

Gareth Bacon AM  
Chairman of the Budget and Performance Committee

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8 September 2016

Dear Mr Commissioner,

## **Transport for London's financial challenge**

Please find attached a copy of the Budget and Performance Committee's report, *Transport for London's financial challenge*. The report examines Transport for London's (TfL) plans for delivering the Mayor's transport commitments against a backdrop of declining government funding, costly on-going commitments, and uncertainty from the result of the EU referendum. It assesses the implications of these challenges on TfL's services, passengers and future investment across the transport network.

The report contains eight recommendations for your consideration. I have included them on the next page for your convenience.

I would be grateful for your response to the report's recommendations by 9 December 2016. Please send a copy of your reply to Lucy Pickering, Scrutiny Manager at [lucy.pickering@london.gov.uk](mailto:lucy.pickering@london.gov.uk).

Yours sincerely,



**Gareth Bacon AM**  
Chairman of the Budget and Performance Committee

Copies to: Chief Finance Officer, Ian Nunn, Assembly Engagement Manager, Fiona Lampard

## **Transport for London's financial challenge: report recommendations**

### **Recommendation 1**

Six months before the next Mayoral election, TfL should publish a set of highly transparent, basic fare income data and assumptions, on which candidates can base manifesto commitments, and inform the public's understanding of any proposed changes.

### **Recommendation 2**

TfL should publish the full costs of the fares freeze, the hopper ticket, and concessionary fares in its subsequent annual reports.

### **Recommendation 3**

In its next business plan, TfL should set out its best estimate of the impact of the UK's exit from the EU on TfL. This should include an assessment of the impact on:

- Passenger growth and fares income.
- Borrowing costs.
- Commercial plans.
- Staff recruitment and retention.
- EU grants and EU-funded transport research.

### **Recommendation 4**

The Mayor should instruct TfL to review its concessionary fares system to ensure it meets the objectives of his forthcoming Transport Strategy.

### **Recommendation 5**

The next TfL Business Plan should clearly set out the investment priorities compared to the previous business plan so observers can easily see what has changed, and how delivery milestones have been affected.

### **Recommendation 6**

The TfL Board must rigorously scrutinise any proposal for TfL to take over any suburban rail service – including the transfer of liabilities – to ensure that robust plans and financial arrangements are in place to make devolution a success.

### **Recommendation 7**

In response to this report, TfL should set out clear plans for achieving the savings and efficiencies set out in its press release of 8 June 2016.

### **Recommendation 8**

In all future Operational and Financial Performance reports, TfL should set out what savings and efficiencies it has made in each business area, what further reductions are planned, and the impact of these changes on the organisation.