Planning at TfL, who told us at our July meeting that of the various major infrastructure projects under consideration, this one is *"closest to delivery and a fundable scheme with a package of different contributions."*[27]

The Government's Spending Review confirmed that the Government recognised *"the potential growth and housing benefits of the Docklands Light Railway (DLR) Thamesmead extension and is committed to working with TfL to explore options for delivery,"*[28] although it did not confirm any financial support.

Figure 1: Route of proposed DLR extenstion to Thamesmead



Source: TfL, Proposed DLR Extension route, June 2025

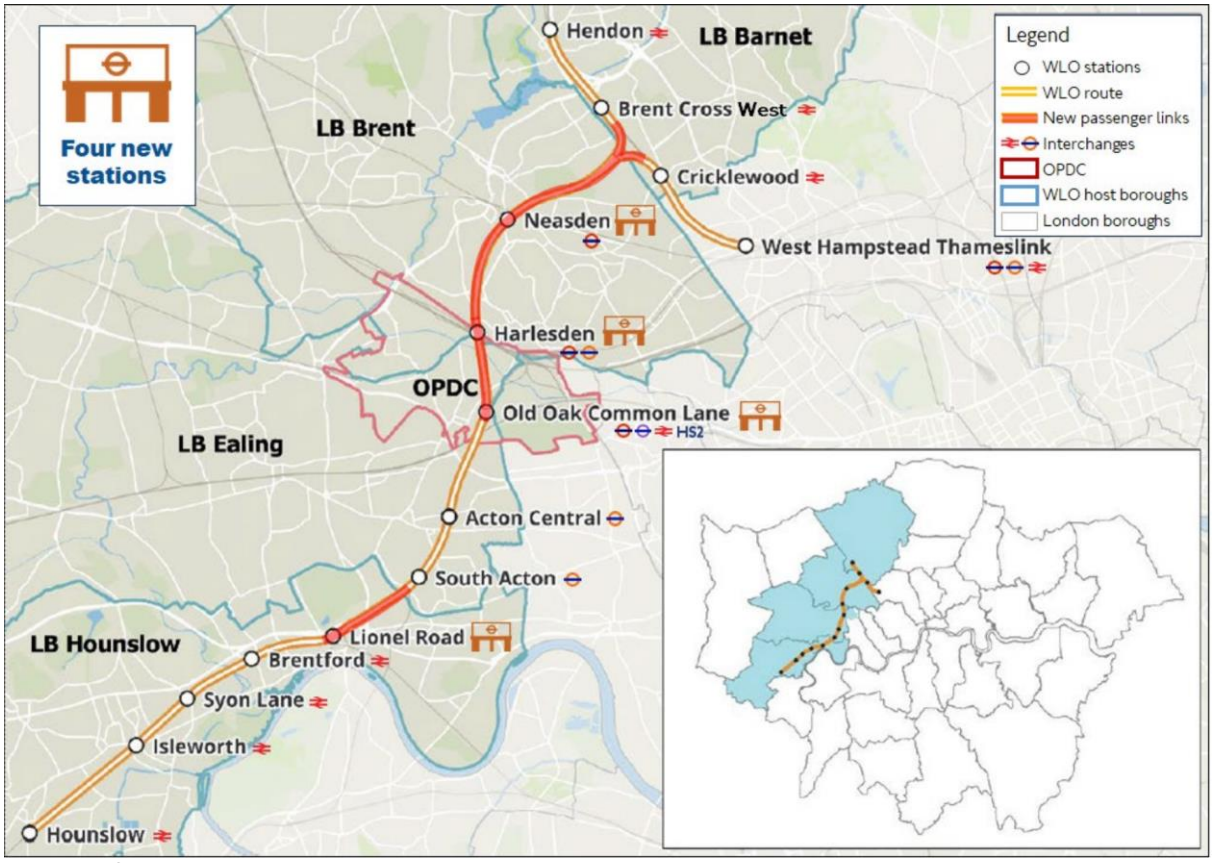
[21] GLA, Thamesmead and Abbey Wood Opportunity Area,
[22] GLA, Mayor's Transport Strategy, 28 February 2018
[23] TfL, FAQs | Extending the Docklands Light Railway to Beckton Riverside and Thamesmead, February 2024
[24] BusinessLDN, Generating Land Value to Grow London, January 2025
[25] BusinessLDN, Generating Land Value to Grow London, January 2025
[26] TfL Extending the DLR to Beckton Riverside and Thamesmead, 23 June 2025
[27] Budget and Performance Committee, transcript, 22 July 2025
[28] HM Govt, Spending Review 2025, P81, 11 June 2025

West London Orbital

The West London Orbital (WLO) is a proposed upgrade of an existing rail line to enable additional connections on the London Overground rail network in the boroughs of Hounslow, Ealing, Brent and Barnet. An existing freight line would be upgraded for use by passenger services, connecting to existing hubs and providing interchange with the High Speed 2 line at Old Oak Common, and delivering several new stations. In March 2017,the West London Alliance group of local authorities commissioned a study to assess the feasibility of the line so that a decision could be taken as to whether it merited pursuing further, and it subsequently appeared in the Mayor's Transport Strategy.[29]

The scheme is expected to support at least 15,800 new homes within the host boroughs.[30] The cost of the WLO is estimated by BusinessLDN to be up to £1.2 billion. In 2021, TfL estimated the total cost of the project to be between £430 million and £610 million.[31]

Figure 2: Proposed route of West London Orbital scheme



Source: TfL, West London Orbital Route, 12 March 2025

[29] GLA, Mayor's Transport Strategy, 28 February 2018
[30] BusinessLDN, Generating Land Value to Grow London, January 2025
[31] BBC News, West London Orbital: Plans to link Hendon to Hounslow progress, 3 December 2024

Bakerloo line extension

In the boroughs of Southwark and Lewisham, there is a proposed extension of the London Underground Bakerloo line, from Elephant and Castle to Lewisham, with new stations at Burgess Park and Old Kent Road. An extension of the Bakerloo line southwards from Elephant and Castle was considered as early as 1913. In 2014, TfL launched a public consultation on extending the line by two different route options between Elephant & Castle and New Cross Gate, extending the line beyond Lewisham to Beckenham Junction and Hayes, and also a possible extension of the line to Bromley town centre.[32]

It has been estimated that the extension would support up to 53,000 new homes in the area, and 400,000 square metres of new commercial floorspace on the Old Kent Road and in New Cross/Lewisham/Catford Opportunity Areas.[33] The cost of the extension to Lewisham is estimated by TfL at between £5.2 billion to £8.7 billion, at 2021 prices.[34]

Figure 3: Proposed route of Bakerloo line extension

Source: TfL, Bakerloo line extension

Hammersmith Bridge

Hammersmith Bridge was built in 1887. Owned by the London Borough of Hammersmith and Fulham, it is one of the world's oldest suspension bridges and is a Grade II listed structure. Despite forming a key river crossing in west London, the bridge has been closed to motor vehicles since 2019 on public safety grounds and was closed to pedestrians, cyclists and river traffic in 2020 after existing structural issues worsened in a heatwave. Pedestrians,cyclists and river traffic have been able to use the bridge since a partial reopening in 2021.

[32] TfL, Bakerloo Line Extension Consultation Report, March 2015
[33] BusinessLDN, Generating Land Value to Grow London, January 2025
[34] TfL, FOI request detail – BLE Budget , 6 April 2022

Hammersmith & Fulham Council has reported that, with the Department for Transport, it is considering solutions for the long-term future of the bridge.[35] Works to stabilise the bridge and reopen it to people walking and cycling over it, and for river traffic under it, has cost a total of £48 million to date.[36] Repairing the Bridge to a level where it is able to take motor traffic again is expected to cost £250 million.[37] There is no clear funding source for this, as the Committee heard from Manish Gupta, Corporate Finance Director at TfL at our meeting in July:

> *"We know we do not have funding for Hammersmith Bridge and we need the funding. We are in conversations with Government on how that is done, but at this point of time we do not have funding for Hammersmith Bridge. It is one of those which will need to be worked through."*[38]

It has been reported that some of the cost could be met through tolling the crossing.[39] Professor Tony Travers of the London School of Economics discussed this option at the Committee's meeting in July:

> *"I am not suggesting tolling Hammersmith Bridge, but it is an interesting thought experiment. If no other way can be found of getting it over the line, would a 20-year toll be better than it never opening again? Just a thought. Anything that produces a revenue stream is inherently capable of being turned into an opportunity to borrow money against that in order to invest today to produce an asset that will then be there for 100 or 200 years."*[40]

Crossrail 2

Crossrail 2 is intended as a successor project to Crossrail, the scheme which built the Elizabeth line. It is a proposed rail line crossing London from the South West of the city to the North West, and extending beyond in both directions. The most recent cost estimate in 2019 suggested a total cost of around £40 billion.[41]

TfL had been at an advance stage of planning for the delivery of the line, working in partnership with Network Rail and consulting on proposals in 2015.[42] In October 2020, however, as part of the TfL Government Funding Agreement, a decision was made to pause further work on the design and development of Crossrail 2.[43]

TfL does not expect construction work on Crossrail 2 to begin within the timescales covered by its Capital Strategy. The Capital Strategy states:

> *"There continues to be a strong case for developing Crossrail 2 as a major scheme for the longer-term development of London. At this stage TfL does not expect construction work on*

[35] London Borough of Hammersmith and Fulham, Hammersmith Bridge
[36] London Borough of Hammersmith and Fulham, Hammersmith Bridge
[37] BBC News, Hammersmith Bridge: Cost of repairs more than doubles, 18 January 2024
[38] Budget and Performance Committee, transcript, 22 July 2025
[39] BBC News, Hammersmith Bridge: Cost of repairs more than doubles, 18 January 2024
[40] Budget and Performance Committee, transcript, 22 July 2025
[41] Mayor of London, Crossrail 2, 16 July 2025
[42] Transport for London and Network Rail, Update on Crossrail 2 moves project step closer, 30 May 2018
[43] Mayor of London, Crossrail 2, 18 March 2021

> *Crossrail 2 to begin within the timescales covered by this Capital Strategy* [to 2043-44]*, but it remains an important long-term scheme for London. TfL continues to safeguard the route. If a funding package can be identified, work on the scheme could be brought forward."* [44]

Professor Tony Travers, London School of Economics, expressed his view to the Committee that strategic planning for Crossrail 2 should be resumed, to help ensure it is eventually delivered:

> *"TfL needs to be a bit more ambitious and put Crossrail 2 back on the agenda… The thing about these bigger projects, these game-changing projects, and there is no doubt the Elizabeth line was that, that unless they are put on the agenda and successive Mayors or city leaders in London push for them, they never happen. You have got to keep the pressure up, and eventually the stars will align and the Government will allow Crossrail 2 to happen and Sutton will be linked to northeast London, and that would be a good thing."*[45]

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.

