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TRANSPORT **FOR LONDON:**

Public Operation
and Democratic
Governance



This report was commissioned from the Public Services International Research Unit (PSIRU) at the University of Greenwich and written by Dr Kyla Sankey as a contribution to the ITF People's Public Transport Policy (www.OPTPolicy.org). The aim is to gather case studies in order to identify models for public operation and democratic governance of public transport that go beyond defending public ownership by promoting operation and democratic control by workers and users. This report aims to provide an in-depth understanding of how public operation and democratic control have been implemented, even if only partially, in the case of London's public transport body, Transport for London (TfL).

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SUMMARY

This report explores the dynamics of public operation and democratic governance in London's municipal transport body, Transport for London (TfL).

The first part identifies and analyses the key components of the governance structures and operation of TfL, including decentralisation, integration and democratic accountability. It also highlights the limits of municipal ownership when not accompanied by redistribution of economic resources, and outlines the main features of the unsustainable funding model adopted by TfL since its creation. The Covid-19 pandemic has exposed the vulnerabilities of this funding model, and the report identifies the restructurings that will likely follow the crisis.

The second part of the report focuses on how privatisation and restructuring within the service have affected public transport workers. It examines the differences in employment contracts and working arrangements between different sectors of the workforce, focusing on the differences between bus drivers and Underground drivers, and the tactics and campaigns adopted by trade unions.

Finally, the report presents a series of recommendations to secure an accessible, quality public transport service that is properly funded, able to support economic recovery from the Covid-19 pandemic and helps to tackle the climate crisis.



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KEY FINDINGS

- Created in 2000 as part of the Greater London Authority (GLA), Transport for London (TfL) is a rare example in the UK of a municipally-owned transport body that integrates all transport modes within one city. In many ways, TfL offers a model for the sort of effective and accountable institutional arrangements needed for new forms of democratic public ownership through democratic accountability, participation and strategic planning around transport issues in London.
- However, municipal transport services cannot work well and in the interests of all without proper funding, no matter who owns and operates them. The devolution of powers to the GLA came at a time when local government resources were being eroded and many functions privatised. While TfL avoided complete privatisation and remains a public authority, its various transport services are divided up and run through an array of public and private regulatory models. Some functions, like London Underground, are operated by public sector subsidiary companies, while others are franchised to private operators, like London buses, DLR, Overground and trams.
- Restructuring and privatisation in public transport services have broken up previous collective bargaining agreements and created a fragmented labour market. Across the TfL network, employment contracts and working arrangements have developed in an uneven, piecemeal and often inconsistent way. On the one hand, publicly employed TfL workers have higher job security and receive TfL benefits, although this sector has been increasingly subjected to restructuring and job cuts. On the other, privatisation and outsourcing have seen a deterioration in pay and conditions and opened the way for casualisation of sectors of the workforce.
- The fragmentation of collective bargaining has meant transport unions in different companies have had to renegotiate the gains from previous agreements. Generally, this has weakened union strength, although the impacts have varied across different sectors of the workforce. The different impacts on various groups of workers are conditioned by the form of industry restructuring or privatisation, strategic bargaining positions and collective organisation.
- Bus privatisation has severely eroded drivers' pay and conditions. Before privatisation, bus drivers had worked under the same terms and conditions; today these are set by each company separately. The policy of tendering for bus routes has created a race to the bottom, where companies are incentivised to reduce drivers' working conditions and pay in order to win tenders. The result has been a significant drop in pay, as well as variation in wages and conditions between drivers.
- There is still a higher degree of union density and activity in London's public transport than in other UK industries. This is partly due to particular features of the industry — increases in capital investment and passenger numbers over the past three decades have meant bus and Underground drivers have not seen the same compulsory redundancies as other public sector workforces, although London transport's growth has slowed since 2015. The potential impact of industrial action on the network also creates a favourable situation for workers.



However, restructuring and privatisation have contributed to a relative decline in union membership and activity.

- The bus drivers' union, Unite, has maintained high levels of membership but its strength and bargaining power have been weakened. The most important factors are the fragmentation of collective bargaining and employment contracts, together with the race to the bottom created by the privatised bus tendering process. The weaker organisation among bus drivers is also partly due to their fragmentation into fairly small units across dozens of garages and varying shift patterns, while higher turnover has eroded worker identity.
 - By contrast, in some sectors restructuring has been accompanied by a renewal of union activity. The train drivers' union ASLEF has maintained consistently high levels of membership and activity that have resulted in successive gains for drivers. This is partly due to train drivers' strategic bargaining position — industrial action by train drivers has the potential to shut down the entire network. But the organising drive led by ASLEF also played an important role. This involved developing high levels of member participation on day-to-day issues from rosters to health and safety, together with the development of a charter for drivers, which outlined clear objectives related to key negotiating issues such as pay, working hours and pensions.
 - Young, female and ethnic minority workers are disproportionately affected by privatisation and restructuring in transport services. In this way, austerity measures have reinforced inequalities between workers along the lines of race, gender and age.
- For decades, TfL has been run on an unsustainable funding model. Policies attempting to make the public transport service self-sustaining from farebox revenue, increasing fares while reducing operating costs, are wildly unrealistic and have driven TfL into debt.
 - Underfunding and marketisation have created a two-tier service for passengers. Lower-income and younger workers who have been pushed out of the city by the housing crisis are unable to access the more expensive transport modes like the Underground and are forced to rely on long bus rides.
 - TfL's high dependence on fares made it extremely vulnerable to the drop in revenue caused by the coronavirus pandemic, which brought TfL to the brink of crisis. The existence of private contracts for bus services has worsened the funding crisis, since TfL is forced to pay the bus companies service rates agreed pre-crisis, despite the loss in farebox revenue. Emergency government funding has been made conditional on a financial review, which will likely result in further austerity and restructuring. TfL has already reduced its budget by cancelling capital expenditure projects but the main impact is most likely to be in cuts to subsidised parts of the service, such as outer London bus routes, river buses and cycle hire.



I. BACKGROUND

London has one of the largest urban transport networks in the world. Its origins date back to 1863, when the world's first underground railway was opened in London. Today it comprises a vast network of bus, Underground, tram, DLR, Overground, cycle hire and river bus services which provides over 11 million passenger journeys every day.

London's transport network has expanded dramatically in the past two decades. Between 1997 and 2017, the average number of daily passengers on the Underground grew from 1.6 million to 2.8 million, and on buses from 2.3 million to 3.8 million.¹ Overall, public transport use in London grew 56 percent in this period, although passenger growth has slowed since 2015.² Today, London's transport network consists of over 9,000 buses and 19,000 bus stops, 4,100 Underground trains and 270 stations. Significant expansion of the network has seen extensions to the Jubilee, Piccadilly and Northern lines and the establishment of the Overground, Docklands Light Railway (DLR), trams, cycle hire and the Night Tube.

Expansion of the network has not only allowed the municipal transport system to keep pace with population growth; it has also made it the engine driving London's rise to the position of the UK's 'global powerhouse'.³ For London citizens, municipal transport is also the basis for community, connectivity and mobility. Whether cycling, taking a bus or getting on the Tube, London transport brings people together in a shared space and brings a sense of common ownership over transport for London citizens. The creation of the municipal transport body Transport

1 TfL. Travel in London. 2018 content.tfl.gov.uk/travel-in-london-report-11.pdf

2 TfL. Travel in London. 2018 content.tfl.gov.uk/travel-in-london-report-11.pdf

3 Greater London Authority. London: the global powerhouse. 2016: london.gov.uk/sites/default/files/gla_the_london_economy_report_full_low_res.pdf

for London (TfL) in 2000 has been key for the development and integration of London's transport services.

II. TFL: PUBLIC OPERATION AND DEMOCRATIC GOVERNANCE

The sell-off of UK national rail and bus services has created a privatised and fragmented system that is expensive and deeply unpopular. According to a 2019 survey, just 23 per cent of the UK population support railway privatisation, while 63 per cent support public ownership.⁴ A broad and growing movement is demanding an end to privatisation and a return to public ownership in transport and other privatised services. The clearest expression of this movement was the Labour Party's 2019 election manifesto, which pledged to introduce sustainable, affordable, accessible and integrated transport systems across the UK.⁵ The new movement for public ownership has also sought to move away from the top-down and unaccountable models that characterised post-war nationalisations. Instead, it has sought to build public services that are effective, accountable and driven by local initiatives.⁶ In many ways, TfL offers an example for the sort of progressive and accountable institutional arrangements needed for new forms of public ownership in transport.

