



Neil Garratt AM
Chairman of the Budget and Performance Committee

The Rt Hon Lord Sadiq Khan
Mayor of London
(Sent by email)

21 October 2026

Dear Lord Khan,

TfL Capital Renewals

The Budget and Performance Committee met Transport for London (TfL) and BusinessLDN representatives on 16 September 2026 to examine TfL's capital renewals programme and the investment required to maintain the safety, reliability and resilience of London's transport network.

The Committee heard that TfL faces an increasing asset renewals challenge. TfL estimates that its renewals backlog has reached £6.5 billion¹ and is projected to increase under current funding assumptions.² TfL has confirmed that safety will continue to be maintained, but the evidence that TfL has shared with the Committee shows that this historic underinvestment is already affecting reliability, operational performance and the long-term condition of key transport assets.³ Patrick Doig, TfL's Chief Finance Officer told the Committee that TfL has been underinvesting in assets since around 2017, when its assets were in a good condition, following the withdrawal of government operating grant and subsequent financial pressures.⁴ TfL has stated that while safety will not be compromised, deteriorating asset condition has contributed to reduced

¹ MQT, [TfL Capital Renewals \(1\)](#), 27 May 2026

² GLA, [GLA 2026-27 Budget](#), P46, February 2026

³ TfL, [TfL's Capital Renewals](#), 29 July 2026

⁴ Budget and Performance Committee, [Transcript](#), P1, 16 September 2026

operational performance, lower reliability, higher maintenance costs and weaker financial sustainability.⁵

The Committee is particularly concerned by evidence presented by TfL regarding:

- The scale of the London Underground track renewals backlog, estimated at over £3.2 billion⁶ and reports that 42 per cent of track has been classified by TfL as being in "very poor" condition and a further 17 per cent is in a "poor" condition.⁷
- Evidence that asset-related incidents are becoming more frequent and more disruptive.⁸
- The condition of ageing fleet and infrastructure assets, including on the Bakerloo line.⁹
- The impact of the backlog affecting roads, bridges and tunnels such as Vauxhall, Westminster and Lambeth bridges, Croydon Flyover, A40 Westway and Rotherhithe Tunnel.¹⁰
- The wider economic consequences of declining transport reliability and resilience.¹¹

Safety and reliability

Patrick Doig told the Committee that "*the priority we will not compromise on is safety*" and described the inspections, operational restrictions and other mitigations that it uses to maintain safe operation of the network.¹² Patrick Doig also informed the Committee that deteriorating asset condition has contributed to reduced operational performance, lower reliability, higher maintenance costs and weaker financial sustainability.¹³ While these mitigations are necessary where asset condition has deteriorated, they are not a sustainable long-term substitute for investment in maintaining a modern, reliable and resilient transport network. The evidence provided by TfL to the Committee indicates that both the frequency of asset-related incidents affecting performance and the severity of their impact are increasing.¹⁴ This is despite reported improvements in TfL's management of such incidents. Patrick Doig, informed the Committee that:

*"We have invested over that period in our incident response in terms of our command and control. When there is an incident, we can manage those incidents in a more rapid and informed way whilst providing better information to our customers through our customer communication channels."*¹⁵

The Committee would welcome information in TfL's 2027-28 Budget submission on how planned investment in capital renewals is expected to affect asset-related incidents, network reliability and the use of operational restrictions and mitigations over time. **The Committee requests that TfL should continue to proactively publish information on the state of repair of its assets, the size of the repair backlog, the year-on-year change in the backlog, and the plans to increase capital renewals funding to address the problem.**

⁵ Budget and Performance Committee, [Transcript](#), P2 and P28, 16 September 2026

⁶ TfL, [TfL's Capital Renewals](#), 29 July 2026

⁷ TfL, [London Underground and Elizabeth line Renewals](#), 8 October 2025

⁸ TfL, [TfL's Capital Renewals](#), 29 July 2026

⁹ Budget and Performance Committee, [Transcript](#), P10, 16 September 2026

¹⁰ TfL, [Safety-critical temporary weight restriction on Vauxhall Bridge to be introduced from July](#), 12 May 2026