Telling the story of what's possible

The Committee heard during our investigation that a key component of effective delivery is a strong vision. Railway engineer and writer Gareth Dennis explained at our July meeting, using HS 2 as an example, that:

> *"We do not tell the story of why the infrastructure needs to exist, what it can unlock and why it benefits people at an individual level.[…] One of the things that was a key failure of HS2 was its inability to localise its benefits, to describe to an individual how they would personally benefit from the construction of a national intercity high-speed line."*[46]

He argued that the case for HS2 was not clearly made. For example, that with main lines at full capacity, *"You needed HS2 to create the capacity in existing networks so that you could do things like reopen local railway lines."* [47]

Dr Alexander Budzier, Chief Executive of consultancy Oxford Global Projects, discussed the planned expansion of Hong Kong as an example of a strong vision at the Committee's July meeting. He said

> *"Individual schemes here or there without a unified vision that really excites people and a little bit of urgency behind it, that is certainly something that is lacking [in the UK]. The flipside of this… Hong Kong, they have now created a plan for 2040-plus and the vision there is to*

[44] TfL, TfL Mayor's Budget Submission 2025-26, 24 November 2024
[45] Budget and Performance Committee, transcript, 22 July 2025
[46] Budget and Performance Committee, transcript, 23 July 2025
[47] Budget and Performance Committee, transcript, 23 July 2025

> *increase housing by 50 per cent, grow the city from six million people, as they are at the moment, to nine million people… That requires integrated planning, transportation, social infrastructure, housing, wastewater, freshwater supply, all of these things, all of these different government departments need to fall into line. That can only be done by a strong vision."*[48]

This echoes findings of other analyses of infrastruture investment. The National Infrastructure Commission contends in a recent report on major projects in the UK that the construction sector needs a pipeline of infrastructure projects to have the confidence to invest:

> *"To invest in new methods of construction that could raise labour productivity, firms must be confident they can generate a return over a sustained period. Significant barriers to this include the absence of a trusted pipeline of future work and procurement processes that fail to reliably recognise the potential for risk reductions or productivity gains from innovation. If firms have the confidence to invest, the Construction Leadership Council have suggested productivity in the sector could be boosted by 25 per cent."*[49]

Having a regular and predictable pipeline of projects is vital for growing confidence and bringing forward investment. A strategic vision is needed to define what is in the pipeline. In practical terms, this can also help to reduce costs. According to the campaign group Britain Remade, a key driver of higher UK costs is *"lack of practice."*[50] It highlights that, for example, Germany has electrified roughly 200 kilometres of railway every year for the last fifty years, while the UK's 'start stop' approach has made electrifying railways around three times more expensive compared to Germany.

Gareth Dennis emphasised this point too, suggesting that a lack of strategic vision is a factor behind higher costs:

> *"I think back on the Mayor's strategy from quite a few years ago now, that has been watered down a little bit because of COVID and the move towards much less longer-term funding settlements within London. The strategic view is critical, because if you do not have that pipeline of work, not only do you end up delivering larger big projects to try and hit a business case rather than little elements that fit together as part of a larger whole, but also the supply chain overprices because it is expecting things to get whipped out from underneath it at the drop of a hat."*[51]

The Committee believes that the Mayor and TfL should develop a forward-looking vision which links its individual transport infrastructure schemes in a coherent vision. This should communicate to Londoners what the impact of this development will have on their lives in a clear and engaging way.

The Mayor's Transport Strategy is arguably the best vehicle for this, although the current version was produced in 2018, in different economic and fiscal circumstances. TfL has produced business plans and capital strategies in the years since, but we believe London still lacks an overarching, coherent plan setting what is needed in the capital, the benefits this will bring, and the costs and a

[48] Budget and Performance Committee, transcript, 23 July 2025
[49] NIC, Cost drivers of major infrastructure projects in the UK, P36,10 October 2024
[50] Britain Remade, Back To What We're Good At: A plan to get Britain building again, May 2025
[51] Budget and Performance Committee, transcript, P2, 23 July 2025

timeframe for delivery. The Mayor has recently produced mandates that set out his strategic priorities for other policy areas the GLA is responsible for, but these do not include transport.

We are mindful that that the Mayor and TfL do not hold all of the levers to make the vision a reality, but they are best placed develop a long-term strategy that is compelling to Londoners and can stimulate investment. Having multiple levels of government closely involved in a project, as is the case currently, makes the planning more complex and increases the opportunities that a change of policy at any level could undermine the plan, in-turn adding further risk and costs to the delivery. Further devolution of powers would enable TfL to deliver on the vision for London's infrastructure. This topicis explored in the chapter three.

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.

Chapter two – How should it be built and at what cost

"I would say infrastructure delivery costs in the UK are certainly higher than a lot of European competitors. I would say the UK is not the worst internationally, that prize goes to America. But it is the case that UK undergrounds are two times more expensive per mile than projects in Italy or France, three times more expensive than Germany and up to six times more expensive than projects in Spain. Barcelona, Bilbao, Copenhagen, cities across the Nordic world, Paris, have all delivered Metro lines for two or three times cheaper than what we were doing with the Jubilee line and the Northern Line Extension, and it is about to get worse."[52]

Ben Hopkinson, Head of Housing and Infrastructure, Centre for Policy Studies

What can be learned from international cost comparisons

During this investigation the Committee explored how other countries have delivered major infrastructure projects, and discussed key lessons learned with experts.

The campaign group Britain Remade has conducted research in this area, which has helped inform this investigation. It has looked at 138 tram, metro, and rail projects across 14 countries and concluded that transport infrastructure of all kinds, from railways to roads, tramlines to metros, are more expensive to build in the UK.[53] Britain Remade determined that Britain builds trams at twice the cost of the European average and almost four times the cost of trams in Germany. Britain Remade's analysis shows that the UK pays three times more for a single mile of track than Germany for electrifying railways. It also highlights that High Speed 2 (HS2) is expected to be nine times more expensive per mile than the Tours to Bordeaux high speed line in France.[54]

Ben Hopkinson, who previously worked at Britain Remade and is now Head of Housing and Infratructure at the Centre for Policy Studies think-tank, has produced analysis of the extension of the metro system in Madridbetween 1995 and 1999.[55] This scheme was notable for a low-cost and speedy approach, with a 35-mile extension of the network costing the equivalent of US$2.8 billion (£2.1 billion) in 2024 prices. Ben Hopkinson contends that the extension of the London Underground Jubilee line cost ten times as much per mile. He cites a number of factors as being crucial, including concentrated political power at the city level in Madrid, simplified and standardised station design, and a pipeline of projects that enabled development of state capacity.

The Committee considered the Madrid project at our meeting in July 2025, with Ben Hopkinson and other experts. Dr Alexander Budzier of Oxford Global Projects stressed a number of factors helped

[52] Budget and Performance Committee, transcript, P5, 23 July 2025
[53] Britain Remade, Rail Transport Infrastructure Costs
[54] Britain Remade, Rail Transport Infrastructure Costs
[55] Works in Progress, How Madrid built its metro cheaply, 5 December 2024

Madrid to build more efficiently, similarly highlighting a mixture of effective decision-making and effective engineering solutions. Dr Budzier told the Committee:

> *"All the stations there are cut and cover, you dig into the ground from up, they are very shallow, they are shallow as can be, not as deep. If you use Crossrail, right, some of these extremely deep Underground stations, all of that drives up cost. Simple designs, standardised designs, getting away from designing for iconic impact to having a productive asset. The other big thing around this was that all those lines, particularly Madrid, were helped by good political decision making. Firm commitments over a full building of the system that were then ring-fenced, not touched upon, budget for the full build out over 15 years, so three election cycles that were ring-fenced, and therefore not part of the political discourse."*[56]

Railway engineer and writer Gareth Dennis offered a different view on the Madrid case and its lessons for London. He told the Committee that Madrid has lower population density than London and that the 'cut and cover' approach for building stations in Madrid could not generally be applied in London, where stations often have to be a deeper level underground.[57] Instead, he pointed to the wider economic structure as the main driver for cost differentials:

> *"the main reason we have these much higher costs in the UK is because, not just the supply chain, but the wider economy is that much more fragmented than in Spain. We have that many more interfaces that require lawyers, that require commercial managers, and that adds enormous amounts of human resource costs before you get to building the thing in the ground. We absolutely need to understand why those costs are so high, but the main reason that things cost so much in the UK… is because we do not build much."*[58]

We asked the experts appearing in front of the Committee how much cost could realistically be saved if London was able to deliver infrastructure more efficiently, based on lessons from elswhere. Dr Alexander Budzier noted that London is always likely to be more expensive to build in than other parts of the country, but said that 20 per cent cheaper was a realistic ambition.[59] Gareth Dennis agreed the 20 per cent was achievable, but said this *"requires some major commitments from central and city governments that do not look necessarily realistic at this point."*[60] Ben Hopkinson had a more optimistic view:

> *"We can totally beat a 20 per cent cost reduction and there are examples out there and we can learn from them. We just need to actually put it into practice…*
>
> *If we got closer to European average cost delivery, it would be about 50 per cent. We are more than double. That is not even just looking at best-in-class delivery, whether it be German trams or the Spanish metro. Fifty per cent would be very reasonable."*[61]

[56] Budget and Performance Committee, transcript, p6, 23 July 2025
[57] Budget and Performance Committee, transcript, p6, 23 July 2025
[58] Budget and Performance Committee, transcript, p6, 23 July 2025
[59] Budget and Performance Committee, transcript, p23, 23 July 2025
[60] Budget and Performance Committee, transcript, p23, 23 July 2025
[61] Budget and Performance Committee, transcript, p24, 23 July 2025