London transport is one of the few sectors that avoided the wave of Conservative-led privatisations of the 1980s and 1990s. The creation of TfL and the London-wide Greater London Authority (GLA) in 2000 was

4 Independent. Public support for nationalisation increased while Jeremy Corbyn was Labour leader, poll finds. 2019: <https://www.independent.co.uk/news/uk/politics/labour-party-election-corbyn-leader-polls-nationalisation-a9248511.html>

5 Labour Party. Manifesto. 2019: labour.org.uk/wp-content/uploads/2019/11/Real-Change-Labour-Manifesto-2019.pdf

6 Hall, David. 2020: National, regional and local moves towards public ownership in the UK. Kishimoto, S, Steinfurt, L and Petitjean, O. 2020. The future is public: Towards democratic ownership of public services. Amsterdam, The Netherlands: Transnational Institute (TNI).



a key part of the New Labour government's 'Third Way' alternative to the controversial Conservative-era privatisations, instead seeking greater devolution, coordination and participation in policymaking. The key components of public operation and governance in TfL can be categorised as:

- decentralisation
- strategic planning
- coordination
- integration
- democratic accountability
- participation

The following sections briefly overview and evaluate each of these components.

DECENTRALISATION

Decentralisation means that decisions around local transport are taken at the lowest appropriate level of governance. This creates shared community responsibility and state accountability around all the different modes of local transport together. To understand the significance of decentralisation in TfL, it is important to note that transport in the rest of the UK is highly centralised. No other local government has the power, funding or freedom to create an equivalent transport body in other UK cities.⁷

The 1999 GLA Act sets out the powers of the London authority over transport. TfL is controlled by the directly-elected Mayor of London, who appoints the board and is responsible for London's transport strategy. TfL is accountable to the elected London Assembly, which reviews the transport strategy, engages stakeholder consultations and makes recommendations on transport issues in London. The 33 London boroughs act as local transport authorities, developing local plans in consultation with TfL.

Devolution of transport powers has allowed for the creation of a transport body that responds to local needs and encourages participation by providing spaces for consultation and accountability around policies for all different transport modes. However, the progressive potential of decentralisation is limited when not accompanied by broader redistributive measures. The GLA has limited financial powers and is heavily reliant on central government grants. Further, it is not protected by any constitutional arrangements and is subject to control by central government. The problems of finance are discussed in more detail in section III.

STRATEGIC PLANNING

Rather than worrying about political interference in the management of public services, the case of TfL demonstrates that we need politicians to put forward and build support for policies that will improve public transport services for everyone. The Mayor of London chairs the TfL board and has direct control over TfL's budget. Around two thirds of the Mayor's total annual budget (around £11 billion) goes to transport via TfL. The Mayor is responsible for the preparation of strategic plans for development and transport – the London Plan and the Transport Strategy.

The Mayor's Transport Strategy demonstrates how elected politicians can deliver bold policies and ambitious investment decisions for the transport service – such as the Overground and Crossrail – that wouldn't be delivered by the market. Political campaigns during Mayoral elections can bring transport issues to the forefront of public debate and build a consensus around important issues like fare caps and travel concessions, which are funded through cross-subsidies.

⁷ Notably, however, Nottingham has set up a very successful municipal bus company <https://www.nctx.co.uk/nottingham-city-transport-wins-big-uk-bus-awards#:~:text=Nottingham%20City%20Transport%20is%20celebrating,a%20record%20breaking%20five%20times!>. Other cities including Liverpool and Manchester are reviewing plans to re-regulate city bus services.



COORDINATION

The Mayor is also responsible for coordinating a complex, multi-modal institution across multiple layers of governance in the city. The London Plan and Transport Strategy play a key role in coordinating transport with other sectoral perspectives, in accordance with local social, economic and environmental needs. The GLA Act requires that the Mayor's Transport Strategy incorporate three themes: equality of opportunity, people's health and sustainable development.⁸ These are coordinated with other components of the Mayor's urban development plans, including economic development, health, biodiversity, waste management, air quality and culture.⁹

Examples of coordination of transport strategies include TfL's transport action plan for health and its 2016-20 Action on Equality.

The health plan integrates transport strategy with public health by promoting walking and cycling, as well as improving green and public spaces.¹⁰ The Mayor's Transport Strategy aims to reduce car usage by funding and encouraging public transport, walking and cycling. Major investments in footpaths and cycleways are made, despite the loss in revenue that results from reduced public transport usage.¹¹

The equality plan brings the focus of transport policy away from mobility and towards accessibility. It involves consultations with groups to understand how to make the network more inclusive and accessible.¹² This has led to measures such as clear maps, improved access and tackling sexual harassment. Cross-sector coordination allows

8 GLA Act 1999, Sections 33 and 41: legislation.gov.uk/ukpga/1999/29/section/33

9 GLA Act 1999, Section 41.1

10 TfL. Improving the health of Londoners. 2014: content.tfl.gov.uk/improving-the-health-of-londoners-transport-action-plan.pdf

11 London Assembly Budget and Performance Committee. 2018: london.gov.uk/about-us/london-assembly/london-assembly-committees/budget-and-performance-committee

12 TfL. Action on Equality: TfL's commitments to 2020: content.tfl.gov.uk/action-on-equality-tfls-commitments-to-2020.pdf

the authority to make plans that incorporate other societal and environmental issues, such as health, equality, air quality and sustainability, and that prioritise public values over revenue generation.

INTEGRATION

TfL's power to integrate all transport modes into one network allows it to plan for major issues like rapid urbanisation and the climate emergency. Integrated ticketing systems allow passengers to travel on multiple services using unified fares. Control over road traffic allows TfL to take measures to reduce car usage and encourage public transport by regulating congestion charging, cycling and taxis.¹³ TfL has also begun to adopt decarbonisation plans, introducing over 200 electric buses and 20 hydrogen-powered buses.¹⁴ In contrast, the limited transport powers and funding for local governments outside London have left a fragmented, deregulated system that is very difficult to integrate and plan.

London's integrated transport system makes it one of the only cities in the UK that has successfully met the challenges of growing urban density. While public transport use in the rest of the UK has been in decline for over two decades, in London it has increased. Over half of people who work in London mainly rely on public transport for their commute, compared to only 16 per cent in the rest of England and Wales.¹⁵

PROFESSIONAL MANAGEMENT

One feature of TfL is the separation of functions of overall coordination and planning from day-to-day operations and service delivery. While the Mayor and GLA

13 Centre for public impact. London's congestion charge. n.d.: centreforpublicimpact.org/case-study/demand-management-for-roads-in-london/

14 TfL. World-first hydrogen double decker buses to help tackle London's toxic air. 2020: tfl.gov.uk/info-for/media/press-releases/2019/may/world-first-hydrogen-double-decker-buses-to-help-tackle-london-s-toxic-air

15 Department for Transport. Transport Statistics Great Britain 2016: assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/661933/tsgb-2017-report-summaries.pdf



are responsible for the transport strategy, stakeholder consultation and policy coordination, TfL is responsible for direct service delivery of the Mayor's transport policies. This involves operating London Underground and Overground stations; investing in infrastructure; tendering and managing the franchises for bus, Overground, DLR and tram services; setting fares and running smart-ticketing; managing the roads; and regulating congestion charges and private hire vehicles.¹⁶

People working in public transport have knowledge, skills and experience to contribute to how the organisation is run. TfL employees have a code of conduct based on the Nolan Principles of public life: selflessness, integrity, objectivity, accountability, openness, honesty and leadership.¹⁷ Building on the knowledge and expertise of its staff should also involve a commitment to ongoing training and education within the service. However, a major concern expressed by TSSA is that TfL is spending large sums on bringing in contractors and using outside consultants, rather than investing in human resources and growing talent internally. This is not only very expensive but also means knowledge and skills are transferred to private contractors rather than developed within the organisation.¹⁸

DEMOCRATIC ACCOUNTABILITY AND PARTICIPATION

Democratic accountability in TfL allows citizens and workers to have a say in how the body is run and hold decision-makers to account. The GLA Act places a strong emphasis on the need for the Mayor to consult with London citizens and elected representatives in the formulation of plans

and policies. A central component of participatory consultation in the London Plan implementation strategy has been the process of stakeholder engagement. The GLA has identified 18 key stakeholder groups for the preparation of the London Plan. These include a number of groups without frequent access to policymakers — such as young people, students, pensioners, asylum seekers and ethnic minorities – as well as organised groups like trade unions and academic institutions.¹⁹

One difficulty for establishing effective stakeholder consultation is identifying appropriate groups. Many of the stakeholders identified in GLA documents are self-defined and while some groups have a representative body, others have either various or no representative groups.²⁰ Attendees are frequently from interest groups: car drivers opposed to cycle lanes, low-traffic neighbourhoods or congestion charges.²¹ Meanwhile, cuts in resources have prevented an expansion of the consultation process to meaningful involvement with less-represented groups.²²

The aim and outcome of stakeholder engagement has also been ill-defined: the decision-making process remains within the hands of the planners and the level of input and influence of the consultation process is often unclear.²³ Consultation only takes place at a late stage in the process and has been criticised for lacking a formal procedure for involving members of the public in the final strategy.²⁴

16 TfL. What we do. n. d. <https://tfl.gov.uk/corporate/about-tfl/what-we-do#on-this-page-12>

17 TfL. Code of Conduct. n.d: content.tfl.gov.uk/tfl-code-of-conduct.pdf

18 TSSA.Submission to TFL independent review. 2020: tssa.org.uk/en/Your-union/Your-company/company-pages/transport-for-london/index.cfm/tssa-submission-to-tfl-independent-review

