

# Written Statement for the London Plan Examination in Public – Matter 76

Transport for London (1170) March 2019

M76. (a) Are all of the transport schemes set out in Table 10.1 necessary and adequate to deliver the development proposed in the Plan? (b) In the context of the identified funding gap of £3.1 billion per year, is there a reasonable prospect that the transport schemes set out in Table 10.1, and any other essential strategic transport schemes, will be delivered in a timely fashion in relation to the timing of development proposed in the Plan?

## 1. INTRODUCTION

- 1.1. The schemes set out in Table 10.1 have been identified as necessary and adequate to deliver the development proposed in the London Plan to 2041.<sup>1</sup> While the calculation of housing capacity in the Strategic Housing Land Availability Assessment (SHLAA) does not assume the delivery of schemes in Table 10.1, these schemes (or equivalent investment) are important for ensuring sustainable transport outcomes and in particular, helping to identify further housing capacity to support population growth beyond 2029.
- 1.2. The level of investment required does present some significant challenges, but is in line with the fiscal remit set by Government within which the National Infrastructure Commission make recommendations – one of which is that investment in London’s transport is maintained. There are a number of established and potential funding mechanisms for delivering transport infrastructure improvements, as well as complementary measures, to ensure that both new development and necessary transport improvements can be delivered in a timely fashion.
- 1.3. Finally, investment in London has been shown to be sound in economic terms, delivering national benefits that support the UK-wide economy. The TfL Business Plan sets out significant levels of investment already planned, but to deliver the growth to meet objectively assessed need, further funding will be required.

## 2. DELIVERING THE DEVELOPMENT PROPOSED IN THE PLAN

- 2.1 The Plan sets out proposed development both in terms of housing capacity (which informs the targets in Table 4.1) to 2029, and more broadly, housing need to 2041 to cater for population growth to 10.8m people. The housing targets set out in the Plan are based on capacity identified through the 2017 SHLAA. This makes evidence-based assumptions that higher densities can be delivered in locations with higher Public Transport Access Levels (PTAL). The PTAL used is based on the 2016 public transport network for the first SHLAA period, with the following periods also taking into

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<sup>1</sup> It should be noted that the list of schemes in Table 10.1 is not intended to be exhaustive or fixed—they are schemes identified through a range of ongoing activities undertaken by TfL, the GLA, the boroughs and other groups to improve and enhance the transport network and support growth. Given the long-term nature of the Plan, this list of schemes will undoubtedly change over time as development occurs and the city changes shape.

(relatively minor<sup>2</sup>) changes as a result of committed transport improvements such as the Elizabeth line or the Northern line extension to Battersea. This means that in many locations, existing and funded transport connectivity should be sufficient to deliver the identified housing capacity between 2019/20 and 2028/29. The SHLAA also reflects transport capacity constraints as well, by reducing the probability of a site coming forward (and thus its contribution to overall capacity) by 10 per cent where funding through Section 106 or a Community Infrastructure Levy would be required to address significant infrastructure requirements, and by 20 per cent where strategic infrastructure is required.