Challenges to low-cost delivery

The National Infrastructure Commission (NIC) published a report 'Cost drivers of major infrastructure projects in the UK' in October 2024.[62] NIC's report concludes that project costs could be reduced by between 10 and 25 per cent if its recommended actions to improve the budgeting, specification, design and delivery of UK infrastructure are adopted. The report included a number of common themes contributing to higher spending in the evidence it gathered, including:

- A failure to define a clear outcome or to align project specifications with outcomes.
- Inappropriate risk management.
- Regular redesign and lack of understanding of engineering risks.
- Lack of large construction firms and disjointed supply chains.[63]

The Committee has explored the challenges to low-cost delivery in London with expert guests during the investigation. It should be noted that our experts urged a focus on delivering value, not just lowering cost. Dr Alexander Budzier stated, *"I always think about faster, better and cheaper is probably not going to happen at the same time*." Ben Hopkinson agreed:

> *"I broadly agree that just targeting costs is a slight recipe for disaster if you are involved in contracting and just going for the lowest cost without any idea of whether that is deliverable, whether there is technical merit to their bid and what the timespan that you are looking at is, because of course, if you are just doing lowest cost, then you have the incentive for contractors to cut prices, win the bid and then they could escalate them later."*[64]

To reduce costs and deliver value, we have identified several recurrring issues, including a number of those discussed by the NIC. Firstly, Dr Alexander Budzier highlighted the prolonged development periods for projects, and a lack of continuity:

> *"…one of the things that makes things quite expensive are the long, prolonged planning periods or development periods that projects are going through. That, of course, drives cost up, as we are then talking about long costs of inflation, etc, that nominally drive up the cost. There is a real element there about this and how can we plan better and more strategically, and that means more continuously. We are having an issue with these stop-start models of infrastructure planning and project development."*[65]

Lengthy development periods was also highlighted by Ben Hopkinson:

> *"If you go back to the Bakerloo line example, if you really get a serious commitment from whoever wins the next mayoral election, it will be delivered in 2040 or so. The first consultation on the route was in 2014 and the first appearance in a transport strategic report was in 2006.*

[62] NIC, Cost drivers of major infrastructure projects in the UK, 10 October 2024. The NIC was a Government body providing it with impartial, expert advice on major long-term infrastructure challenges. It was replaced in April 2025 by the National Infrastructure and Service Transformation Authority (NISTA).
[63] NIC, Cost drivers of major infrastructure projects in the UK, P13,10 October 2024
[64] Budget and Performance Committee, transcript, p1, 23 July 2025
[65] Budget and Performance Committee, transcript, p1, 23 July 2025

> *The entire timeline to build four and a half miles of track is over 35 years. There are literally glaciers that move faster than that."*[66]

Ben Hopkinson raised the specific issue of environmental reviews adding to the time it took to begin projects:

> *"Right now, getting planning permission to build takes around three and a half years in the case of the Birmingham Eastside extension tram route and the prep takes more than two. Environmental impact assessments can easily run to 5,000 pages for these one or two-mile extensions and so nearly the length in paperwork as the actual building."*[67]

Gareth Dennis noted that insufficient capacity among local government officers lengthened the process for gaining planning consent:

> *"I often point out that, if we had the level of city and urban civil service capability that we had in even the 1990s, those planning issues would not be so much of a problem because you would have enough highways officers or transport officers, for example, to support these things to move forward."*[68]

We also discussed how the delivery of projects takes too long, adding cost. Ben Hopkinson told us, *"the longer a project is in flight, the more likely it is that some global shock might affect it, your Brexits, your COVIDs, your energy crises."* Dr Budzier suggested phased delivery may be preferable: *"can we find a different model of deciding on these infrastructure projects rather than doing it all in one go?"*

A fragmented supply chain for infrastructure projects also adds cost. While other countries tend to have large construction firms delivering infrastructure, the UK's relies on a higher number of smaller firms. Gareth Dennis stated:

> *"The complexity of the supply chain is a key factor that is consistently picked up at a national and regional and urban level as a key challenge. The number of subcontractors […] and the size of the overall delivery bodies and major contractors, the tier ones, as they are often called, is certainly a reasonably unique UK issue."*[69]

There is wealth of evidence available about the delivery of major infrastructure projects across London, the UK and other countries. There are differences in precise estimates for how much London could reduce the cost of schemes, and views on the factors involved in driving cost. However, the Committee has noted that there appears to be a consensus that London could be delivering its infrastucture for lower amounts.

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[66] Budget and Performance Committee, transcript, p1, 23 July 2025
[67] Budget and Performance Committee, transcript, p1, 23 July 2025
[68] Budget and Performance Committee, transcript, p1, 23 July 2025
[69] Budget and Performance Committee, transcript, p1, 23 July 2025

This does not mean all proposed projects could be delivered without difficult choices or innovative solutions being found. But being able to deliver projects for reduced costs does raise the prospect that more new infrastucture could be delivered in the foreseeable future.

Based on the evidence heard in our meetings and other studies we have reviewed, we believe the following issues need to be considered by TfL when it plans and develops new infrastructure projects:

- Reducing the length of development periods
- Avoiding 'stop-start' delivery
- Phasing of delivery where appropriate, rather than delivering 'all in one go'
- Reducing the length of project delivery periods, which can reduce risk
- Avoiding over-scoping of projects
- Reducing the length of environmental impact reviews
- Addressing the complexity of the supply chain
- Improving the capacity of planning officers
- Developing a strategic view

A useful step towards addressing these issues for TfL would be to review how they affected previous major schemes in recent years, such as Elizabeth line, Northern line extension, Bank and Bond Street stations, Overground extension to Barking Riverside, Piccadilly line trains, Four lines modernisation and the Silvertown Tunnel.

TfL and partners have reviewed individual schemes and explored issues covered in our checklist above. We believe it is important to have a review bringing these insights together and addressing wider issues that affect all projects. Doing so now could be timely. As TfL seeks support for new infrastructure schemes, the Government will need to ensure there is a commitment in London to affordable delivery.

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.

Other potential cost-saving measures

During the Committee's investigation, we have also considered some more specific measures that are not currently used in London but might have the potential to address cost issues on infrastructure projects. Potentially helpful ideas on buried services and construction disruption are discussed in this section.

Buried services

The Committee has heard that needing to move utility infrastructure under roads or overhead during transport infrastructure projects can significantly increase project costs and cause delays. These costs stem from the need to relocate or protect existing underground services like gas, water, electricity, and telecommunications lines during construction. The key challenge for transport infrastructure projects is that it is difficult to be certain before the work starts about what you will find once digging begins at a construction site.

The Committee heard from Ben Hopkinson on this issue, relaying local experiences from outside London:

> *"I was talking to someone who was a politician involved in building a local tram system and he was telling me, 'I thought that we were setting out to build a new tram system for our city, but it turns out we are building a new utility network because we kept finding things in the ground and we kept moving them.'*

Gareth Dennis explained that it is important to know where things like water pipes and fibre optic cables are, but this is not always known. He argued that a 'buried services' database would save significant cost:

> *"Knowing where that stuff is and having that data ahead of design can allow you to do much cleverer design so that then you do not have to unpick at a dramatic level once you get out and do some physically intrusive surveys. That sort of thing would save costs.[…] It is acknowledged in various reports that having a unified UK database of this stuff would be extremely powerful, but certainly London can get ahead on maintaining more of an accessible unified database of some of this key desktop information for knowing where are the key services and how much will this cost."*[70]

It would be helpful for major projects if it was known what infrastructure already exists underground, before construction of new infrastructure begins. This could potentially improve planning and reduce costs. The Geospatial Commission, part of the Department for Science, Innovation and Technology, is building a digital map of underground pipes and cables in England, Wales and Northern Ireland - the National Underground Asset Register (NUAR). In June 2025 NUAR moved from 'minimum viable product' into 'public beta' stage of its development. This resulted in a limit on user numbers being lifted, and the NUAR is planned to be fully operational by the end of 2025.[71] The Committee is keen to follow how effective the NUAR will be for the efficient delivery of TfL's infrastructure projects.

Compensation for disruption

Another suggestion heard by the Committee was about how local residents could be compensated for the disruption from construction schemes. While this might add upfront costs to a project, the intention is to incentivise more efficient delivery of infrastructure, and a reduction in opposition. It has been demonstrated that if complaints and objections are reduced, time and money can be saved.

We heard about this from Dr Alexander Budzier, who stated:

[70] Budget and Performance Committee, transcript, 23 July 2025
[71] HMG, National Underground Asset Register, 25 June 2025

> *"There is another thing, which I really like in Ireland, particularly in Dublin. If there are roadworks in front of your house, you get €2,000, just like that. [This] is saving so much money because you are taking all the complaints out… If there is serious damage to the property, of course that will be inspected and so on and made good. However, in the first instance, 'Yes, we are going to tear up the road in front of your house. For the noise and for the inconvenience, here is €2,000.' The roads authority over there, Transport Infrastructure Ireland, has saved a [significant] amount of money because it just takes the pain out and takes away that it is negative and so on."*

The Committee was encouraged to hear about these promising ideas for saving money and reducing the disruption caused by infrastructure schemes. They will require further examination to test how they could be implemented in London. Given the necessity to reduce the cost of infrastructure projects, we urge TfL and partners to explore their potential.

France case study: Nuclear power

In France, 94 per cent of electricity is generated from low-carbon sources, with 70 per cent of electricity coming from nuclear power. During the 1980s, France increased the number of reactors by 40 from 15 to 55. This resulted in a 62 per cent reduction in carbon dioxide emissions from electricity and heat production, and over 20 per cent reduction in total CO_2 emissions.[72]

Post-war France focused on using reactors to generate plutonium for nuclear weapons, which compromised the electricity output.[73] This changed when President De Gaulle, who wanted an all-French graphite-gas reactor, was replaced with Georges Pompidou, who was open to using an American designed pressurised water reactor to produce cheap, reliable electricity using a proven design.

France used a standardised reactor design ordered in bulk and a clear long-term strategy, the Messmer Plan, to deliver each new reactor in approximately six years. This standardised design resulted in a simplified site licensing process and significant efficiencies in the manufacturing process including the investment in a specialised heavy component facility.