19 TfL. Stakeholder Engagement. 2010: content.tfl.gov.uk/item05-ecpp-17-nov-2010-stakeholder-engagement.pdf

20 Thornley, A., Rydin, Y., Scanlon, K. and West, K., 2002. The Greater London authority–Interest representation and the strategic agenda. London DP

21 Interview, Christian Wolmar

22 Interview, Christian Wolmar

23 Ridder and Pahl-Wostl distinguish between three levels of participation in city planning: information, consultation and involvement. In the first two levels, exchange and dialogue are limited, and only in the third is the public engaged in decision-making. See: Ridder, D. and Pahl-Wostl, C., 2005. Participatory Integrated Assessment in local level planning. *Regional Environmental Change*, 5(4), pp.188-196

24 Interview, Christian Wolmar



The limits of the consultation process have been highlighted in a number of recent controversies around transport planning decisions in London. In 2019, a major TfL cycle lane proposal was vetoed by the Conservative council of Kensington and Chelsea before the TfL consultation process had been completed. The council later cited emails from 322 residents opposing the scheme and an online petition in support of its claim, although the signatures were later found to have been signed by people living in Portsmouth, Nigeria and Florida.²⁵

More important than the stakeholder consultation process itself is the power and influence held by different groups. Critics have observed that the outcome of the consultation process is both conditioned by and reinforces power imbalances between different groups.²⁶ On the one hand, the impact of some groups in the process has been unclear – for example, because environmental groups have been divided in their approach to the consultation they did not initially present a coherent position in the process.²⁷ On the other, private sector stakeholder representation is facilitated by well-funded-influential groups London First, London Chamber of Commerce and the Confederation of British Industry (CBI). These groups enjoy frequent, direct access to the Mayor’s office, and have a clear influence on the Mayor’s agenda and priorities. Local authorities starved of resources have also increasingly sought out private sector collaborations for urban development projects. As a result, critics have noted a ‘business privilege’ in the planning process. While the effects of this may not be directly observable, the prioritisation of business is

clearly linked to the prevalence of economic concerns over social or environmental ones.²⁸

Another component of democratic representation is to ensure workers and affected groups are represented in the governance of TfL.²⁹ TfL’s board is appointed by the Mayor and its composition has varied significantly since its creation. Under Mayor Sadiq Khan, the TfL board was broadened from a team of white male experts to a more diverse group. It is now 57 percent female, 29 percent black and ethnic minority people and 13 percent people with a disability.³⁰ It also includes a range of affected interests, including business groups, public management and finance experts, union policy experts, disability rights and transport campaigners, and trade union representatives. Board meetings are open and encourage democratic engagement. All board and committee papers are made public, and board meetings are recorded and webcast live.³¹

The inclusion of a trade union representative on the TfL board has played an important role in highlighting worker issues, such as employment contracts, pay structures and health and safety concerns.³² For example, TfL took action to address bus driver fatigue and safety issues for drivers working during the Covid-19 pandemic after they were raised on the board. However, this model of employee representation is also limited since there is no formal structure for engagement or consultation with employees or unions.³³

25 Guardian. 2020. Kensington and Chelsea council criticised for scrapping cycle lane <https://www.theguardian.com/lifeandstyle/2020/nov/30/kensington-and-chelsea-council-criticised-for-scrapping-cycle-lane>

26 See Thornley, A., Rydin, Y., Scanlon, K. and West, K., 2002. The Greater London authority–Interest representation and the strategic agenda. London DP, 8. and 2005. Business privilege and the strategic planning agenda of the Greater London Authority. Urban studies, 42(11), pp.1947-1968; Rode, 2016

27 Thornley 2005

28 Thornley, A., Rydin, Y., Scanlon, K., & West, K. 2005. Business privilege and the strategic planning agenda of the Greater London Authority. Urban studies, 42(11), 1947-1968

29 For a discussion on worker and community participation in the running of public transport, see: <https://transitcenter.org/what-transit-agencies-get-wrong-about-equity-and-how-to-get-it-right/>

30 London Assembly. Mayor announces new slimmed-down, representative TfL Board. 2016 [london.gov.uk/press-releases/mayoral/mayor-announces-new-representative-tfl-board](https://www.london.gov.uk/press-releases/mayoral/mayor-announces-new-representative-tfl-board)

31 TfL. How we are governed. [tfl.gov.uk/corporate/about-tfl/how-we-work/how-we-are-governed](https://www.tfl.gov.uk/corporate/about-tfl/how-we-work/how-we-are-governed)

32 TfL. Board Members. n.d.: [tfl.gov.uk/corporate/about-tfl/how-we-work/corporate-governance/board-members](https://www.tfl.gov.uk/corporate/about-tfl/how-we-work/corporate-governance/board-members)

33 Interview, TSSA



Another problem is that the board does not have the knowledge or resources for meaningful engagement with TfL's operations, and meetings are seen as a rubber-stamping exercise.³⁴

In addition to representation on boards, employees and unions have other opportunities to contribute their experience and knowledge to the management of TfL. The London Assembly invites unions to participate in consultations, which may include reviewing draft proposals, providing evidence, submitting contributions and supporting implementation of plans. While some consultations are carried out as part of a formalised procedure, such as the preparations for the London Plan, others are conducted on an ad-hoc basis, such as consultations regarding funding cuts and restructuring.

For workers and trade unions, TfL's consultation process has provided a basis for taking action based on their knowledge and expertise to contribute to planning and in producing alternative proposals around London transport issues.³⁵ The TSSA's Better London Transport was established with the aim of generating discussion with members and 'the communities our members serve' on issues around London transport.³⁶ The campaign involved developing an alternative manifesto for London, drawing on expertise and knowledge of members and communities around various issues from city planning to funding and the use of non-permanent labour. The campaign was started in response to the funding cuts proposed in 2016 and aimed to avoid the cuts resulting in either staff losses or fare hikes, and instead discuss alternative proposals in the common interests of workers and communities. The TSSA's Manifesto for London is designed as an alternative to the

Mayor's Manifesto for London and makes the case for 'safe, affordable, accessible, green, integrated and publicly-owned transport serving the needs of Londoners',³⁷ which is being threatened by the cuts.

Although transport services can raise some revenue, this is not sufficient to cover the full costs of the service. Despite this, since its creation TfL has been driven by the neoliberal fantasy that public transport can be self-funding. TfL has sought to maximise farebox revenue while driving down operating costs — leading to privatisations, restructurings and job cuts in the name of 'efficiency savings'.³⁸ At the core of this neoliberal governance is a democratic deficit that contradicts the organisation's participatory and democratic values, imposing top-down changes while forcing workers and communities to bear the brunt. While devolution of powers is important, without redistribution of financial resources the aspirations of democratic accountability, accessibility and equality of municipal transport authorities are undermined.

34 Interview, TSSA

35 For a broader discussion of the role of Manifestos in Democratic professionalism, see: Lethbridge, J., 2019. Democratic professionalism in public services. Policy Press.

36 TSSA. Better London Transport. n.d.: tssa.org.uk/en/campaigns/blt/

37 TSSA. Better London Transport. n.d.: tssa.org.uk/en/campaigns/blt/

38 RMT. A Future for Public Transport in London. 2020: rmt.org.uk/news/publications/a-future-for-public-transport-in-london-rmt/



III. (UNDER-) FUNDING AND FINANCE

While the case of TfL offers many lessons in understanding how public enterprises can be governed and structured, progressive institutional arrangements alone are not a panacea.³⁹ Public services cannot work well without proper funding, no matter what their governance structures are.

Public subsidies are crucial for investment in transport.⁴⁰ There are three main reasons for this:

- The key feature of London transport is that this is a highly capital-intensive industry. This means that the full costs for running the service cannot come from fares alone.
- The expansion of public transport is crucial for tackling inequality, air pollution and the climate crisis, but this can only be achieved if the service is accessible and affordable for all.
- London's transport plays a crucial role in continued economic growth. It is estimated that investing in London's infrastructure generates around £2.50 for every pound spent. Promoting sustainable, inclusive growth will be crucial for a sustained recovery coming out of the pandemic.

However, the issue of funding in London transport has a troubled history. Throughout the twentieth century the network suffered chronic underfunding under national ownership, as investment was squeezed between central and local governments.⁴¹ Between 1992 and 1998, the Conservative government reduced London Transport's

subsidy from £600 million to £73 million.⁴² The Conservatives then promoted privatisation as the only way to access finance for resource-starved transport services.

The 1984 London Regional Transport Act introduced privatisation by opening up bus services to a competitive tendering process. In 1994 the municipal bus company was fully privatised and the provision of London bus services has been run by private companies ever since. The London Underground managed to escape the initial round of Conservative privatisations because it had responded to financial controls by cutting jobs and raising fares. However, the problems of funding for maintenance and upgrades remained.