- 2.2 The SHLAA applies higher density assumptions in Opportunity Areas to reflect recent trends in these areas and to ensure that the SHLAA does not underestimate the potential housing capacity in these key growth locations. Large sites within Opportunity Areas represent capacity for 275,000 dwellings over the 2019/20 – 2028/29 period, or 42 per cent of the total capacity identified. These density assumptions vary to some extent by PTAL as well, although they are also based on sites being developed at densities higher than existing character or context might suggest. This means in some Opportunity Areas, some of the transport enhancements set out in Table 10.1 and the Key Diagram of the draft Plan may play a significant role in ensuring that housing capacity is delivered, with mechanisms to support the planning, funding and delivery through the Opportunity Area Planning Framework processes (such as Development Infrastructure Funding Studies). The full development of some Opportunity Areas is expected to be linked to the delivery of strategic transport infrastructure and this will be important to ensure further housing capacity can be identified beyond 2029.
- 2.3 More broadly, the schemes in Table 10.1 have a key role to play in supporting additional housing capacity beyond 2029, such as through new, extended and upgraded public transport (as illustrated by the Crossrail 2 scenario in the 2017 SHLAA). They also support housing to be delivered in line with Good Growth and avoid unacceptable impacts on the public transport and road networks, which could otherwise constrain the amount of new housing. This can include changes to the bus network to better meet future demand or improved conditions for walking and cycling. Table 10.1 also includes the implementation of road user charging by 2041, which would enable management of congestion to allow reliable freight movements and public transport services in a denser, more populated city.
- 2.4 We have carried out strategic modelling to establish what level of intervention would be required to manage outcomes such as public transport crowding and road congestion arising from the growth in the Plan. This involved testing of a series of cumulative packages of transport measures, with the final package being a scenario where all proposals in the Mayor's Transport Strategy (MTS) are implemented (the MTS scenario). This scenario contains the strategic-level schemes set out in Table 10.1 and demonstrates that the growth in the Plan can be supported and sustainable transport outcomes can be achieved.
- 2.5 The packages with fewer schemes resulted in higher levels of public transport crowding and road congestion, as set out in the MTS Evidence Base Outcomes Report. Certain

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<sup>2</sup> As SHLAA density assumptions use banded PTAL (i.e. 0-1, 2-3 and 4-6), the assumed transport network changes result in a very small proportion area of London moving between bands

schemes are included in Table 10.1, due to their importance to other objectives besides supporting growth (e.g. cleaner air), but were not included as part of the MTS scenario given the reasonable limitations associated with strategic modelling.

- 2.6 Therefore, we consider at this time that the schemes contained in Table 10.1 to be both necessary and adequate to deliver the growth in the Plan sustainably. It should be noted that Table 10.1 represents the scale and type of investment required – and is the most likely package of interventions at the time of writing. We will continue to review the appropriateness of schemes included as both the TfL Business Plan and the London Plan is monitored/revised over time. This is the only reasonable approach that provides enough clarity for those involved in planning in London and enough flexibility to reasonably respond to changing circumstances over the period of the Plan.

### 3. ENSURING SUFFICIENT TRANSPORT CONNECTIVITY AND CAPACITY

- 3.1 Chapter 11 of the draft London Plan identifies that around £3.3 billion per year<sup>3</sup> of capital investment in transport would be necessary to deliver the schemes in the MTS. This investment is equivalent to 0.9 per cent of London's Gross Value Added, or 1.1 per cent when capital renewals are also included. This is within Government guidelines<sup>4</sup> for long-term public capital expenditure, which require the National Infrastructure Commission (NIC) to make recommendations for '*gross public investment in economic infrastructure of between 1.0% and 1.2% of GDP in each year between 2020 and 2050.*' The NIC refers to the schemes in the MTS and recommends<sup>5</sup> that investment in London's transport is maintained at the levels described above, arguing that this is justified given London's role in the national economy and the tax revenue it generates. It also notes that a failure to address infrastructure constraints would more likely risk employment being displaced to other countries rather than elsewhere in the UK.
- 3.2 While securing this level of funding does present some challenges, this reflects the nature of planning over a 20 year period in which different financial opportunities and constraints will be encountered. We are committed to sustaining sufficient levels of investment in London's transport network. TfL's Business Plan sets out significant levels of investment over the next five years and we continue to make the case to Government for vital investment in the national rail network serving London and for appropriate funding for key infrastructure, including rail schemes such as Crossrail 2 and also the road network. It will be necessary over the Plan period to review investment needs and in this context, we consider the approach which underpins the draft London Plan to be appropriate.
- 3.3 There are a number of mechanisms that can help to meet the transport needs of growth. While securing specific funding mechanisms for improved transport connectivity and capacity (which we set out in the following section) will be required, there are also opportunities to make better use of existing infrastructure, such as spreading demand during peaks, potentially reducing the need or urgency for capacity upgrades. Beyond this, large-scale developments that require transport improvements can be phased and linked to the delivery of transport schemes.