When engineers came up with potential improvements, they were noted and saved for a potential future reactor series, only the smallest of changes were made to designs once they had been approved.[74] During this time France was building nuclear reactors up to 50 per cent cheaper than the costs of new reactors in the US.[75]

Key decisions sat in executive agencies that were less open to lobbying or public opinion. Protests led to increased costs in the UK and US. France's business tax system was used to generate local support for nuclear reactors. Mayors who hosted reactors were able to retain more funding which allowed them to invest in local amenities and reduce local taxation.[76]

[72] Industrial_Policy_and_Decarbonization_Andersson_Finnegan.pdf, June 2024
[73] Works in Progress, How France achieved the world's fastest nuclear buildout, 4 September 2025
[74] Works in Progress, How France achieved the world's fastest nuclear buildout, 4 September 2025
[75] Science Direct, Historical construction costs of global nuclear power reactors, April 2016
[76] Works in Progress, How France achieved the world's fastest nuclear buildout, 4 September 2025

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.

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.

Chapter three – How it can be funded

"As we are looking at how we fund new projects, including DLR Thamesmead, there is a substantial focus on maximising what we can get from London by way of fare payers, by way of land value capture. At the same time, also looking at every possible method of delivery we can get. If we think public-private partnership is the right method, then we will basically go with that, but we have to look at every possible option and see what would work best for TfL and the user."[77]

Manish Gupta, Corporate Finance Director, TfL

Financing and funding transport infrastructure

There are two distinct financial challenges when delivering transport infrastructure. The first is raising the money to pay for the upfront costs. This is referred to as financing, and is generally achieved by some form of borrowing. The second challenge is repaying the borrowing and maintaining the operation of the transport infrastructure. This is referred to as funding.

Transport infrastructure projects can be extremely costly, especially in London where land and labour prices are high. Funding requirements are often in the hundreds of millions, if not billions. Finding this level of funding for projects that also take years to be completed, and even longer to show economic results, is a challenge for the Government, and for TfL. Different models for where funding can come from include government grant, local taxation or levies, and private sector investment.

Manish Gupta, Corporate Finance Director, TfL discussed financing method with the Committee at our 22 July meeting:

> *"There are probably three different methods by which we finance new projects. The first one is we fund them on our balance sheet [through direct borrowing]. We are not entirely reliant on Government for all funding. TfL currently has £15 billion of debt on its balance sheet and most of that has gone into investment on new projects and new capacity. The second method is that we can borrow money by way of public-private partnerships. [The Silvertown Tunnel] was a very good example of that. The third method is, as you rightly said, the Northern line extension, where a lot of money was obtained from what we call land value capture."*[78]

Manish Gupta also went on to explain that there are essentially three ways in which the debt can be serviced and ultimately repaid. He said:

> *"there are only three sets of parties who can fund infrastructure. One of them is the fare payer, which in the case of London generates about £5.5 billion of revenues from the fare payer. The*

[77] Budget and Performance Committee, transcript, 22 July 2025
[78] Budget and Performance Committee, transcript, 22 July 2025

second one is the taxpayer, which is the Government, central Government largely. The third is the beneficiary, which is where land value capture comes in, which is where any form of economic gain made in London, if you can find a way to capture that, that comes into us. Those are the three broad funding methods." [79]

TfL has delivered large capital programmes both with and without Government funding over the last two decades. Crossrail and the Victoria line Tube upgrade were both substantial infrastructure projects that were delivered with the help of Government grants. The next section covers options for funding projects without Government grant, including information on two recent examples: the Northern line extension and the Silvertown Tunnel.

Using TfL's own resources to fund infrastructure

TfL's biggest income source is passenger fare revenue, which amounted to around £5.5 billion in 2024-25.[80] It also receives retained business rate income – around £2.2 billion in 2024-25 – and has a number of other revenue sources. TfL previously received a revenue grant from the Government but this is no longer the case, with business rates having replaced this.

TfL's ambition is to generate an operating surplus each year which it can invest in transport infrastructure. TfL achieved its first ever operating surplus for 2023-24, of £138 million.[81] TfL repeated this in 2024-25 with an operating surplus in 2024-25 of £166 million.[82] This is despite passenger income being £255 million lower than expected.[83] It should be noted that these are relatively small amounts, compared to the large costs of delivering new infrastructure, so it is unlikely that even a healthy surplus can fund lots of new infrastructure without other funding sources. If TfL is unable to generate a revenue surplus, it will be required to either further reduce costs or generate additional funding.

Manish Gupta the Corporate Finance Director informed the Committee how TfL's operating surplus could contribute to funding. He stated:

"in the case of DLR-Thamesmead, where we mentioned that we are in active discussions on agreeing with Government what a funding plan could possibly look like, we have done detailed modelling on how much additional money we can raise through passengers, through additional passengers who will flow through the network. That creates an operating surplus, and TfL will borrow against that operating surplus to finance the project."[84]

The current situation has potential risks and opportunities for TfL. An upcoming risk arises from the Government's current Fair Funding Review. The operating surplus is dependent on the retention of £2.2 billion of Business Rates, but TfL's retention of business rates could be impacted by the Government's

[79] Budget and Performance Committee, transcript, 22 July 2025
[80] See London Assembly Research Unit, Transport for London's finances 2011-12 to 2024-25, January 2025
[81] TfL Finance Report, Q4, 2023-24
[82] TfL, Quarterly performance report - Q4 2024-25, July 2025
[83] TfL's increased pension fund valuation has reduced its employer contributions, resulting in savings of £226 million in 2024-25. Without this unexpected and unbudgeted saving, TfL would have made an operating deficit of £70 million.[83]
[84] Budget and Performance Committee, transcript, 22 July 2025

current Fair Funding review. This is a consultation on the Government's proposed approach to local authority funding reform through the Local Government Finance Settlement from 2026 to 2027.[85]

An opportunity for TfL may come from options to reform fares, to generate more income. Professor Tony Travers highlighted that London is in a strong position with regards to fares income, but more money is likely to be needed. He suggested a new approach in which fares could raise in line with earnings in London, contrasting with the traditional approach of linking them to inflation (the Retail Price Index):

> *"One of the defining differences between the Mayor of London and the other city regional mayors is they have access to this vast fare yield… it is about five to six billion, and that is an order of magnitude scale of difference to anywhere else in the country… The more money that can be brought in through fares, the more money there is to spend on the existing system and invest in the future. To some extent, as I remember the deal that has been done with City Hall as part of the [Spending Review] is going to require Retail Price Index plus one fare increases. That is going to limit the Mayor's freedom not to put the fares up. Personally, over time, fares should rise in line with earnings to keep a balance between what people are earning and what fares can reasonably fund."*[86]

The key challenge for the political leadership of London is balancing the desire for public transport fares to be affordable and so promote increasing ridership as an alternative to less sustainable transport modes, while at the same time generating sufficient income to maintain the network and fund improvements. The TfL funding settlements of the last five years have reflected a difficult period in which ridership reduced during the pandemic, and the pace of investment in new infrastructure slowed.[87]

There are possible risks ahead for London in the Government's Fair Funding review, which may affect London's ability to invest in its infrastructure. These risks should be addressed. However, there are also steps the Mayor and TfL could consider to increase its fare income to provide a revenue stream for investment. While linking fare increases to inflation has become traditional for public transport in the UK, there may be a case for potentially reconsidering this approach and introducing an earnings link. The implications need to be carefully considered, but asking Londoners to pay more when their earnings rise might be the most sensible approach to unlocking further resources for investment.

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.

[85] MHCLG, The Fair Funding Review 2.0 , 23 June 2025
[86] Budget and Performance Committee, transcript, 22 July 2025. Retail price index (RPI) is a measure of inflation.
[87] HoC Library, London's contribution to the national economy, 7 July 2025

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.

Public-private partnership and private finance initiative

Major infrastructure projects can be funded by a mixture of public and private investment. There are two main ways in which the private sector can invest in transport infrastructure:

- The first is through a delivery partnership, where the private sector helps deliver the project, and therefore needs to make a direct return on its investment.
- The second is an effort to capture the indirect benefits that are created by transport investment – by boosting their revenue or asset values.

The UK was an early pioneer of Public Private Partnerships (PPP), launching first the private finance initiative (PFI), and then Private Finance 2 (PF2), to deliver over 700 new privately financed infrastructure projects. Criticism of these earlier models often focused on the complexity and inflexibility of the contracts, along with value for money concerns. The use of a PPP for upgrading the London Underground in the early 2000s was not considered to be fully successful[88], but other, smaller projects have used a variety of related models since.

The Government has not deployed PPPs since 2018, but PPP models continue to be used globally, including by local and devolved governments in the UK. The Welsh government has adopted the Mutual Investment Model (MIM) for schools, roads, and hospital projects. TfL used a PPP model for the delivery of the Silvertown Tunnel.[89]

[88] See London Assembly Transport Committee, State of the Underground, September 2011; House of Commons Library, London Underground after the PPP, 18 January 2012
[89] HMG, 10 Year Infrastructure Strategy, P8, June 2025

The Silvertown Tunnel

The £2.2 billion Silvertown Tunnel was primarily funded through a public-private partnership (PPP). The majority of the project's costs were financed by private entities, specifically the Riverlinx consortium, who also took on most of the construction risks and responsibility for any cost overruns. TfL will repay Riverlinx through "availability payments" over 25 years, which will be funded by toll revenue collected from the Blackwall and Silvertown tunnels.[90] The remaining £176 million of the project's costs were met directly by TfL and consisted of land assembly, the tunnel tolling system, developing the project through the planning consent stage and other items outside the scope of the PPP including the cycle shuttle, noise barriers, and changes to roads required.

Manish Gupta, the Corporate Finance Director at TfL was clear that: *"despite the early experience on some of the PPP contracts that TfL signed up, I would say overall there is nothing inherently wrong with the idea and, if used correctly, it can deliver some fantastic results… at the Silvertown PFI, we have just recently completed construction. It is a PFI scheme and we are quite happy with the way it has gone. It has been successfully delivered to time. Any risks that were transferred to the contractor, it is to their account and we basically get a project to our expectations, to our budget and with a very clearly defined payment over a period of time."*[91]

Manish Gupta discussed another example of a transport infrastructure project where risk was successfully transferred:

> *"If you look at the 4G/5G concession, all the telecom infrastructure on the Underground, where mobile telephony, emergency services network, fibre and so on is being done completely by the private sector through Boldyn Communications, that is nearly about £1 billion of investment being undertaken by the private sector entirely at their own risk, which we could not have done ourselves."*[92]

Land value capture

Transport infrastructure supports economic growth, which is associated with higher incomes and higher property values in the areas served by new transport provision. New transport infrastructure should better connect people to new skills, career opportunities and essential services like healthcare, education and leisure. Transport networks should also drive significant economic benefit and reduce the carbon footprint of the UK.