1. PUBLIC-PRIVATE PARTNERSHIPS

The New Labour government elected in 1997 accepted the need for new investment in the Underground but had a self-imposed fiscal constraint of keeping public spending within Conservative levels. Public-private partnership (PPP) schemes offered a stop-gap solution to this dilemma, since they keep budgets low by hiding borrowing.⁴³

The PPP proposals were deeply unpopular and faced strong opposition from trade unions, TfL and the public. In 2000, Ken Livingstone was elected as an independent candidate for Mayor of London on a manifesto of opposition to the scheme. Instead of the PPPs, Livingstone proposed a bond issuance scheme secured against future fare revenues. However, the alternatives were not given a hearing with the government, and the PPPs were pushed through regardless of the opposition.⁴⁴

39 We Own It. When We Own It. 2019: weownit.org.uk/when-we-own-it

40 RMT. A Future for Public Transport in London. 2020: rmt.org.uk/news/publications/a-future-for-public-transport-in-london-rmt/

41 O'Brien, P., Pike, A. and Tomaney, J., 2019. Governing the 'ungovernable'? Financialisation and the governance of transport infrastructure in the London 'global city-region'. *Progress in Planning*, 132, p.100422.

42 Jupe, R. New Labour, public-private partnerships and rail transport policy. 2009: *Economic Affairs*, 29(1), pp.20-25.

43 Hall, David. Why Public-Private Partnerships (PPPs) don't work. 2014: world-psi.org/sites/default/files/documents/research/psiru_ppps_case_studies.pdf

44 Jupe, R. New Labour, public-private partnerships and rail transport policy. 2009: *Economic Affairs*, 29(1), pp.20-25.



The three largest PPPs for maintenance and renewal of three lines went to private sector consortia Metronet and Tubelines, known as the infracos. The PPPs made sizeable profits for their shareholders but brought chaos to the network, characterised by cancellations, delays and major safety breaches.⁴⁵ A major issue was that the infracos wanted to save money by closing at weekends, which left the operator faced with angry customers. As the work was delayed and costs overran, tensions between the infracos and TfL mounted. Together, the companies were fined £36 million for poor performance.⁴⁶ In 2007, when Metronet reported a £2 billion cost overrun, its board put the company into administration.⁴⁷ TfL was forced to jump in with a rescue package of £1.7 billion of public money to stop the network from coming to a complete standstill.⁴⁸

By 2012, TfL had terminated almost all its PPP contracts, including Croydon Tramlink, the Oyster card ticketing system, and infrastructure and signalling maintenance, together worth more than £2 billion.⁴⁹ In each case, the contracts were terminated because of performance problems, and because of the opportunity to gain savings from cheaper capital costs and more efficient operations in-house. Following the termination of the PPPs, TfL remunicipalised the work, with the finance coming from bonds, as Livingstone had proposed.

One of the main arguments given in favour of privatisation is that private companies are more efficient than the public sector. In fact, with the London transport PPPs the opposite proved to be the case.⁵⁰ Estimates suggest

the failed experiments in PPPs cost the public purse anywhere between £2.5 billion and £20-25 billion.⁵¹

Bringing the work from the PPPs back in-house has been both better value for money and more efficient for a number of reasons.⁵² First, public borrowing raised by issuing bonds is cheaper than private debt. The cost of servicing private capital finance debt in the UK is about twice the cost of servicing similar government debt. For example, by buying the DLR maintenance concessions from two private companies, TfL saved an estimated £250 million by replacing private sector financing with public sector borrowing.⁵³

Public ownership also allows TfL to manage different transport services together, achieving better value for money. Significant savings can be made by removing duplication between companies and the costs of managing the contracts, improving planning and scheduling, and gaining flexibility to respond to changing conditions (rather than following a rigid contractual framework). For example, TfL estimates that bringing the Tube lines work back in-house would save £80 million, just from expensive management fees on the PPPs.⁵⁴ These savings can be used to reinvest in transport services, rather than paying dividends to shareholders.

45 Trade Union Coordinating Group. The Real Cost of Privatisation. 2013: classonline.org.uk/library/item/the-real-cost-of-privatisation

46 Jupe, R., 2009. New labour, public-private partnerships and rail transport policy. *Economic Affairs*, 29(1), pp.20-25.

47 National Audit Office. The failure of Metronet. 2008: nao.org.uk/wp-content/uploads/2009/06/0809512.pdf

48 National Audit Office. The failure of Metronet.

49 Hall, David. Why Public-Private Partnerships (PPPs) don't work.

50 Hall, David. Why Public-Private Partnerships (PPPs) don't work.

51 Centre for Public Impact. The London Underground's failed PPP. 2018: centreforpublicimpact.org/case-study/london-undergrounds-failed-ppp/

52 Wegmann, V., People's Public Transport Policy. Public Financing. 2019: gala.gre.ac.uk/id/eprint/25613/7/25613%20WEGHMANN_Peoples_Public_Transport_Policy_Public_Financing_%28Pub%29_2019.pdf

53 TfL. TfL to restructure the financing arrangements of DLR's City Airport and Woolwich Arsenal extensions. 2011: tfl.gov.uk/info-for/media/press-releases/2011/november/tfl-to-restructure-the-financing-arrangements-of-dlrs-city-airport-and-woolwich-arsenal-extensions

54 TfL. Moving Tube maintenance in-house to save £80m, as Mayor targets waste. 2016 london.gov.uk/press-releases/mayoral/moving-tube-maintenance-in-house-to-save-80m

2. REMUNICIPALISATION UNDER AUSTERITY

Although the failings of the private sector have been widely recognised, the issue of funding for TfL has not been resolved. In the wake of the 2008-9 financial crash, austerity measures implemented by central government have placed even further funding restraints on TfL.

Despite historic low interest rates, the UK government has refused to increase state borrowing to fund additional infrastructure, prioritising instead its commitment to reduce public debt. This is contrary to advice from international institutions, which have called on governments to spend more on infrastructure to boost growth.⁵⁵ UK annual government investment is one of the lowest among advanced economies, at 2.6 percent of GDP.⁵⁶

A major problem for local public transport is that the UK's highly centralised tax system means city regions have very little fiscal space to raise funds to finance infrastructure and services, and are forced to rely heavily on government transfers. Austerity measures have seen central government funding for councils reduced by over 49 percent between 2010-11 and 2017-18.⁵⁷

As a result, since the failed PPP experiments, TfL has taken on increasing levels of debt to fund capital spending on maintenance as well as operational shortfalls. At the end of 2019/20, TfL's debt reached £11.7 billion,⁵⁸ and as a result TfL has been forced to maintain a £1.2 billion cash reserve to keep its credit rating.⁵⁹

The inadequate funding model has put pressure on TfL to implement restructurings and staff cuts. The 2010 Operations Strategic Plan⁶⁰, the 2013-16 Fit for the Future programme⁶¹ and the 2017 TfL Transformation programme⁶² brought thousands of job cuts and changes in work conditions in frontline ticket office and administrative roles. Restructurings in the name of efficiency are imposed regardless of worker and passenger concerns regarding quality, accessibility and safety of the service. Top-down management undermines the democratic and participatory values of the service. Since station and ticket office roles are disproportionately occupied by women and ethnic minority workers, restructurings have reinforced the racial and gender inequalities among public transport workers.

In 2015 the Conservative government announced it would withdraw TfL's operational grant of £750m a year, reducing it to zero by 2018/19. In a deal with former Mayor Boris Johnson, the government indicated the shortfall would need to be compensated either through 'efficiency savings', or 'generating additional income from the 5,700 acres of land TfL owns in London'.⁶³ The move has pressured TfL to become fully self-financing, covering all operating costs from fares, commercial revenues and business rates – something which has not been achieved by any mass transit system in the world.

In response to the funding crisis, TfL has increasingly adopted marketised and speculative mechanisms of financing, such as joint private sector commercial development projects on its property, to make up operational shortfalls, further

55 IMF. Subdued Demand: Symptoms and Remedies. 2016: <https://www.imf.org/en/Publications/WEO/Issues/2016/12/31/Subdued-Demand-Symptoms-and-Remedies>

56 TUC. UK third bottom of the global investment league. 2018. tuc.org.uk/blogs/uk-third-bottom-global-investment-league

57 UK Parliament. Local government funding. 2019 <https://publications.parliament.uk/pa/cm201719/cmselect/cmcomloc/2036/203605.htm>

58 TfL Independent Review. 2020: <http://content.tfl.gov.uk/tfl-independent-panel-review-december-2020.pdf>

59 TfL. Update on the financial impact of coronavirus. 2020 <https://tfl.gov.uk/info-for/investors/announcements>

60 TSSA Executive Committee Activities Report: 2010;

61 TSSA. TfL's Fit For the Future must be scrapped or TSSA will ballot for tube strike. <https://www.tssa.org.uk/en/whats-new/news/index.cfm/tfl-s-fit-for-the-future-must-be-scrapped-or-tssa-will-ballot-for-tube-strike>

62 Mirror. 1,400 job losses at Transport for London due to spending cuts, says RMT union. 2017. <https://www.mirror.co.uk/news/politics/1400-job-losses-transport-london-11481728>

63 London Assembly Budget and Performance Committee. TSSA submission. 2018: london.gov.uk/sites/default/files/submissions_to_tfl_finances_2018.pdf



exacerbating housing inequality in London. It has also begun selling off its property portfolio, including its headquarters at 55 Broadway, to cover operational shortfalls. Fire sales of TfL's property portfolio are of course unsustainable in the long term.

