



Department
for Transport

From the Secretary of State
The Rt. Hon. Grant Shapps

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23 June 2022

Dear Sadiq,

Thank you for your letter to the Prime Minister of 1 June. I have been asked to reply.

You claim that Transport for London has been "forced" by the Government into making the significant cuts to London's bus network which you unveiled on 1 June, affecting 78 routes, including the complete withdrawal of 21 routes. You state: "The conditions set by the Government through the emergency funding deals... included reducing the extent of the bus network by four per cent... meeting your [the Government's] conditions requires [TfL] to cut 21 routes."

These statements are untrue. First, it was you and TfL who proposed that reduction, in your own Financial Sustainability Plan, published on 11 January 2021.^[1] The Government did not force you to do so. As you state on page 18 of the plan, headed 'TfL's proposals for achieving financial sustainability': "we have identified a further four per cent reduction in the kilometres operated on the bus network to respond to expected future travel patterns including a passenger reduction in central London and increase in outer London town centres." According to the Plan, the reductions you proposed were due to changes in demand.

Second, it is untrue that a four per cent reduction requires TfL to withdraw 21 routes and reduce or change a further 57 routes. Your Plan stated that the 4

per cent cut could be achieved by "frequency reductions" of 25 per cent on "around 25" routes and made no mention of withdrawals.^[2] The Plan stated that "there is not yet evidence to support... large-scale reductions in levels of service." It said that "reducing service levels significantly will not realise large savings quickly", projecting a saving of as little as £8 million.^[3]

Third, over the 17 months since your Financial Sustainability Plan was published, you have already implemented cuts to the bus network, reducing frequencies on 62 routes, though usually by less than 25 per cent on each route. According to calculations by Roger French, secretary of the bus industry group, the Ten Per Cent Club, this has reduced the London bus network's peak vehicle requirement from 7,818 buses at the time of the Plan to 7,489 now, a fall of 4.2 per cent.^[4]

The companies which operate the threatened routes are bemused at your new and more dramatic proposals, pointing out that several of the routes have seen among the best recoveries of passenger demand in London. The chief executive of one of the companies described your plans to us as "making no sense at all" and as putting its own investment in London at risk.

As we have told your officials for more than a year, we in fact think that cutting services should be your last resort, not your first, to achieve financial sustainability. We have consistently said that you should instead try to cut costs and generate revenue, including with more bus priority, which makes journeys faster and more reliable, allowing you to maintain the same frequencies with fewer buses and making services more attractive to passengers, bringing in more fare income. Cities across Britain and the world are learning this lesson. But across the whole of Greater London, you installed only 450 metres of "new or improved" bus lanes in the first eight months of 2021/22.^[5]

In short, the new cuts are not necessary and will not save much money. They have been artificially created by you as a political weapon in your campaign for a long-term capital funding deal. But bus operations have little or nothing to do with capital funding - they are supported by revenue subsidy, which the Government has provided throughout the pandemic and which it will continue to provide.

Government revenue funding since May 2020 already totals almost £5 billion, making TfL the largest single recipient of pandemic support across the transport sector. Business rates, your share of which was increased in 2017 to replace permanent government capital support, will raise £1.8bn for TfL this year. TfL's receipts from road user charging have risen sharply because of your much-enlarged Ultra Low Emission Zone. TfL's income (from fares, commercial activity, road charges, business rates, council tax, and the emergency revenue subsidy provided by us) is about the same as before the pandemic. In other words, there is, and will be, more than enough money to maintain services.

Your claims that yet further cuts, of 18 per cent to the buses and 9 per cent to the Tube, will be required unless we meet your demands for a capital deal are therefore also false. Your characterisation of a total capital spend of £1.8bn per year excluding the Elizabeth Line as ushering in a new and "truly dire" era of "managed decline" is false, too. Excluding the Elizabeth Line, your own actual capital spend in the last year before the pandemic, 2019/20, was £1.7bn.^[6] Under your own pre-Covid plans, again excluding the Elizabeth Line, you intended to spend £1.8bn in 2020/21^[7] and £1.9bn in each of 2021/2, 2022/3 and 2023/4.^[8] In other words, sums very similar to those which you now claim will lead to massive service cuts and describe as "truly dire."

Your claim that London's transport network is being "levelled down" is hard to reconcile with the no fewer than three major new rail schemes which have opened in London in the last six months alone - the Battersea extension of the Northern Line, the new station at Bank, and the Elizabeth Line. National taxpayers contributed £5.7bn of the initial cost of the Elizabeth Line, plus further support in the last two years to ensure that the line could be finished despite the major budget overruns and delays on your watch. Even excluding these new services, and even after the 4.2 per cent cuts you have made to the buses, TfL's services remain closer to pre-covid levels than most of the rest of the country's.

You undertook in your most recent settlement with us to deliver by March 2022 a recommended approach to reforming TfL's pension scheme – as demanded by your own review, the Glaister Review – of TfL's finances in 2020, which said the scheme was "expensive, outdated and must be reformed."^[9] Again, it is better to save money by reforming pensions than by

cutting services. Despite numerous discussions between our teams you have still not delivered a recommended approach or set out an acceptable plan to delivering one.

As you know, we do want to give TfL a longer-term capital deal. But your tactics are the wrong way to achieve one. They are harming London's interests. If we are to make a longer-term funding commitment, you must keep your promises and we must be able to deal with you and TfL on a basis of honesty and seriousness, not campaigns of scaremongering and threats. Your latest stunt today – where you have prematurely announced details of an extension before it was finalised with the department – is just the latest example of your desire to play politics, rather than working constructively with us. TfL's services are at no risk, unless you want them to be, and should not be undermined for political ends.

As we have stated before, we will continue revenue support, in further temporary deals if necessary. We remain open to giving you a longer-term capital settlement. But it will require a reset of the relationship.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Grant Shapps', written in a cursive style.

Rt Hon Grant Shapps MP

SECRETARY OF STATE FOR TRANSPORT

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- ^[1] <https://tfl.gov.uk/cdn/static/cms/documents/financial-sustainability-plan-11-january-2021.pdf>
- ^[2] *ibid*, page 18
- ^[3] *ibid*, page 82
- ^[4] <https://busandtrainuser.com/london-bus-cuts-tracker/>
- ^[5] <https://board.tfl.gov.uk/mgChooseDocPack.aspx?ID=643>, page 53
- ^[6] <https://tfl.gov.uk/cdn/static/cms/documents/tfl-annual-report-2019-20.pdf>, page 77
- ^[7] <https://tfl.gov.uk/cdn/static/cms/documents/tfl-budget-2020-21.pdf>, page 8
- ^[8] <https://tfl.gov.uk/cdn/static/cms/documents/tfl-business-plan-2019.pdf>, pages 37 and 40
- ^[9] <https://tfl.gov.uk/cdn/static/cms/documents/tfl-independent-panel-review-december-2020.pdf>, page 31