The beneficiaries of this economic growth are not usually directly linked to the bodies making the investment. However, some funding models focus on making it possible to use some of the benefits of the investment to fund the initial cost. A new railway line has been seen to raise land values and

[90] BBC News, Silvertown Tunnel: Who pays and why the controversy?, 7 April 2025
[91] Budget and Performance Committee, transcript, 22 July 2025
[92] Budget and Performance Committee, transcript, 22 July 2025

support higher rents along the line, especially near stations. This is an economic benefit for local land owners. Land value capture aims to capture some of that economic benefit to pay for the cost of the project.

Railway engineer and writer Gareth Dennis told us this approach would be beneficial for London:

> *"it is something that TfL should be empowered to be bolder on, which is rather than the private sector getting the value uplift from new public transport infrastructure, is that TfL and London itself should be looking to buy out areas and have those as long-term assets for public development, space creation, and getting the uplift to then pay for the infrastructure itself."*

There are various forms of capturing land value from development, which are summarised below.

Section 106 agreements

A Section 106 (S106) agreement – referring to S106 of the Town and Country Planning Act 1990 – is a negotiated agreement between developers and local authorities that are tailored to the specific needs of a particular development site. These agreements typically require a developer to make contributions, either in the form of financial payments or additional work, to offset the negative impacts of their development on the community and environment. S106 agreements may cover a wide range of issues, such as affordable housing provision, highways improvements, or public open spaces.[93]

Community Infrastructure Levy

A Community Infrastructure Levy (CIL) is a standardised, non-negotiable charge imposed on new developments by local authorities, based on a pre-determined rate per square metre of new build floor space. This levy is designed to help fund a wide range of infrastructure projects, such as schools, parks, and transport facilities, that are necessary to support the growth of local communities.[94] Compared to a S106, a CIL is a broader levy on a development to fund infrastructure required across the area. For transport infrastructure, both mechanisms can be used, but S106 is more tailored to addressing the direct impacts of a development on transportation, whereas a CIL can support wider infrastructure improvements. Housebuilders will also receive time-limited emergency relief from the CIL where this is necessary to unlock development, which will apply to projects that commence after the new regulations come into force and before 31 December 2028, ensuring their focus can be on building more homes and their plans are viable. The CIL will be available for qualifying schemes which commit to delivering at least 20 per cent affordable housing, and additional relief available at higher levels of affordable housing.[95]

Mayoral Community Infrastructure Levy (MCIL)

The Mayoral Community Infrastructure Levy (MCIL) applies to most new developments in London granted planning permission on or after 1 April 2012. The MCIL raises money towards financing the Elizabeth line (built by Crossrail Ltd). MCIL is collected by local planning authorities on behalf of the Mayor. The Elizabeth line opened on 24 May 2022, but MCIL receipts will continue to be used to repay

[93] Breeze Capital, What is the difference between a CIL and a section 106 in UK property development?
[94] Breeze Capital, What is the difference between a CIL and a section 106 in UK property development?
[95] HMG, New measures announced to ramp up housebuilding in London, 23 October 2025

Crossrail borrowing. The GLA has until 31 March 2043 to service its borrowing for Crossrail. The MCIL is charged when the development commences at rates ranging from £25 per square metre to £185 per square metre depending on location.[96]

Tax Increment Funding

Tax increment financing (TIF) allows borrowing against anticipated future increases in tax revenue resulting from transport infrastructure projects. This borrowing is then used in order to finance those transport schemes. The opening of the Battersea branch of the Northern Line in 2021 was in part funded by a TIF agreement, through which the GLA was able to borrow against future increases in business rates amongst firms benefitting from the extension to support its delivery.[97]

The Northern line extension

The £1.1 billion[98] Northern line extension to Nine Elms and Battersea was primarily funded through developer contributions, using a unique funding model[99] that leveraged the regeneration efforts in the Vauxhall, Nine Elms, and Battersea (VNEB) area. The extension has been funded entirely locally without any central government contributions. The specific mechanism is that the Public Works Loan Board[100] provided a £1 billion interest-bearing loan, which will be repaid by higher local business rates around the new Tube line extension and contributions from all the housing developments that were built across the wider Vauxhall Nine Elms Battersea Opportunity Area.

The higher business rates are expected to cover around three-quarters of the cost. The rest comes from the developer contributions that would normally go to the local council, but will instead be used to repay the loan for the Northern line extension.

Professor Tony Travers was supportive of this funding approach, telling the Committee: *"The NLE was a brilliant piece of Government in many ways. It got Government and city government, city government here at City Hall, to work together to create a scheme to allow the capture, not just of land value uplift, but also of tax yield - it accesses property tax yield as well - in the name of delivering a Tube extension, a spur off the Northern line, which in turn allowed the Battersea development to go ahead. You could do that in several parts of London that need this kind of support. It is a matter of will in central Government, and, as I said earlier on, imagination."*[101]

[96] TfL, Mayoral Community Infrastructure Levy
[97] BusinessLDN, Generating Land Value, 31 January 2025
[98] TfL, New Northern line stations, 16 September 2021
[99] Steer Group, Northern Line extension, 20 September 2021. The funding model was bespoke and differed from any others we are aware of, in the UK or overseas.
[100] The PWLB lending facility is operated by the UK Debt Management Office (DMO) on behalf of HM Treasury and provides loans to local authorities, and other specified bodies, from the National Loans Fund, operating within a policy framework set by HM Treasury. This borrowing is for capital projects.
[101] Budget and Performance Committee, transcript, 22 July 2025

Municipal Bonds

Some boroughs have already issued bonds that are used to fund climate work, aimed at local residents. TfL has also issued bonds aimed more at corporate investors. These are currently only a relatively small source of funding, but they have the potential to be significant. This would be a similar approach to that planned by the Mayor of issuing Green Bonds to fund his £500 million Green Finance Fund.[102] The Green Bonds have yet to be issued due to unfavourable market conditions.[103]

A 'Residential TIF'

In January 2025, BusinessLDN published a report 'Generating Land Value to Grow London: A New Residential Funding Approach', which recommended evolving the TIF framework to create a residential TIF model. The report called on the Government to empower the GLA to borrow against, and retain, a proportion of future increases in stamp duty and council tax to finance transport projects which directly drive those specific, additional increases. This would reduce the call on wider public investment for transport infrastructure in London.

Chris Whitehouse the Technical Director of engineering and professional services firm WSP confirmed to the Committee that:

> *"The study that WSP undertook with BusinessLDN was looking at the potential of drawing on the current existing revenue or tax streams that exist to try to keep it practical and hopefully more implementable in the near term and looking at the opportunities from residential associated taxes, such as council tax and stamp duty tax. Also, as we mentioned, the Northern line extension to Battersea draw on business rate supplements. Looking at the tax streams that are created when new developments take place to pay back upfront borrowing was what we looked at and therefore moving away from needing to ask for the upfront cost in a grant from Government."*

The funding of the extension of the Northern line to Nine Elms demonstrates what can be achieved with more flexibility from central Government, particularly the Treasury. Professor Travers told the Committee that:

> *"this is why the TIF deal at Battersea Nine Elms was both a good idea, but a complex idea, because it required effectively the Treasury to cede control over the growth in the tax yield from business rates at Battersea, and could have been council tax, for 25 years to produce a revenue stream, but it required a one-off agreement."*[104]

Professor Travers suggested that the process for securing this kind of funding could be improved:

> *"It would be far better for London, given its propensity to deliver these projects, if the Government were to make it easier for TfL - and it might not only be for transport, but certainly with transport - to say, "Look, here's a TIF model that we can enact at Old Oak or we can enact at Euston', and*

[102] GLA, The Green Finance Fund,
[103] MQT, Green bonds (1), 12 December 2023
[104] Budget and Performance Committee, transcript, 22 July 2025

we do not have to spend years and years and years of negotiating it with the Treasury every single time." [105]

The Committee discussed a number of these funding options, and how they could help with London's infrastructure investment, with guests at our July meetings. Ben Hopkinson from the Centre for Policy Studies suggested that an approach utilising land value capture could help deliver the Bakerloo line:

"I do think there are a couple of things that the Mayor could do. If the Mayor was sufficiently bold and wanted to push ahead a project, say the Bakerloo line extension, for example, you could do a Mayoral Development Order (MDO) around the corridor and then also a Mayoral Development Corporation (MDC). Those two combined allows the development corporation acting on behalf of the Mayor to create a local plan, which could be very high density, given that it is supported by new local transit. In turn could also set a higher rate of Community Infrastructure Levy to raise more money from the developments that happen around it…[...] *My idea of a MDO and a MDC in turn would be a way, taking the current powers that the Mayor has and applying them to its fullest extent."* [106]

There is an acceptance that while funding options based on land value capture or public private partnerships will help London 'pay its way', that Government will always have a part to play. John Kavanagh, the Programme Director of Infrastructure at BusinessLDN highlighted that:

"Government will always have a role. It is not about cutting Government out entirely and saying that London can wholly and entirely fund these projects on its own balance sheet. It is about coming up with these innovative funding sources, which reduce the amount that the Government has to put in so that London government can take the majority of costs."

There is a wide variety of different funding models that can be used effectively. Based on the findings of our investigation, Committee supports the idea of capturing land value as a way of funding new infrastructure. These mechanisms have been used in London and could be taken further. We know, however, that they are difficult to negotiate.

A TIF model was successful for the Northern line, so it is hard to understand why this is not being implemented for similar schemes. It should be easier for London to do this. In relation to the proposed Bakerloo line extension, we are keen that the Mayor and TfL explore innovative options further, in partnership with local boroughs.

[105] Budget and Performance Committee, transcript, 22 July 2025
[106] Budget and Performance Committee, transcript, 23 July 2025

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.

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.

Devolution

The London Assembly has long advocated for more powers to be devolved from central Government to the GLA Group, including powers to raise revenue to fund investment in London. The Assembly's GLA Oversight Committee has been undertaking an investigation into options for further devolution, engaging with the plans set out by the Government in the English Devolution and Community Empowerment Bill, which is currently being considered in Parliament.