One result of the cuts in central government funding is that TfL relies more heavily on passenger fares than any other major public transport operator in the world. While the Paris and New York municipal transport systems generate around 38 percent of revenues from ticket sales, for TfL the figure is 72 percent.⁶⁴ The costs of transport services that do not make revenues to cover costs must be subsidised by other parts of the service. For example, the farebox recovery ratio of buses was 69 percent of operating costs in 2019 (an operating loss of £650 million). If bus fare caps are maintained, the result is that losses must be compensated by other parts of the service, like the Underground, which had a farebox recovery ratio of 116 percent in 2019 (an operating profit of £415 million).⁶⁵

Higher fares particularly affect lower-paid and younger workers, who have been pushed further out of London by high rents and welfare cuts, and are forced to pay a large portion of their income on transport. Young people aged 16-24 spend 12.7 percent of their income on travel, while lower income workers spend 9.2 percent.⁶⁶ Many of London's poorest workers cannot afford to take the Underground and are forced to take long bus journeys to get to work.⁶⁷ The result is that London's transport network has become a two-tier system.

3. COVID-19 AND THE NEXT ROUND OF AUSTERITY CUTS

The crisis resulting from the Covid-19 pandemic has exposed the fragility of TfL's funding model. Heavy reliance on fare revenues meant the drastic fall in passenger numbers quickly brought TfL to the brink of collapse, and its future is still far from certain. The March 2020 lockdown saw a 90 percent drop in passenger numbers. Even in November 2020, bus ridership was at just 50 per cent of the previous year, and Underground passengers at just 30 per cent.⁶⁸ The unexpected shock in farebox revenues resulted in the decimation of TfL's operating income by around 75 per cent.⁶⁹ As a result of the loss of revenues, the share of revenue that goes to debt service has increased. Between 2016 and 2019, debt service amounted to between 6.2 and 6.9 percent of revenues; between October and December 2021 it increased to 8.2⁷⁰

Emergency funding for TfL has been used as a political football by the Conservative central government to impose conditions on the Labour London Mayor. In April 2020, TfL put 7,000 employees — 25 per cent of the workforce — on the government's furlough scheme, reduced all transport operations to a minimum and paused all maintenance and commercial development work. The Mayor warned that TfL would run out of money if government funding did not arrive.⁷¹ In May, an initial £1.4 billion emergency funding package stopped TfL from coming to a complete standstill.⁷² The initial funding conditions imposed a suspension of

64 TfL Independent Review 2020.

65 Annual Report and Statement of Accounts content.tfl.gov.uk/tfl-annual-report-2019-20.pdf

66 London TravelWatch. Living on the edge: The impact of travel costs on low paid workers living in outer London. 2015: https://www.londontravelwatch.org.uk/documents/get_lob?id=4100&age=&field=file

67 Guardian. London bus cuts to hit working-class hardest, says watchdog. 2018: theguardian.com/uk-news/2018/aug/18/london-bus-cuts-to-hit-working-class-hardest-says-watchdog

68 TfL Independent Review 2020

69 TfL Independent Review 2020

70 TfL. Quarterly performance report content.tfl.gov.uk/quarterly-performance-report-q3-2020-21-acc.pdf

71 TfL Transport for London to place 7,000 staff on furlough. 2020. <https://tfl.gov.uk/info-for/media/press-releases/2020/april/transport-for-london-to-place-7-000-staff-on-furlough-to-help-safeguard-vital-transport-services>

72 TSSA TSSA Welcomes Transport For London Emergency Funding <https://www.tssa.org.uk/en/whats-new/news/index.cfm/tssa-welcomes-transport-for-london-emergency-funding>



concessions for over-60s and under-18s, fare hikes (ending a four-year fare freeze) and an increase in the congestion charge. The Mayor argued that a further £5.65 billion over 18 months was needed to make up for the shortfall caused by the pandemic.⁷³

The central government delayed further negotiations, threatening to take direct control of TfL unless the Mayor accepted a further austerity package that included expanding the congestion charge zone, higher council tax, concession cuts and higher fares.⁷⁴ It also insisted on a review that would look into driverless trains, as well as 'alternative operating models' – which unions have claimed is opening the door to privatisation.⁷⁵ The stringent funding conditions imposed on London's public transport service stand in stark contrast to the generous, condition-free £3.5 billion in funding given to private national rail franchises, of which £100 million was paid out to shareholders.⁷⁶

The funding crisis generated by the pandemic has also exposed the costly burden of private contracts. Despite the fact that passenger income from buses fell to 29 percent of previous levels, bus companies have increased their profits. One major bus company, Go Ahead, increased its profits to 11.1 percent in the second half of 2020. In 2020, Go Ahead made £63.5 million on its London and international bus operations.⁷⁷

73 Mayor of London. There can be no national recovery without a London recovery. 2020. <https://www.london.gov.uk/press-releases/mayor-al/londons-recovery-vital-for-uks-recovery>

74 Financial Times. Government threatens to take direct control of Transport for London. 2020. <https://www.ft.com/content/fc7ad30a-a23b-49fc-a254-643ea6237ed2>

75 Guardian. Government opening door to privatising London Underground, says union. 2020. <https://www.theguardian.com/uk-news/2020/jul/20/government-opening-door-to-privatising-london-underground-says-union>

76 Labour List. TSSA slams government after £100m payout to rail shareholders. 2020: labourlist.org/2020/09/tssa-slams-government-after-100m-payout-to-rail-shareholders/

77 Go Ahead. 2021. Half year results for the six months ended 2 January 2021 go-ahead.com/investors/results-reports-and-presentations. Taken from the London and International segment of the Go Ahead financial statement. For the last 2 years, London bus companies have accounted for 82% of the London and International segment. Without the exceptional QIC bonus payment, profits remained stable at 8.1% in 2020.

The raise in revenues was largely due to the payment of Quality Incentive Contracts (QIC) bonuses in that year. The contracts between TfL and bus companies mean TfL carries all the risk of losses in farebox revenues. Because of the existence of these contracts, TfL is forced to continue paying the bus companies while cuts are concentrated in other parts of the service.

In November, the central government agreed to a stop gap deal of £1.8 billion in funding for TfL, dropping some of the worst conditionalities it had floated, including the congestion charge increase, concession cuts and further fare hikes.⁷⁸ The push for driverless trains is very unrealistic given the age and condition of the London Underground – ASLEF district organiser Finn Brennan has described the idea as a "politically-driven fantasy".⁷⁹ A leaked TfL report showed driverless trains would cost an additional £7 billion to operate and the proposal was quickly dropped.⁸⁰

However, it is clear that the Covid-19 crisis has been used by the government as a political weapon to push through further austerity cuts. This comes despite OECD warnings that governments need to prioritise higher public spending over debt reduction to recover from the economic impact of the pandemic.⁸¹ Disregarding the economic arguments for increased investment, the government insisted TfL submit to an independent financial review aimed at moving it to self-funding, as well as accepting two government-appointed 'special representatives' on the TfL board.

78 Unite. 'Stop gap deal'. 2020. <https://www.unitetheunion.org/news-events/news/2020/november/transport-for-london-funding-agreement-a-fair-deal-but-challenges-remain-warns-unite/>

79 ASLEF Driverless trains bombshell 2020. aslef.org.uk/article.php?group_id=7289

80 Independent. Driverless Tube trains 'would cost £7bn and still require onboard operator', warns leaked report 2020: independent.co.uk/news/uk/home-news/driverless-train-tube-london-underground-tfl-aslef-boris-johnson-sadiq-khan-b1350150.html

81 Financial Times. OECD warns governments to rethink constraints on public spending. 2020. <https://www.ft.com/content/7c721361-37a4-4a44-9117-6043afee0f6b>



Given the UK government has continued down the path of relentless austerity, further TfL restructurings are inevitable. The TfL Independent Panel review released in December 2020⁸² rules out further central government funding or business rate raises, but proposes an array of cuts totalling £427 million. Measures include cuts to the TfL pension scheme, reductions in off-peak services and removal of the Night Tube, station staff cuts, removal of cycle hire and river services, and the withdrawal of bus services on 150 routes in outer London.

The proposed restructurings come in the trail of three major cuts already carried out this decade. As a result, there are few opportunities for further efficiency savings to be made in areas such as administration, ticket office and station staff. Next in line are the vital frontline services that had been cross-subsidised by other transport modes. The biggest proposed change is the withdrawal of the lowest revenue bus routes, which account for £301 million, or 70 per cent, of the proposed cuts. This will bring thousands of job losses for bus workers, as well as leaving many people in outer London without access to public transport, resulting in increased car use.

In order to maintain social distancing of two metres, TfL should only run at 12 percent of normal capacity.⁸³ This means that for as long as social distancing is in place, capacity will necessarily be very restricted. Moreover, there are some signs that reduction in Underground use will be long-term, as people shift to working from home and are unwilling to return to normal public transport usage. TfL has predicted medium-term demand for the service could drop by 35 per cent.⁸⁴ Given the shift to home working is likely to outlive the pandemic, the high costs of public transport

will further disincentivise public transport ridership unless measures are taken.