¹¹ Budget and Performance Committee, [Transcript](#), P23, 16 September 2026

¹² Budget and Performance Committee, [Transcript](#), P1, 16 September 2026

¹³ Budget and Performance Committee, [Transcript](#), P2 and P28, 16 September 2026

¹⁴ TfL, [TfL's Capital Renewals](#), 29 July 2026

¹⁵ Budget and Performance Committee, [Transcript](#), P16, 16 September 2026

Investment gap

Investment remains significantly below the level required to stabilise the renewals backlog and is expected to remain below that level until at least 2029-30. Consequently, the backlog of asset renewals is forecast to increase from £6.5 billion in March 2026 to £7.4 billion (before adjusting for inflation) by March 2030,¹⁶ highlighting the scale of the challenge that TfL continues to face.

Ed Richardson of BusinessLDN told the Committee that transport renewals are an investment in economic growth and essential for productivity. The consequences of underinvestment include congestion, slower journeys, road restrictions, reduced accessibility and reduced reliability. Edward Richardson informed the Committee that BusinessLDN supports more funding for renewals as well as Government support through the Structures Fund¹⁷ and called for a longer-term infrastructure funding settlement.¹⁸

While TfL has identified the investment needed to address its asset renewal backlog, funding remains insufficient to prevent the backlog from growing. With the backlog likely to take at least a decade to clear, the eventual cost is expected to rise significantly, even if all the required funding is secured. TfL's 2026-27 GLA Budget sets out a 20-year capital investment programme, with a total spend of £121 billion over this period. This includes £51 billion for capital renewals at an average of £2.6 billion per year. However, only £65 billion of the total £121 billion programme is currently funded.¹⁹ TfL has not set out the extent to which the capital renewals element is funded. Patrick Doig informed the Committee that there are three principal routes through which TfL could seek to close this funding gap. The first was to increase the level of funding that TfL can generate itself. The second key funding route is Government funding support. That is why the Spending Review case continues to be important to TfL. TfL would like a much longer-term funding settlement to allow it to really work for that capital strategy if it could secure one. Thirdly, TfL can raise funding through the growth and benefits generated by the infrastructure, which is how the DLR extension to Thamesmead is being funded.²⁰ **The Committee encourages TfL to publish a clear strategy for preventing further growth in the capital renewals backlog and returning key assets to a sustainable state of good repair in its 2027-28 Budget submission to the GLA in November.**

Devolution

TfL told the Committee that greater devolution could make it easier to assemble funding packages like those being used for the DLR extension to Thamesmead and could support the delivery of future infrastructure projects.²¹ According to TfL, this could reduce the need for bespoke funding agreements and provide greater flexibility in developing transport investment proposals.

The Committee notes its previous recommendation that *the Department for Transport, the Mayor and TfL should publish a strategy for funding new infrastructure through private investment approaches. This should include a standard model for the long term that allows Tax Increment*

¹⁶ TfL, [TfL Mayor's Budget Submission 2026-27](#), 21 November 2025

¹⁷ The [Structures Fund](#) is a £1 billion Department for Transport (DfT) fund for major highway structures that require urgent, complex renewal works that local highway authorities cannot otherwise afford. It covers bridges, flyovers and tunnels where there is a risk of restrictions or closures if investment is not made. Funding decisions are expected in Autumn 2026.

¹⁸ Budget and Performance Committee, [Transcript](#), P35, 16 September 2026

¹⁹ TfL, [TfL Mayor's Budget Submission 2026-27](#), 21 November 2025

²⁰ Budget and Performance Committee, [Transcript](#), P41, 16 September 2026

²¹ Budget and Performance Committee, [Transcript](#), P41, 16 September 2026

*Finance from new revenue streams to be enabled from new transport infrastructure.*²² The Committee continues to consider that greater standardisation around funding models would avoid “*having to negotiate bespoke arrangements for [the] Treasury.*”²³ **The Committee would welcome an update on your current assessment of the role that a standard model could play in supporting TfL's long-term capital programme.**