Some of the measures discussed earlier in this chapter could be used in London without formal devolution, but it is clear that giving the Mayor and TfL more powers could be beneficial in getting more infrastructure funded and delivered. As Professor Tony Travers told us:

> "the challenge that London faces, it is not that it could not raise resources from fares or tax or land value capture, but there has got to be mechanisms, and indeed borrowing in many cases, in order to allow the scheme to go ahead in the first place in order that repayments can then be made in the future. As I said earlier on, in a country as centralised as the UK, this puts massive amounts of power in the hands of the Treasury [...] it is impossible to exaggerate how much more London could do for itself if there were more willingness to be flexible and imaginative in Whitehall."

Approval powers

Britain Remade has argues that Britain's towns and cities should be able to fund their own transport upgrades, instead of relying on funding from central government. Its recent report states:

> *"a key cause of delays that UK trams meet, and French trams do not, is having to get national approval for the local transport projects. Though getting a Transport and Works Act Order is valuable for UK tram projects as it gives planning permission and legal protections, the process adds millions in consultant fees and up to four years in delays."*[107]

Transport and Works Act Orders are the usual means by which new rail or tram schemes are approved in England and Wales. Promoters of schemes apply for an Order to to the relevant Secretary of State, who then decides whether to grant the order. Some larger, nationally significant schemes would require further development consent. Ben Hopkinson of Centre for Policy Studies also addressed this topic at our 23 July meeting:

> *"there are a few extra powers that the Mayor ought to have that the Government should consider devolving to them. I would say chief among them, the ability to grant Transport and Works Act Orders. That is the planning process that a light rail or a tram or an underground scheme tends to go through. Right now it is often a two to three-year period of back and forth between the Mayors through TfL or other promoters across the country up to central Government and back. To be honest, the Mayor is best suited to figure out what is best for their region. They are elected on a pledge to build infrastructure, but right now they are not enabled to deliver it, which means that Mayors often function as campaigners rather than builders."* [108]

The English Devolution and Community Empowerment Bill is currently progressing through Parliament. This measure is not included in the Bill, but the Bill does include provision for the Mayor of London – and other mayors leading strategic authorities – to have the right to request further devolved powers from the Government. Crucially, the Government must respond to this request, giving reasons for its decision to allow or refuse devolution. The Bill also allows the Government to devolve powers to London via secondary legislation, potentially making the process quicker, with the London Assembly to be consulted on such decisions.

The Committee believes that the provisions of English Devolution and Community Empowerment Bill should be used to give the Mayor devolved power over Transport and Works Act Orders, to speed up the approval of new transport infrastructure and give London the ability to choose what local infrastructure it needs.

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[107] Britain Remade, Plan - Britain Remade,
[108] Budget and Performance Committee, transcript, 23 July 2025

Recommendation 10: We call on the Government to amend the English Devolution and Community Empowerment Bill as it passes through the report stage in Parliament to include devolution of Transport and Works Act Order powers to the Mayor.

France case study: The Grand Paris Express

The Grand Paris Express (GPE) is the largest urban transport project in Europe, comprising a new automated metro network of approximately 200km and 68 new stations in the Île-de-France region. The system consists of four new lines—Lines 15, 16, 17, and 18—and extensions to Line 14. The goal is to enhance connectivity between suburbs without requiring transit through central Paris, drastically improve access to employment hubs, and promote sustainable mobility by reducing road congestion. The Grand Paris Express is being built in phases, with commissioning planned until 2030–2031.

The Grand Paris Express financial strategy minimizes risk through a dual approach:
- Green bonds provide large-scale upfront capital with excellent investor confidence due to the climate focus, solid state support, and transparent resource tracking.
- Tax receipts guarantee long-term cash flows for debt servicing and operational expenses, protected from budget competition or market volatility.

The Grand Paris Express relies on an extensive program of green bonds, managed by the Société des Grands Projets (SGP), the state-owned project delivery entity. Every euro raised via SGP's green bonds is dedicated exclusively to the Grand Paris Express project—primarily the construction of new electric, automated metro lines and associated stations. SGP follows internationally recognised standards—the Green Bond Principles of the International Capital Market Association (ICMA)—in both the selection of eligible projects and the management/reporting of proceeds.

A distinctive feature of the Grand Paris Express financing is the allocation of specific taxes raised within the Île-de-France region directly to the project. This system provides continuous, secured funding for loan repayment and project completion. By law, all these taxes are earmarked for the SGP—providing direct collateral for bond repayments and ongoing expenses. Tax rates are periodically reviewed and adjusted by Parliament to cover project needs, including cost overruns and new sections. For instance, in response to budget pressures, office and commercial premises in central and western Paris have seen surcharges and rule changes for broader tax bases. These dedicated taxes provide more than €750 million per year to the SGP, with most resources coming from taxes levied on businesses and commercial real estate in Île-de-France.[109]

Revenue-raising powers

In 2022-23 London raised tax revenue of £216.4 billion and received public sector spending at £172.8 billion. This results in a net fiscal balance, the difference between revenues raised and spending received of £43.6 billion.[110] Professor Tony Travers reminded the Committee that:

> *"London pays substantially more in total in tax than is spent in London. London is capable of generating tax revenue with investment, but the difficulty is we live in the most centralised country, England within the UK, in terms of public finance in the world. Nothing can happen unless the Treasury sanctions it."*[111]

[109] Société des grands projets, 2023 Financial Data,
[110] HoC Library, London's contribution to the national economy, 7 July 2025
[111] Budget and Performance Committee, transcript, 22 July 2025

In conducting this investigation, the Committee was mindful that much work has already been done on the devolution of fiscal powers to London. The former Mayor of London, Boris Johnson, established the London Finance Commission (LFC) in July 2012, made up of various members from central, regional and local government; think-tanks; and the private sector. The purpose of the LFC was to 'examine the potential for greater devolution of both taxation and control of resources' in London.[112] The LFC published its first report, Raising the Capital, in May 2013. Raising the Capital recommended that the full suite of property taxes - council tax, business rates, stamp duty, and capital gains tax – should be devolved, among other measures.

In July 2016, the current Mayor, Sir Sadiq Khan, reconvened the LFC to consider ways to devolve powers locally, and consider how to ensure London's economy stayed global-facing and competitive. The LFC published its second report, *Devolution: A Capital Idea*, in January 2017, recommending a wide range of options for devolution of national taxes, local taxes and levies, and devolution of services. The recommendations include devolution of stamp duty, air passenger duty, vehicle excise duty, devolution of an element income tax, VAT revenue and tourism tax.

The Committee believes there has been insufficient progress made on the measures that have been identified, and which London needs. We heard from experts attending our meetings about how the situation continues to hold London back. John Kavanagh, Programme Director of Infrastructure at BusinessLDN stated that:

> *"there is a prevailing Treasury orthodoxy, there has been over recent decades, that tax revenue is always substitutional. It is always moving money from one part to another. If you are giving more money to London then you are not giving it to somewhere else. Whereas the point that we tried to make in our land value capture report was around additionality. If you invest into a certain infrastructure scheme in London, you unlock a higher level of development than would have happened already."*[113]

The attitude of the Treasury towards local revenue-raising was a theme of our discussions with experts. Professor Travers said:

> *"it is curious that institutions such as the Treasury… do operate as if there is a fixed amount of growth in the United Kingdom or fixed amount of gross domestic product (GDP). Everywhere can grow at once, the Northwest, the Midlands, London, Southwest, they could all grow at once if the incentives are strong enough. The trouble is, with these arrangements, the incentives for councils or for City Hall to develop are incredibly weak. That is not to say they will not develop for other reasons. There are good reasons for development, beyond that, but holding the revenue and being able to reinvest, and the London Finance Commission precisely came up with this model, the idea is it would be possible for the Mayor and/or boroughs to benefit from the growth in the tax base and that would give an incentive, not only to sustain and increase the tax base growth, but then to reinvest it in infrastructure."*[114]

[112] London Finance Commission (LFC), Raising the Capital, P7, May 2013
[113] Budget and Performance Committee, transcript, 22 July 2025
[114] Budget and Performance Committee, transcript, 22 July 2025

Ben Hopkinson from the Centre for Policy Studies also suggested that the Treasury position would be helped if funding could be raised locally. He said:

> *"I guess I will be slightly controversial here and support the Treasury, because a lot of the incentives for them are they are giving their credit card out, and they do not have really a lot of control over how you spend the money. You need to have these massive business cases, because once they grant the power, they really cannot control the costs. It is completely understandable why they are a little bit concerned about giving their money out and approval, which I guess really underpins the argument that we need to raise more of this locally than coming from central Government. That is not to say central Government should not have some contributions, maybe up to 30 or 40 per cent of a project, but really the majority of the funding ought to be local."*[115]

We have considered the case study of the Grand Paris Express (see box earlier in this chapter), which was enabled through a degree of fiscal devolution. Ben Hopkinson explained the benefits of this.

> *"One of the things that Paris can do, that London cannot, is charge up to 2.85 per cent onto employers' national insurance. It is a payroll tax that is controlled by the regional government, and they can then use that to fund infrastructure upgrades and increasingly infrastructure operations. That fiscal devolution is just completely not the case in London. If we rushed ahead with a vision to recreate the Grand Paris Express in London, you would first of all spook the Treasury, because they would then be on the hook for any cost overruns, and that is completely fair. The number of visionary projects that ultimately are cancelled because the Treasury is the one that has to bear the costs, the list is very long. Some of that fiscal devolution is incredibly important because then it allows the city to pay its way, and then it is their money, not just the money that is the country's, therefore we do not have to care that much about how we are spending it. Getting the fiscal situation right is incredibly important, and Paris does it a lot better than us, and that has enabled them to have this really ambitious transformation."*[116] [117]

Devolved funding could also result in better cost outcomes, as Professor Travers explained, comparing the national scheme of High Speed 2 with Crossrail:

> *"One of the many problems with HS2 is that for everybody who lobbies for it, the Government pays for 100 per cent of it. [For Crossrail], even though there were cost overruns and it was delivered late in the end, London fare payers, taxpayers, Community Infrastructure Levy payers and everybody have contributed over half of the total of the resources that will be used to get it running. That discipline of having local contributions and people having to think, "Is this the best use of the money locally", is a profoundly important one. It applies to all projects and that is why this discussion is interesting because we are talking about rationing public resources, rationing the taxpayers' money, rationing fare payers' money. This is most important stuff and it is axiomatic*

[115] Budget and Performance Committee, transcript, 23 July 2025
[116] Budget and Performance Committee, transcript, 23 July 2025
[117] In France, the versement transport (VT) is a regional payroll tax that has been used to raise capital for investment in local public transport infrastructure. The money was directed to the autorité organisatrice de transport urbain (AOT, "Urban Regional Transport Authority"), the local government authority responsible for organising public transport. Tissot Editions, Transport payment/mobility payment: definition

that London pays at least in part for its own projects, as should Leeds and Manchester, by the way, for theirs, because it creates discipline in the way the money is used."

