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TFL FUNDING DEAL 'VITAL' FOR LONDON

STEFAN BOSCIA

LONDON business groups, think tanks and property firms have warned the capital's transport network needs a long-term funding settlement from Whitehall or risk 'decades' of damage.

Transport for London's (TfL) latest emergency bailout with the Department for Transport runs out tomorrow - risking what the network's chiefs have described as "managed decline" of the service.

City A.M. understands the transport secretary Grant Shapps has not responded to a meeting request but officials are engaged in last-minute talks.

TfL bosses have been campaigning for a long-term settlement from Whitehall to fill the hole in the coffers produced by lockdowns, but have instead received four short-term bailouts - with a raft of savings requirements attached.

A failure to agree a long-term deal would put improvement and maintenance works on the back burner as well as serious service reductions, including the slashing of dozens of bus routes.

The capital's system is unusually reliant on fare revenues compared to other global cities, meaning it was more heavily affected by the almost total collapse of passenger revenues.

Last night groups such as London First, the Centre for London and the boss of property company Derwent London wrote to the DfT calling for the government to "leave no stone unturned in reaching a lasting and sustainable settlement" with TfL.

"It is clear that support from government is needed to maintain London's transport infrastructure to avoid it descending into a 'managed decline' state that could take decades to undo. This decline could cost the wider economy in excess of £12bn over a 10-year

period," the letter - also signed by the London Chamber of Commerce and the Night Time Industries Association amongst others - reads.

"At a time when... competing capital cities and commercial hubs across the world are stepping up their long-term investment, London - a 'shop front' for international investment - should benefit from sustained investment and financial support," it continues.

Last night Mayor Sadiq Khan told City A.M. the groups were "right to express their concerns" to ministers.

"It is imperative the government works with me to finally agree a fair, long-term funding deal that will protect London's transport network - not just for the sake of the capital but for the economic wellbeing of the whole country," he said.

Khan has previously accused the government of "inciting" strike action through its demands for significant savings.

The DfT did not respond to a request for comment but has previously said it has "repeatedly shown our commitment to supporting London's transport network" via previous bailouts.



How we reported TfL's warning last year

SUPERMARKET CREEP Inflation up again to a forty-year high



JACK BARNETT

THE LIKELIHOOD of the Bank of England hiking interest rates for the sixth meeting in a row on 4 August is ramping up after figures revealed the UK has the highest inflation in the G7.

Prices climbed 9.1 per cent annually in May, up from April's already four-decade high of nine per cent, according to figures published yesterday by the ONS. Canada and Japan are the only members of the G7 yet to report new inflation estimates, but are expected to

lag behind Britain's rate.

The rate of price rises is running at more than four times the Bank's two per cent target. Governor Andrew Bailey and co have already sent rates to a 13-year high of 1.25 per cent, but they are still low by historical standards.

While living costs are expected to keep rising, inflation is likely to peak at just over 11 per cent in October, fuelled by the energy watchdog raising the cap on bills again.

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Pensions boost provokes another row as Britain braces for more strikes

STEFAN BOSCIA

GOVERNMENT ministers were yesterday forced to defend their decision to increase the state pension by double digits as they call for widespread pay restraint.

Rishi Sunak said old age pensioners were "among the most

vulnerable in society", while insisting the increase would not stoke inflation.

The state pension will increase by the UK's annual inflation rate as of September - forecasted to be around 10 per cent.

Former Treasury minister Lord Jim O'Neill said the policy was

"ludicrous" and "particularly crazy".

The decision to bring back the triple lock comes despite the government decrying striking rail workers asking for a seven per cent pay rise to keep up with inflation.

Justice secretary Dominic Raab said old age pensioners were in a "different position" to striking rail

workers, because they were "disproportionately affected by the increase in energy costs which we know everyone is facing".

It comes as public sector unions prepare to draw up strike ballots if they are not offered large pay increases this year.

The National Education Union

(NEU) yesterday said they will lay the groundwork for industrial action if not offered a double-digit pay rise.

NEU bosses told the government it needed to "respond to the new economic reality" of higher inflation and the impact on the cost of living in a letter to the education secretary yesterday.