Funding sources

As part of the current TfL financial settlement the Government set out its expectations that TfL does what it can to contribute to its capital programme “*HMG [His Majesty's Government] expects TfL to use TfL's business management and financial planning, and TfL's savings and efficiencies programmes to generate additional revenue to support TfL's capital programme, and to consider local policy levers as needed.*”²⁴ The Government also acknowledged that TfL's capital renewals is not expected to be funded solely from its operating incomes.²⁵

The Committee supports TfL's proposal that Vehicle Excise Duty (VED) revenues raised in London should be devolved to the capital, or that equivalent funding should be provided.²⁶ There is long-standing cross-party support within the London Assembly for the retention of a fair share of VED revenues for investment in London's transport network.²⁷ In February 2021, the leaders of all five political groups on the London Assembly²⁸, together with the Mayor, wrote urging government to allow London to retain its share of VED revenues. The letter referred to an estimated £500 million per year raised from London motorists. From 1 April 2028, [eVED](#), a new mileage-based charge, is expected to apply to electric vehicles as an extension of the current VED regime and this should also be considered as a potential source of funding for TfL capital renewals.

Given the scale of TfL's renewals challenge, **the Committee would welcome an update on your current assessment of the role that VED devolution, or alternative devolved funding mechanisms, could play in supporting TfL's long-term capital programme.**

Roads and structures funding

The Committee heard evidence that major bridge, tunnel and highway structure renewals can present significant affordability challenges for individual authorities. Examples include the Hammersmith and Albert Bridges for Local Authorities and Vauxhall, Westminster and Lambeth bridges, Croydon Flyover, A40 Westway and Rotherhithe Tunnel for TfL. Patrick Doig argued that the absence of a national funding model for highway structures contributes to these challenges and can make major renewals difficult to deliver. He informed the Committee that:

“The root cause of that [bridges not being fixed and reopened] is that there is not a national funding model for highway structures, including bridges and tunnels. For individual local authorities with relatively small budgets and a wide range of priorities they have to deliver, when these structures get to the point of needing major renewal, significant refurbishment

²² Budget and Performance Committee, [Euston, we have a problem: Mind the funding gap](#), 2 December 2025

²³ Budget and Performance Committee, [Transcript](#), P41, 16 September 2026

²⁴ HMG, [Spending Review Phase 2 Outcome](#), 19 June 2025

²⁵ HMG, [Spending Review Phase 1 Outcome](#), 30 October 2024

²⁶ TfL's [Financial Sustainability Plan](#) (2021)

²⁷ [Sadiq Khan and London Assembly in cross-party call on Grant Shapps to let capital retain road tax](#), 10 February 2021

²⁸ The full list of signatories of the letter to Shapps is Sadiq Khan and group leaders Susan Hall (Conservative), Len Duvall (Labour), Caroline Russell (Green), Caroline Pidgeon (Liberal Democrats) and Peter Whittle (Brexit Alliance)

or even replacement, it is not generally affordable within their budgets.”²⁹

The Government recognised in its funding settlement for TfL that “*for major capital enhancements and renewals (e.g. replacement of life expired rolling stock, signalling and major road renewals), TfL is not expected under its current financing arrangements to solely finance those from operating incomes.*”³⁰

The Committee considers that a more strategic national approach would improve resilience, support economic growth, provide greater certainty for asset owners and help avoid situations where essential structures are subject to prolonged restrictions, closure or escalating repair costs. **The Committee therefore encourages you to work with the Government, TfL, London Councils and other transport authorities to advocate for the development of a long-term national strategy for bridges, tunnels and highway structures with a sustainable national funding mechanism that reduces reliance on ad hoc competitive bidding processes.**

The Committee would welcome your response by 23 November 2026 to inform the Committee’s consideration of your draft 2027-28 budget.

Yours,

A handwritten signature in black ink, appearing to read 'Neil Garratt', is centered within a light gray rectangular box.

Neil Garratt AM
Chairman of the Budget and Performance Committee

²⁹ Budget and Performance Committee, [Transcript](#), P24, 16 September 2026

³⁰ HMG, [Spending Review Phase 1 Outcome](#), 30 October 2024