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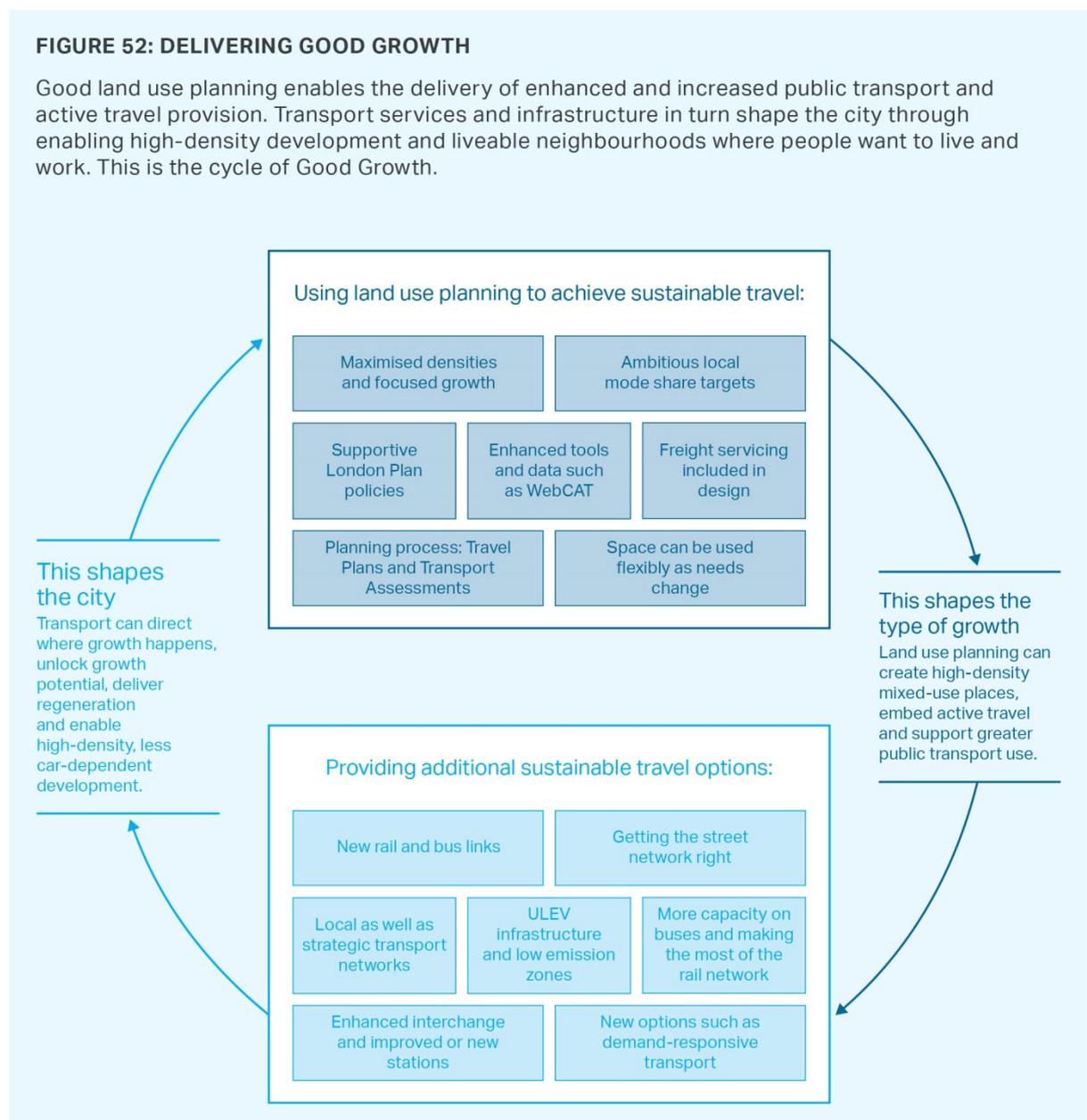
<sup>3</sup> Chapter 11 also refers a figure of £3.1 billion year, as does the matter question above. This is the gap for all infrastructure, while £3.3 is the total investment required for transport infrastructure only