The contraction of public transport ridership has been accompanied by a surge in car use, causing congestion and air pollution across the city. Despite the fact that lockdown restrictions remained in place, air pollution in UK cities exceeded pre-pandemic levels by the end of 2020. This has drastic implications for the climate crisis and health of Londoners.

The crisis caused by the pandemic exposed the weakness of a funding model that was already unsustainable. It is near-impossible for farebox revenues to cover operating costs, let alone finance borrowing for further investments. Rather than making further unsustainable cuts, unions have called on the UK government and TfL to recognise the damage caused by underfunding and move towards a sustainable funding model.⁸⁵ This is discussed in more detail in the conclusion.

82 TfL. Independent Review. 2020: content.tfl.gov.uk/tfl-independent-panel-review-december-2020.pdf

83 TfL. TfL announces plan to help London travel safely and sustainably. 2020: tfl.gov.uk/info-for/media/press-releases/2020/may/tfl-announces-plan-to-help-london-travel-safely-and-sustainably

84 TfL. Independent Review. 2020

85 RMT. A Future for Public Transport in London. 2020: rmt.org.uk/news/publications/a-future-for-public-transport-in-london-rmt/



IV. REGULATORY MODELS

London's devolved transport system gives TfL powers to use stronger regulatory models than any other UK city. London's transport authority not only owns public operating companies like London Underground, but it also has much greater control over contracts given to the private sector to operate services like London buses. This section examines in closer detail the regulatory models adopted for London bus services and London Underground.

1. LONDON BUSES

London buses were privatised along with the rest of UK bus services in 1984, but with a different regulatory model. Whereas outside London bus systems were completely deregulated, allowing operators to compete with each other for passengers, in London some regulation was maintained, with the transport authority tendering out bus routes on temporary five-year contracts.⁸⁶

The municipal bus company, London Bus Lines, was divided into 13 subsidiary companies and forced to compete with private companies for contracts on bus routes. Then in 1994 the municipal bus company was sold to the private sector. Market concentration has resulted in six major companies – Abellio, Arriva, GoAhead, Metroline, RATP and Stagecoach – running around 85 percent of London bus routes.⁸⁷ In some parts of the city companies operate near monopolies. Notably, many of the London bus operators are subsidiaries of public transport companies owned by foreign governments. For example, Arriva is a subsidiary of the German railway company Deutsche Bahn, RATP is owned by the French

⁸⁶ TfL. London's Bus Contracting and Tendering Process. 2015: <http://content.tfl.gov.uk/uploads/forms/lbsl-tendering-and-contracting.pdf>

⁸⁷ TfL. Who runs your bus n.d.: tfl.gov.uk/modes/buses/who-runs-your-bus

Government and Abellio is a Dutch public transport company.

TfL's regulatory control over London bus services has avoided some of the disastrous effects of complete bus deregulation adopted in the rest of the UK.⁸⁸ Because it has greater institutional autonomy, TfL can regulate bus services, set the routes, specify service levels, as well as retain revenues and absorb the risk.⁸⁹ It can also integrate London buses with the rest of the transport network, which allows it to implement smart ticketing. Fare controls on buses are made possible by cross-subsidising bus services from Underground revenues. This makes bus travel much simpler, faster and cheaper in London than across the rest of the UK.

As a result, London bus usage has continued to grow since the service was privatised. Other UK cities that cannot regulate the privatised bus services have seen a dramatic decline in service provision and quality. Whereas bus trips in the rest of the UK have halved since privatisation, in London they have doubled.⁹⁰

Nonetheless, private operation of the services means companies pay out large dividends to shareholders – money which could be better spent reinvesting in the service and offering better conditions to drivers. Shareholders demand high levels of return on investments from bus companies, which pay out at least five percent of their profit to shareholders. Meanwhile, levels of retained profits reinvested in the service are very low, at less than one percent of revenues.⁹¹

⁸⁸ TFQL. Building a World-class Bus System for Britain. 2016. transportforqualityoflife.com/u/files/160314_Building_a_World-class_Bus_System_extended%20summary%20report_FINAL4_for_web.pdf

⁸⁹ TfL. London's Bus Contracting and Tendering Process.

⁹⁰ UK Gov. Transport Statistics in Great Britain. 2017. https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/661933/tsqb-2017-report-summarises.pdf

⁹¹ TFQL. Building a World-class Bus System for Britain. 2016. http://transportforqualityoflife.com/u/files/160314_Building_a_World-class_Bus_System_extended%20summary%20report_FINAL4_for_web.pdf



In 2016, London bus companies made over £103 million in profits in public money from London bus services.⁹²

Moreover, the introduction of Quality Incentive Contracts (QICs) in 2001 means that the benefits from improvements in the service go to private operators rather than being reinvested in the quality of the service and better conditions for workers. Since the introduction of QICs, private companies retain anywhere between £55 and £65 million a year in QIC bonuses from TfL.⁹³

While the bus tendering process guarantees comfortable profits for bus companies, for bus drivers it has driven a deterioration in pay and conditions. Since the competitive tendering process awards bus contracts to the lowest bidder, it has created a race to the bottom in pay and conditions of bus drivers. TfL's bus contracting and tendering process imposes several requirements on bus companies in terms of performance standards and service reliability, but fails to adopt similar requirements regarding pay and conditions for workers.⁹⁴ Since labour is the main cost factor (60-70 percent of operating costs) for buses, and performance standards cover so many aspects of the service, the only area companies can really compete on is wage costs. Thus, competitive tendering has led to a considerable reduction in wages for bus drivers.⁹⁵ The impact on bus workers is discussed in more detail in section V below.

2. LONDON UNDERGROUND

London Underground (LU) is a publicly-owned operations company responsible for managing the 11 lines and 270 stations of the Tube network. It became a wholly-owned subsidiary of TfL in 2003.

Although LU escaped the first wave of privatisations of the 1980s, it was still subjected to severe funding restraints. Between 1992/93 and 1998/99 its subsidy was reduced from £600 million to £73 million. LU was able to avoid privatisation because it demonstrated it could respond to financial controls with job cuts and restructuring. The 1992 Company Plan overhauled the industrial relations system with the decentralisation of collective bargaining structures and the introduction of new employment arrangements, including flexible shifts, fewer holidays and new pay structures. The plan aimed to reduce the workforce by a quarter, particularly in the number of drivers. A recruitment freeze was brought in, with new staff requirements fulfilled by outsourced contractors.

The London Underground PPPs were based on the deeply flawed privatisation schemes already introduced in National Rail.⁹⁶ The key features were the fragmentation of the service and the use of a complex and costly array of contracts. While London Underground remained as a public company with responsibility for managing the contracts and running passenger services, the maintenance and renewal of the trains, tracks, tunnels, signals and stations was divided up into three contracts run by private operators, infracos.

Although a competitive tendering system was introduced, in reality the complexity of the contracts and cost of preparing the bids meant few companies could submit tenders. The three largest PPPs were awarded

⁹² London Assembly. Budget and Performance Committee. 2018: london.gov.uk/sites/default/files/submissions_to_tfl_finances_2018.pdf

⁹³ TfL. Independent Strategic Review of Bus Services in London. 2009. <http://content.tfl.gov.uk/Item05-Independent-Bus-Review-July09.pdf>

⁹⁴ TFL. London's Bus Contracting and Tendering Process. <http://content.tfl.gov.uk/uploads/forms/lbsl-tendering-and-contracting.pdf>

⁹⁵ Flecker, J. and Thörnqvist, C., 2012. Outsourcing, tendering and changing working conditions in local public transport. Privatization of public services: impacts for employment, working conditions, and service quality in Europe, New York, Routledge, pp.74-88

⁹⁶ Hall, David. Why Public-Private-Partnerships (PPPs) don't work: The many advantages of the public alternative. 2015. world-psi.org/en/publication-why-public-private-partnerships-dont-work



to two large private consortia, Metronet and Tubelines, who together obtained contracts worth around £16 billion.⁹⁷ Rather than tendering out the work, Metronet awarded contracts to its own subsidiaries, charging much higher fees.⁹⁸ Thousands of maintenance and engineering staff were transferred from London Underground into private sector employment within Metronet and Tubelines.

The performance of the infracos was be monitored through a costly and complex set of contracts. However, major problems with the companies were quickly apparent. The division of the work between the infracos created complex new layers of fragmented management, maintenance and engineering work, which brought chaos to the network and seriously compromised safety. Underground workers reported derailments, falling maintenance levels, confusion and communications breakdown.⁹⁹ A major issue for workers was the confusion around lines of management accountability and responsibility between London Underground and the infracos, as well as transfers of engineering staff between companies, which led to a deterioration in industrial relations.¹⁰⁰

In 2008 Metronet went into administration after an estimated £2 billion overspend. Around 6,000 employees were transferred back over to direct employment by London Underground, a move which TfL claimed would 'provide greater stability and integration'.¹⁰¹ Tubelines followed shortly after, entering administration in 2010 after it announced a £1.35 billion funding gap.