The Committee would support further devolution of revenue-raising powers to London. The English Devolution and Community Empowerment Bill again provides an opportunity to do this. In common with the GLA Oversight Committee, we believe the Bill could be amended to enable this, or an alternative approach found to enable it.

Recommendation 11: The Government should consider amending the English Devolution and Community Empowerment Bill or introducing a specific finance bill that recognises that London is a substantial net contributor to the Exchequer, and that giving the capital more control over the tax revenue it generates would help support the funding of large infrastructure projects. This would support both local and national economic growth, ultimately generating more revenue for the national Exchequer

Chapter four – Long-term improvements in project delivery

''While it might be able to transfer the management of risks to the people who actually do the work onsite and so on because they are placed to manage those, they are not necessarily the people who should carry those risks''.

Dr Alexander Budzier
Chief Executive Officer, Oxford Global Projects

During the investigation the Committee has explored other issues that are related to the delivery of infrastructure. These are issues where there should be a long-term focus on embedding good practice, to get the best value for London.

Capital maintenance

TfL's funding for its capital maintenance is covered from its operations and its allocation of business rates. TfL has declared that it does have a capital maintenance backlog. TfL's capital renewals expenditure includes expenditure to ensure the continued safe operation of transport services. The TfL 2025-26 Budget sets out spending of £1,106 million on Renewals, compared to £798 million in 2024-25 - an increase of £308 million or 39 per cent.[118] This accounts for 44 per cent of all planned capital expenditure in 2025-26 for TfL. Spending on capital renewals is projected by TfL to increase to £1.2 billion in 2028-29. [119] TfL includes its capital renewals expenditure when calculating its operational surplus to demonstrate that it is funding its capital renewals from its own income, including business rates and council tax.

The Committee heard from Professor Tony Travers previously in October 2024 when he said:

> *"failing to maintain the existing system can lead to terrible, bad, bad performance. That was true in the 1980s and 1990s. It took a very long time to recover the system. Given the pressure that TfL and other transport operators have been under in the last few years, I would say ensuring that the existing system is maintained is the number one priority."*[120]

At this meeting, the TfL Programmes and Investment Committee considered a paper on the London Underground Renewals, which reported that: *"Budget constraints have reduced investment in all our renewals and we are beginning to see service impacts resulting from the*

[118] GLA, GLA 2025-26 Budget , P47, 25 February 2025
[119] GLA, GLA 2025-26 Budget , P47, 25 February 2025
[120] P6, Budget and Performance Committee, 22 October 2024

degrading asset base." While noting that *"TfL continues to operate and maintain a safe service."*[121] The paper goes on to state:

> *"From 2018-19 to 2023-24 the level of funding allocated has been insufficient to maintain the [State of Good Repair] SoGR of the network. This will lead to an increased impact on customer service and continue to build a backlog of works to be completed in future. Where continued safe operation of assets is not possible, closures or service restrictions will take place."* [122]

The TfL paper highlights that over a third of London Underground track is classed as 'life expired'. It also tracks the 'incidents on the LU network relating to Asset Condition decline' which have increased by 185 per cent from 4,195 in 2018-19 to 11,944 in 2023-24.[123]

While we have focused in this investigation on new infrastructure that needs to be delivered, we are equally concerned to see proper maintenance of existing infrastructure is carried out. We urge TfL to address this issue.

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.

Procurement and risk

Our investigation did not seek to explore procurement issues in depth, but it is impossible to consider any major infrastructure project without taking the critical role of procurement into account. We gained key insights from our expert evidence covering this issue.

The way that contracts are arranged with suppliers can have an impact on the costs that are covered by the GLA and TfL. Good procurement and risk management needs to address this in any upcoming transport infrastructure project in London.

For example, the cost overruns of the construction of the East Bank development by the London Legacy Development Corporation (LLDC) have been largely borne by the LLDC. The latest performance report for the LLDC shows the original cost to LLDC of the construction of the East Bank at £471 million. The current expected cost to LLDC is £761 million an expected overspend of £290 million or 62 per cent more than originally anticipated. This has been largely funded by a grant from the GLA.[124]

[121] P130, Programmes and Investment Committee 3 October 2024
[122] P130, Programmes and Investment Committee 3 October 2024
[123] P148, Programmes and Investment Committee 3 October 2024
[124] LLDC, Q4 202425 (January to March 2025), P8, June 2025

By contrast, the arrangement for the construction of the Silvertown tunnel is largely a fixed price contract. The cost to TfL for the construction and operation of the tunnel over 25 years will be £2.2 billion and this is based on an estimate of construction costs of £1.2 billion for the tunnel. The cost to TfL does not change if the construction costs are higher.[125][126]

TfL has previously shown interest in alternative methods of procurement. For example, the London Underground's Bank station capacity upgrade, carried out between 2015 and 2023, allowed bidders to explore options for delivery provided they met TfL's requirements. The winning bid from Dragados had extra elements beyond the outline scheme and yet was cheaper than alternatives. This bid made use of existing tunnels to move the work site and the realigned Northern line tunnel, along with an entirely new connection between the Central Line and the Northern line. [127] [128] [129] The final cost of this upgrade was originally budgeted at up to £800 million. A bid for the upgrade of £655 million was received from Dragados. The cost then increased to £706 million after impacts from contractor changes, anti-terrorism design changes, programme changes and the pandemic.[130] The final cost was reported by TfL as being £700 million.[131]

The NIC highlighted the Bank Station Capacity Upgrade as an example of effective market engagement early in the contract design stage that reduces project costs through improved design.[132] The NIC suggested that

> *"one key challenge with client expertise is a misunderstanding of procurement rules, leading public sector clients to believe that they cannot engage the market early because this may prejudice the process. Failing to engage early means these opportunities are lost. It also means that risks inherent in projects are not properly understood or priced"* [133]

Contracts play a crucial role in risk allocation by outlining how potential cost overruns are distributed between parties involved. Diverse types of contracts, such as fixed-price, cost-reimbursable, and incentive contracts, offer different approaches to risk sharing. Risk sharing mechanisms can be explicit, defining how gains and losses are divided, or relational, allowing for adjustments as risks emerge. Generally, the more risk that can be transferred to a supplier, the more expensive a contract will be. Examples of different types of contracts and the impact on risk are:

- Fixed price contracts - The buyer pays a predetermined price, regardless of the seller's actual costs. This shifts most of the cost risk to the seller.
- Cost reimbursement - The buyer reimburses the seller's actual costs plus a fee. This shifts most of the cost risk to the buyer.

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[125] BBC News, Silvertown Tunnel: Who pays and why the controversy?, 7 April 2025
[126] MQT, Total cost of Silvertown Road Tunnel to Londoners, 18 March 2021
[127] London Reconnections, Bank Station Part 3: A Dance of Dragados, 8 November 2013
[128] London Reconnections, Bank Station Part 4: Getting Radical, 16 November 2013
[129] New Civil Engineer, Podcast | How dialogue and collaboration delivered the Bank Station Capacity Upgrade on budget, 29 March 2023
[130] TfL Programmes and Investment Committee, Bank Station Capacity Upgrade, 3 October 2024
[131] TfL, Mayor of London visits new accessible ticket hall at Bank Underground station, as its major £700m upgrade completes, 27 February 2023
[132] NIC, Cost drivers of major infrastructure projects in the UK, P29,10 October 2024
[133] NIC, Cost drivers of major infrastructure projects in the UK, P29,10 October 2024

- Incentive contracts - These contracts offer incentives for achieving specific performance targets, sharing the risk of performance failure between buyer and seller.
- Risk-Sharing Contracts - These contracts explicitly outline how gains and losses are divided between parties.

Discussing the example of the Madrid metro extension, Ben Hopkinson highlighted that:

> *"If you are digging a tunnel in London, you never know what you might come across. You cannot necessarily put a fixed cost on it. We often see when you are heavily reliant on fixed cost and trying to offload the risk. If something unforeseen happens, then you very easily get into contract disputes and work shutdowns. Suddenly, no one is winning from this. Everyone is just worse off, and you are not billing anything. Madrid was very good in that they had the ability to add a little bit of fixed cost, but then a little bit of flexibility should other things come up in a bill of quantities. It is like one engineer's day is worth this much. "We had to add 20 more engineering days. We will pay that. Agreed. Fine." Very quick. Then one other thing is, in Madrid, when they were considering the breakdown of how to weight different bids, only 30 per cent came down to actual final cost, 20 per cent was on speed, and 50 per cent was on the technical merits and experience. It was not just a race to the bottom of trying to get the lowest cost bid."*[134]

Dr Alexander Budzier informed the Committee that:

> *"An alternative model has been proposed in Norway and has worked reasonably well. They call this the reduction list, […] This is that every project at the point of the final business case needs to have a list of reductions and additions. If you are running out of cost, here is the scope that will be cut. If we are saving on cost, here is the scope that will be added. The great thing about this is that this is done before procurement and so you get better prices and more realistic value for any reductions. It is also designed into the project so that you do not have to do tons of redesign once you need to cut costs…. They are about ten to 20 percent of the total cost of the projects. They are quite chunky. Eight out of ten transport infrastructure projects in Norway have made use of these options. That is keeping that flexibility and bringing it into the design and into procurement upfront. It is clearly making sure that, 'Look, suppliers, we understand, yes, not just profit motive and you get extra bonuses, it is also cash generation targets.'"*[135]

When agreeing and delivering infrastructure schemes it is important to have contractual arrangements that balance risk approporiately. During our investigation, we have heard about promising practice that TfL should consider.