<sup>4</sup> HM Treasury (2016), National Infrastructure Commission Remit letter

<sup>5</sup> Table 7.1, [https://www.nic.org.uk/wp-content/uploads/CCS001\\_CCS0618917350-001\\_NIC-NIA\\_Accessible.pdf](https://www.nic.org.uk/wp-content/uploads/CCS001_CCS0618917350-001_NIC-NIA_Accessible.pdf)

3.4 More broadly, Policy T3 of the draft London Plan also identifies transport capacity and connectivity improvements beyond this that are necessary for supporting growth in London. These can be viewed in conjunction with Figure 52 in the MTS (reproduced as Figure 1 below) which shows how delivering transport improvements and directing new development to well-connected areas can help form a virtuous cycle. The London Plan embodies this approach of Good Growth. Denser, less car-reliant development can help support the business case (including operational viability) for further investment in transport and for the schemes listed in Table 10.1, and this Table must be viewed in the long term context of the London Plan.

Figure 1 – Delivering Good Growth



Source: The Mayor's Transport Strategy (2018)

3.5 Finally, the NIC in their 2016 report, Transport for a World City, identified that Crossrail 2 should be taken forward as a priority transport scheme that can help support future growth in London (as it is expected to facilitate the development of 200,000 homes). It also identified that the London Plan should include other strategic projects that may be delivered with the support of alternative funding mechanisms. Such projects are included in Table 10.1 and potential funding mechanisms and financing options are discussed further in Policy T9 and Chapter 11, and in the following section of this statement.

## 4 FUNDING

4.1 Chapter 11 discusses some of the additional funding streams that may be explored to deliver infrastructure improvements, including fiscal devolution. Local contributions and the private sector are also likely to have a role to play in funding specific schemes. The Mayoral Community Infrastructure Levy (MCIL) is a key mechanism for delivering significant strategic funding, as has been demonstrated through the existing MCIL1 and Crossrail Funding SPG. MCIL2 replaces these mechanisms from April 2019, enabling London to continue to contribute towards strategic transport investment. Business rates devolution could also provide funding for strategic transport projects. We already invest around £1 billion each year through the TfL Business Plan (excluding major projects with bespoke funding packages) on capital investment to relieve transport capacity constraints, improve services and enhance connectivity. This helps to support growth across London. Within our capital investment, we have a targeted programme of investment through the TfL Growth Fund (totalling over £500 million between 2016 and 2024) which focuses on schemes that primarily aim to unlock housing.

4.2 By themselves, these funding sources are not sufficient to deliver every scheme in Table 10.1. TfL and the GLA are therefore exploring additional funding options, including:

- Local funding sources including borough contributions, developer contributions and borough-led mechanisms such as workplace parking levies provide an opportunity to develop long-term revenue sources to fund local transport improvements
- Some new funding sources require Government support and possibly new legislation to introduce. These include mechanisms that capture value uplift from the betterment of land due to public investment in transport improvements.

4.3 Additionally, we have had recent success in bidding for funding from Government through its Housing Infrastructure Fund, which secured £291m for improvements to the Docklands Light Railway to support the delivery of 18,000 homes, and we continue to make the case for, and maximise, similar opportunities. Larger schemes will require bespoke funding packages, tailored to the specific circumstances of the project, including funding options and the scale of potential development that could be unlocked.

4.4 We acknowledge that new forms of funding and support from central and local Government will be needed to ensure delivery according to the timescales indicated in Table 10.1. This can be supported through prioritisation, timescale adjustment, and

staging and phasing of new schemes, in addition to appropriate phasing of new development. Further funding options may become available in the future, for example next generation road user charging, while some schemes in Table 10.1 may also generate operating surpluses that can be reinvested in the transport network.

## **5. CONCLUSION**

- 5.1 The Plan's approach to transport schemes can (and is necessary to) sustainably deliver the development proposed in the London Plan to 2041. The investment required to achieve this is ambitious but consistent with Government's overall approach to infrastructure provision, and can be delivered through a variety of mechanisms.