In 2019 Tubelines staff were transferred back over to London Underground. Although workers and unions supported the move, the change in employment status was another cause of dispute, as discussed in greater detail in section V below.

However, the Underground work was brought back into public hands against a backdrop of severe cuts following the withdrawal of TfL's operating grant. In 2015, Mayor Boris Johnson simultaneously announced plans for a night tube service alongside ticket office closures. A new staffing framework saw hundreds of jobs cut in frontline ticket office work, administrative functions transferred from LU to TfL and changes in shift patterns. One year later, after a series of incidents LU was forced to backtrack, rehiring customer service assistants to deal with the shortage of station staff.

97 London Assembly. The PPP: Two Years In. 2005. london.gov.uk/sites/default/files/gla_migrate_files_destination/archives/assembly-reports-transport-ppp_report.pdf

98 Hall, David. Why Public-Private-Partnerships (PPPs) don't work

99 RMT. News. 2004. <https://www.rmt.org.uk/news/publications/rmt-news-june-04/>

100 London Assembly. Striking a balance. 2005. london.gov.uk/sites/default/files/gla_migrate_files_destination/archives/assembly-reports-transport-busdrivers.pdf

101 BBC. TfL takes back Metronet workers. 2008. <http://news.bbc.co.uk/1/hi/england/london/7687426.stm>

V. IMPACT ON WORKERS

Employment conditions and bargaining arrangements are very uneven across the TfL network. Given the variety of regulatory arrangements within TfL, it is useful to differentiate between various sectors of workers. First, there are staff employed directly by the public transport authority, TfL. Secondly, there are staff employed by publicly-owned operations companies such as London Underground, including drivers, guards, station staff, signal, track, engineering and maintenance staff. Finally there are staff employed by private companies under TfL contracts, such as bus workers, cleaners and other outsourced workers. This section outlines the main impact of different employment conditions on workers, with a focus on the different experiences of bus and Underground drivers.

JOB SECURITY

Privately employed workers like bus or infraco workers are less secure because employment is tied to the private company's contract, rather than to TfL. Private companies are incentivised to reduce employment, for example through cuts to conductor posts introduced on buses in 2006. It is also more difficult for unions and the public to hold private companies to account for job cuts, even when they endanger passenger safety or put new responsibilities on drivers.

Since tendered contracts are only for a fixed number of years, companies have less incentive to invest in training for their staff, often preferring to transfer workers from other companies. It is also common for bus companies to change the terms and conditions of drivers' contracts during the term of employment, forcing workers to sign new contracts with only 90 days' notice, or otherwise face dismissal.¹⁰²

EMPLOYMENT STATUS

Workers employed by private companies lose their status as TfL employees. This means they are excluded from the benefits of TfL employment such as the final salary TfL pension fund, transport discounts and career progression. When the London Underground PPPs were terminated, workers faced a long and complex challenge to be brought back into the TfL pension scheme, as section below discusses.

PAY AND CONDITIONS

Workers on private bus companies face greater difficulty in protecting and improving pay and conditions than do publicly employed workers. This is illustrated in the differences in pay and conditions between London Underground and bus drivers. Prior to privatisation, London bus drivers report earning higher pay than Underground drivers, whereas today they earn just over half an Underground driver's salary.

The competitive tendering process for bus contracts incentivises companies to reduce wages, since contracts are awarded to the lowest bidder.¹⁰³ Immediately following privatisation, bus companies embarked on a race to the bottom that saw pay rates drop to as low as £2.50 per hour. They also scrapped unsocial hours bonuses, meaning that weekend and evening work would be paid at the same rate as normal day work.

Whereas drivers employed by London Underground have a unified pay structure and clear career progression, bus companies use hundreds of different contracts and pay rates for drivers. Since bus drivers' wages and conditions are set by different companies, there is much variation in terms of pay, shift patterns, weekend rates and unsocial hours rates. These also depend on whether workers have been transferred from other companies. Unions report that one company may have



as many as 127 rates of pay, while differences in pay between drivers can be up to £10,000 a year.¹⁰⁴ Until recently, when a bus driver finished a contract they would have to return to the starting salary if then employed by a new bus company. This was only changed following a Unite campaign in 2018, with the introduction of the 'Licence for London' single pay scale for drivers moving between different companies.¹⁰⁵

Companies also put pressure on drivers to increase productivity. The most recent example is remote sign on, where bus drivers begin and end their shifts at bus stops rather than a depot.¹⁰⁶ This creates safety risks as drivers cannot check the bus before starting the route, and means longer travelling times for drivers to start their shift. The extra profits go to companies, while drivers receive no compensation for productivity increases. The impact on union organisation is discussed below.

While companies impose more intense working conditions, drivers feel unable to oppose these changes. A 2017 TfL-commissioned report into bus driver fatigue identified prolonged driving conditions, 24-hour operations, variable shift patterns, stress and mental overload as responsible for risk of accidents and injuries for drivers. The disciplinary culture in bus companies also prevented drivers from discussing these issues with managers.¹⁰⁷ The problems associated with what the London Assembly has described as 'a demoralised, poorly paid workforce'¹⁰⁸ have resulted in high turnover

rates of 30 percent every two years among bus drivers.¹⁰⁹

A stark example of the problems of workers operating a public service being employed by private companies was exposed during the Covid pandemic. The lack of sick pay meant drivers felt pressured to go to work despite having symptoms of the virus. The mortality rate of frontline bus drivers was 3.5 times higher than other workers of the same age. Between February and June of 2020, 30 drivers died of Covid-19.¹¹⁰

INFRACOS

There have been some cases where privatisation has not directly driven down pay. In certain sectors, tight labour markets have meant that companies might be forced to offer workers better pay and conditions. In these circumstances, unions have been able to take advantage of local pattern bargaining, using negotiations with different companies to scale up workers' pay and conditions. This was the case for the particular form of tendering adopted with the London Underground PPPs. Unlike with bus tenders, the high costs involved meant very few companies were able to bid for the PPP, meaning there was little competition between companies. Rather, the emphasis of the contracts was on completing the work in time, which meant companies accepted higher terms of employment for workers in order to fulfil the contracts.

Nonetheless, workers on the infracos experienced loss of benefits like the TfL pension and there were wide differences in pay and conditions. New entrants into the companies were also given different and lower employment conditions to transferred workers, creating a two-tier workforce.¹¹¹

104 Interview John Murphy, Unite

105 Unite. London bus drivers to receive wage boost due to Unite. 2018. unitetheunion.org/news-events/news/2018/may/london-bus-drivers-to-receive-wage-boost-due-to-unite-campaign/

106 Unite. No to remote sign on. 2020. unitetheunion.org/campaigns/no-to-remote-sign-on/

107 Maynard, Sally, Ashleigh Filtness, Karl Miller, and Fran Pilkington-Cheney. Bus Driver Fatigue. 2019. <http://content.tfl.gov.uk/bus-driver-fatigue-report.pdf>

108 London Assembly. Striking a balance. 2005. https://www.london.gov.uk/sites/default/files/gla_migrate_files_destination/archives/assembly-reports-transport-busdrivers.pdf

109 London Assembly. 2020. Mayor unveils retention scheme for London's bus drivers. <https://www.london.gov.uk/press-releases/mayoral/mayor-unveils-london-bus-driver-retention-scheme>

110 UCL. Earlier lockdown would have saved lives of London bus drivers. 2020. [ucl.ac.uk/news/2020/jul/earlier-lockdown-would-have-saved-lives-london-bus-drivers-suggests-review](https://www.ucl.ac.uk/news/2020/jul/earlier-lockdown-would-have-saved-lives-london-bus-drivers-suggests-review)

111 RMT. Memorandum to the GLA Transport Committee investigation into Industrial Relations on the London Underground. 2006. https://www.london.gov.uk/sites/default/files/gla_migrate_files_destination/archives/assembly-reports-transport-tube-ind-rels.pdf



VI. TRADE UNIONS

London's transport unions have been at the forefront of campaigns to end privatisation and create a public transport service that is democratic, affordable and accessible to all. Since the quality of municipal transport services affect both workers' conditions and services for the local community, union struggles have focused not just on the workplace but also on communities and political campaigns, where they contest issues around ownership, control and finance of public transport.

TfL workers cover a wide range of positions across different services, and union membership is spread across several unions. The main unions representing London transport workers are as follows:

ASLEF — The Associated Society of Locomotive Engineers and Firemen represents train drivers and operators.

RMT— The National Union of Rail, Maritime and Transport Workers mainly covers guards, station staff, engineers and signallers, some drivers, as well as catering, security and cleaning staff.

TSSA — The Transport Salaried Staffs' Association represents back office, station and management staff.

Unite the Union — Formed in 2007 following a merger between the Transport and General Workers Union (T&G) and Amicus. Represents London bus workers, including drivers, engineers, inspectors, as well as cleaners and taxi drivers.

In a context of declining levels of industrial action across the UK since the 1980s, trade unionism in TfL and the transport sector more generally has remained at a relatively high level. This is reflected in membership numbers as well as levels of industrial action,

although this is unevenly spread between different sectors.