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.

[134] Budget and Performance Committee, transcript, 23 July 2025
[135] Budget and Performance Committee, transcript, 23 July 2025

Effective Consultation

The GLA Oversight Committee has previously investigated best practice and delivery of consultations due to their vital importance as a democratic tool for Londoners to have their say and shape their city. That investigation heard extensive evidence from external experts in delivery that consultation matters because it improves project and policy outcomes by ensuring that they are informed by people's actual experiences, views and insights. It matters because giving people a voice on the issues that affect them helps to build trusting relationships, community cohesiveness and people's sense of belonging in their city.

The GLA Oversight Committee published a report of its findings in March 2024. The report called for the GLA Group to develop a GLA Group-wide set of consultation principles because Londoners should know what they can expect from a GLA Group consultation and have a minimum standard against which they can hold GLA Group organisations to account.[136]

No GLA Group-wide set of consultation principles has been developed. However, the Mayor recognised in his response that the GLA's own policy, engagement and delivery guide, *"which covers a wider range of activity not just consultation"* will *"need to be reviewed and updated in light of the Committee's report"*. The Mayor also said:

> *"the guidance as a whole could potentially be enhanced, taking into account the aspects that the Committee has focused on in its recommendations, including value for money, timeliness, neutrality and consistency of language, options to disagree, and transparency regarding post-consultation analysis. The Committee's recommendations regarding disabled people's organisations and pre-consultation activity are helpful and will also be taken into account."*[137]

Gareth Dennis told the Budget & Performance Committee during this investigation that:

> *"Consultation should be seen as an opportunity to build that democratic buy-in to decrease the number of people who are put out and have their livelihoods upturned with no seeming benefit."*[138]

He highlighted some challenges to consultation including accessibility

> *"we have a nasty habit in this country of consultation processes being both perfunctory and also only basically accessible to people who do not have a job and can look through 200 or 300 pages of really poorly formatted consultation documentation"* [139]

We believe that effective consultation is vital to delivering good infrastructure schemes. People need to have their voices heard about how schemes will affect them. Consultation can also highlight key issues that need to be addressed to ensure effective delivery.

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[136] GLA Oversight Committee, GLA Group Consultations Report, 14 March 2024
[137] Mayor, Response to GLA Group Consultations Report, 18 March 2025
[138] Budget and Performance Committee, transcript, 23 July 2025
[139] Budget and Performance Committee, transcript, 23 July 2025

Skills

We heard in our investigation that the skills of the workforce is a huge factor in delivering infrastructure schemes effectively. It is clear from our findings and other studies that this issue needs to be addressed in London.

The NIC report highlights that:

> *"Uncertainty around a pipeline of future projects influences industry approaches to staffing and the supply chain. When the possibility of future projects is unclear, industry treats each project as discrete, meaning it can lay off staff after project completion, or factor staff down time in the gap between projects into project costs. This lack of clarity over future projects applies across the industry, but particularly in the public sector, as is illustrated by the UK's start stop approach to rail electrification. A lack of continuous investment has led to a workforce deficit of between 1,000 and 2,000 people per year, creating a 12 per cent premium on salaries. There has also been a long-term challenge maintaining the construction industry workforce which has been exacerbated since the Covid-19 pandemic. In the last four years, substantially more workers have left the workforce than have joined, meaning the total workforce has reduced by 14 per cent."* [140]

There is an understandable desire for people to have career progression and job security. Career progression offers opportunities for personal growth and higher financial rewards, while job security provides stability and a sense of safety. Companies that invest in their employees' development and provide a stable work environment tend to have higher retention rates and more committed employees. Skilled people in particular have options and may choose to avoid a sector or body known for stop-start projects which keep hiring people then firing them.[141] Our guests shared the NIC's concerns about a loss of talent that the UK has experienced in the transport construction sector. Dr Alexander Budzier told us:

> *"the funding constraints that are faced at the moment lead to a massive loss of talent. Rather than keeping developing schemes or developing ideas for future projects, in order to cut costs and to meet its budget, you see a lot of that particular talent, that engineering talent, leave the door and go."*

Gareth Dennis gave a stark warning about the scale of the loss of some key skills in the transport sector:

> *"In the last year in the UK, we have lost 7,500 electrification engineers of a workforce of 10,000. Three quarters of the skilled people who deliver overhead electrification of railways are now mostly entirely out of the railway sector altogether, now in things like energy and working for National Grid or whatever it is. They will never come back to the railways."*

Gareth Dennis reiterated that:

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[140] NIC, Cost drivers of major infrastructure projects in the UK, P37,10 October 2024
[141] INTOO, 10 Ways to Improve Employee Career Development

> *"It is really key that we do not lose sight of skills, that has to be integrated into the story and, unfortunately, as we have seen on a national level with things like the National College of High-Speed Rail and other places, you do not go, 'We are going to build a college', or in fact the Tunnelling Academy in London is a good example. You do not go, 'We are going to build an academy to train these wonderful apprentices', without there being somewhere for them to go and work. Basically, the projects happen first or the pipeline happens first, and then you understand what level of skills, engagement, and where that needs to happen to deliver those people."*[142]

We are concerned about skills shortages in the sector, that could affect the delivery of the transport infrastructure London needs and the uncertainty that makes such a career choice look risky. While we recognise that these issues go beyond TfL, we believe it should be a priority that TfL does what it can to address this.

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.

[142] Budget and Performance Committee, transcript, 23 July 2025

Committee Activity

At its two public evidence sessions on the 22 and 23 July 2025, the committee took oral evidence from the following guests:

- Tony Travers, London School of Economics
- John Kavanagh Programme Director, Infrastructure, Business LDN
- Chris Whitehouse, Technical Director, WSP
- Maurice Lange, Analyst, Centre for Cities
- Manish Gupta, Corporate Finance Director, TfL
- Lucinda Turner, Director of Spatial Planning, TfL
- Ben Hopkinson, Centre for Policy Studies
- Dr Alexander Budzier, CEO Oxford Global Projects
- Gareth Dennis, Railway engineer and writer

The committee also reviewed and analysed the following documents and data sources during the investigation:

- Bent Flyvbjerg and Dan Gardner, How big things get done
- UK Government, Plan for Change, 5 December 2024
- HMG, 10 Year Infrastructure Strategy, June 2025
- BusinessLDN, Generating Land Value, January 2025
- TfL, 2024 Business Plan, 22 December 2023
- HM Govt, Spending Review 2025, 11 June 2025
- NIC, Cost drivers of major infrastructure projects in the UK, 10 October 2024
- Britain Remade, Fast, reliable public transport
- Britain Remade, Rail Transport Infrastructure Costs
- Britain Remade, Road Infrastructure Costs
- Works in Progress, How Madrid built its metro cheaply, 5 December 2024
- Sam Dumitriu, Britain's infrastructure is too expensive, 25 August 2023
- Crossrail, Grasping-the-nettle-integrating-the-UKs-first-digital-railway, 23 March 2023
- Urban Transport Group, An assessment and ambition for a new government, 21 August 2024
- Mace, the future of major programme delivery, July 2025
- HoC Library, London Underground after the PPP, 18 January 2012
- NAO, High Speed Two: Euston (Summary), 27 March 2023

Other formats and languages

If you, or someone you know needs this report in large print or braille, or a copy of the summary and main findings in another language, then please call us on: 020 7983 4100 or email assembly.translations@london.gov.uk

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Hindi

यदि आपको इस दस्तावेज का सारांश अपनी भाषा में
चाहिए तो उपर दिये हुए नंबर पर फोन करें या उपर दिये
गये डाक पते या ई मेल पते पर हम से संपर्क करें।

Vietnamese

Nếu ông (bà) muốn nội dung văn bản này được dịch sang
tiếng Việt, xin vui lòng liên hệ với chúng tôi bằng điện
thoại, thư hoặc thư điện tử theo địa chỉ ở trên.

Bengali

আপনি যদি এই দলিলের একটা সারাংশ নিজের ভাষায় পেতে চান,
তাহলে দয়া করে ফো করবেন অথবা উল্লেখিত ডাক ঠিকানায় বা
ই-মেইল ঠিকানায় আমাদের সাথে যোগাযোগ করবেন।

Greek

***Εάν επιθυμείτε περίληψη αυτού του κειμένου στην γλώσσα
σας, παρακαλώ καλέστε τον αριθμό ή επικοινωνήστε μαζί
μας στην ανωτέρω ταχυδρομική ή την ηλεκτρονική διεύθυνση.***

Urdu

اگر آپ کو اس دستاویز کا خلاصہ اپنی زبان میں
درکار ہو تو، براہ کرم نمبر پر فون کریں
یا مذکورہ بالا ڈاک کے پتے یا ای میل
پتے پر ہم سے رابطہ کریں۔

Turkish

Bu belgenin kendi dilinize çevrilmiş bir özetini
okumak isterseniz, lütfen yukarıdaki telefon
numarasını arayın, veya posta ya da e-posta
adresi aracılığıyla bizimle temasa geçin.

Arabic

الحصول على ملخص لهذا المستند بلغتك،
فرجاء الاتصال برقم الهاتف أو الاتصال على
العنوان البريدي العادي أو عنوان البريد
الإلكتروني أعلاه.

Punjabi

ਜੇ ਤੁਸੀਂ ਇਸ ਦਸਤਾਵੇਜ਼ ਦਾ ਸੰਖੇਪ ਆਪਣੀ ਭਾਸ਼ਾ ਵਿਚ ਲੈਣਾ
ਚਾਹੋ, ਤਾਂ ਕਿਰਪਾ ਕਰਕੇ ਇਸ ਨੰਬਰ 'ਤੇ ਫ਼ੋਨ ਕਰੋ ਜਾਂ
ਉਪਰ ਦਿੱਤੇ ਡਾਕ ਜਾਂ ਈਮੇਲ ਪਤੇ 'ਤੇ ਸਾਨੂੰ ਸੰਪਰਕ ਕਰੋ।

Gujarati

જો તમારે આ દસ્તાવેજનો સાર તમારી ભાષામાં
જોઈતો હોય તો ઉપર આપેલ નંબર પર ફોન કરો
અથવા ઉપર આપેલ ટપાલ અથવા ઈ-મેઈલ સરનામા
પર અમારો સંપર્ક કરો.

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