ASLEF has around 2,200 members employed by London Underground, almost all of whom are drivers. London members are organised into 14 workplace union branches attached to different lines, with around 40 London branch reps. Underground drivers are the most unionised sector of the workforce. ASLEF has close to 100 percent trade union membership on London Underground lines, and has balloted for strike action eight times between 2012 and 2020, mainly on issues of pay and work patterns.

The RMT has 10,000 members employed by London Underground, including guards, station and engineering staff, some drivers, as well as catering, security and cleaning staff. London members are organised into 16 branches around the main Underground lines, with around 200 branch reps. The RMT maintains very high levels of union activity. Between 2012 and 2020, it balloted for industrial action more than 70 times, although ballots are sometimes about strengthening the union's bargaining position, with no strike action taken. Of RMT's members, engineers are the most unionised, with around 98 per cent union membership, although membership levels are lower among workers employed by the infracos. By contrast, station staff are less unionised, with around 80 per cent union membership.

Substantive negotiations on pay and conditions for the entire London Underground workforce take place between full-time union officials and LU management at the level of the London Underground Company Council. Bargaining on day-to-day issues takes place between branch reps and managers through five functional councils.

Unite the Union represents around 20,000 London bus drivers employed by the 12 London bus companies. Members are spread across 80 garages, each with a union branch



for bus drivers. Union density among London bus drivers is lower than train drivers, at around 80 per cent.¹¹² Nonetheless, this figure is still far higher than the 40 percent average for transport workers. Union activity has significantly declined since bus privatisation. Between 2012 and 2020, there have been five ballots for industrial action, on issues of pay, working conditions and collective bargaining.

Collective bargaining on day-to-day issues takes place between the Unite branch negotiating committee and individual bus companies. Tripartite bargaining structures between bus companies, TfL and drivers' unions for substantive pay and conditions negotiations were established following the bus drivers' strike in 2014. These are discussed in more detail below.

1. COLLECTIVE BARGAINING

Privatisation of the bus companies and decentralisation of collective bargaining structures in London Underground (in the 1992 Company Plan) have resulted in the fragmentation of collective bargaining and weakening of trade union power, as with all public service workers in the UK. However, a number of factors have meant that public transport unions have maintained higher levels of membership and activity relative to other sectors. Whereas many public sector workforces have been subject to cuts, growth in both capital investment and passenger numbers in London transport have brought an expansion in the workforce, creating a more favourable situation for unions. Transport strikes can also bring massive disruptions to the entire city. Nonetheless, it is clear unions have been weakened by successive cuts, restructurings and privatisation.

Moreover, decades of anti-union legislation in the UK have severely restricted industrial action. London Underground and bus strikes have frequently been subject to court injunctions attempting to call them off, and,

since the 2016 Trade Union Act, a number of strike ballots have not met the new threshold needed for strike action.

Following privatisation and restructuring, unions have been forced to renegotiate gains already won in previous collective bargaining agreements in a much less favourable scenario. The capacity of unions to negotiate pay and conditions has been very uneven across different sectors, depending on the forms of restructuring and privatisation in the sector, strategic bargaining positions and structural conditions relating to workplace organisation and the success of union campaigns. This is illustrated in a comparison between London Underground and bus drivers.

LONDON UNDERGROUND

On the London Underground, the fragmentation of collective bargaining and restructuring of working arrangements has paved the way for a renewal of union activity. At a local level, there has been a rise in the number of disputes over day-to-day issues related to working conditions, some of which have resulted in walkouts.¹¹³ ASLEF has emphasised that the implementation of the Company Plan led to a fragmentation of management and return to a line-based management structure, giving rise to more local disputes.¹¹⁴

At the company level, there have also been a series of ballots and strikes over pay and conditions. However, the fragmentation of the industrial relations system has often resulted in unions being divided in their response. Attempts by London Underground to introduce longer-term pay deals have been more frequently taken up by ASLEF, while the RMT has rejected partnership arrangements in favour an approach that emphasises mobilising members for ballots.¹¹⁵

¹¹² Interview, John Murphy, Unite

¹¹³ London Assembly 2006

¹¹⁴ London Assembly 2006

¹¹⁵ <https://tfl.gov.uk/info-for/media/press-releases/2007/february/aslef-to-recommend-members-accept-lu-pay-offer>



ASLEF has been very successful in delivering gains for its members, including several above-inflation pay rises and other benefits, such as reductions in working time for drivers. There are a number of reasons for this. A major factor is the strategic bargaining position of Underground drivers — industrial action has the potential to bring the entire network to a halt. London Underground strikes are estimated to cost London's economy £100 million a day in lost fares and productivity.¹¹⁶

In addition, member participation is very high. Underground driving is a lifelong job with a clear career progression within TfL, and drivers who stay in their jobs for 20 or 30 years are more likely to see the value of a union. Participation is further facilitated by the fact that underground drivers are concentrated in large numbers at the depots in stations. This has created fairly strong collective identity among workers, with high levels of member interaction across depots and participation on day-to-day issues from rosters to health and safety.¹¹⁷

ASLEF has also adopted a clear set of objectives for its campaigns. It developed a charter for drivers stating the union's aims on key issues such as pay, working hours and pensions.¹¹⁸ This assists in union negotiations and allows members to hold the employer to account.¹¹⁹

LONDON BUSES

Before bus privatisation, drivers had all been employed under the same terms and conditions. Today, these are set by 12 different employers. Fragmentation of bargaining means the union has to negotiate many different agreements, which has weakened

bargaining power and created significant divergence in pay and conditions across the sector.

Other conditions related to how the workplace is organised have also contributed to weakening bus drivers' collective strength. High turnover of workers— at around 30 percent every two years— means members are far less likely to be involved in their union. Bus drivers are also fragmented across dozens of depots across the city, and work patterns are long and varied between drivers. This makes communication between members and representatives quite difficult. For example, to organise a campaign, stewards and volunteers have to go to bus stands to talk with members. To some degree, social media has helped develop stronger communication.

There is also much variation in engagement with branches. Rolling branch meetings have been one idea to help encourage members with very different shift patterns to attend meetings but the results have been mixed. The prospect of remote sign-on represents a significant barrier to workplace organisation and communication.

In 2014, Unite launched a campaign for equal pay and collective bargaining for bus drivers, which included three 24-hour strikes. The campaign led to the introduction of tripartite bargaining structures between unions, TfL and bus companies over issues relating to pay, conditions and safety for all drivers across the network. Tripartite bargaining has provided a platform for issues such as equal rates of pay and conditions for companies across the London bus network. In 2016, Mayor Sadiq Khan agreed to the new starting salary of £23,000 for bus drivers and in 2018 the 'licence for London' agreement allowed for transferred workers to receive the same rates of pay.¹²⁰ In April 2020, Unite, TfL and bus companies negotiated a tripartite

116 London Assembly 2006

117 Interview, Finn Brennan, ASLEF

118 ASLEF. London Underground Charter. 2019: aslef.org.uk/article.php?group_id=3449

119 ITF. Policy Guidelines on Organising in Restructured and Private Railways. n.d." itfglobal.org/sites/default/files/node/page/files/ITF%20Railway%20Organising%20Statement%20.pdf

120 TfL. Mayor hails new fair pay deal for London's 25,000 bus drivers. 2018: london.gov.uk/press-releases/mayoral/new-fair-pay-deal-for-londons-25000-bus-drivers

agreement on measures for the bus industry for the pandemic. The agreement included scheduling changes, PPE for drivers, social distancing measures, cleaning and, most importantly, day one sick pay for workers suffering Covid-19 symptoms.¹²¹

However, even when negotiations are successful, the tendering process obstructs implementation of improvements negotiated through the tripartite structures because the tendering agreements cannot be changed until the contract is renewed. For example, when mayor Sadiq Khan agreed to the £23,000 starting salary for bus drivers, the negotiations could not come into effect until new bus contracts were awarded. Only around 20 percent of contracts come up for renewal each year, making changes around pay and conditions very difficult to implement. Rather than direct negotiations between public companies and employees, under the private tendering model negotiations between unions and TfL must then be introduced into private contracts. As a result, changes in conditions are much more difficult to implement than when workers are directly employed by the public operating company, as with London Underground.

One solution would be to harmonise terms and conditions to take them out of competition between companies. This would mean companies would not have to compete on wages in order to win the tenders for bus routes. However, competition law eliminates the possibility of introducing a harmonised pay structure for bus drivers like that of Tube drivers.

The uneven bargaining structures and employment contracts across TfL have reinforced inequalities between workers along the lines of ethnicity and age. Women are underrepresented across the transport workforce. Underground drivers are predominantly older, male and white –

121 TfL. Tripartite Letter. 2020: <https://www.london.gov.uk/questions/sites/default/files/1724%20attachment%20-%20Tripartite%20Letter%2003042020.pdf>

14 percent are women, 25 percent are from an ethnic minority and 15 percent are under the age of 35.¹²² In contrast, there is much stronger representation of ethnic minority and younger workers among privatised bus drivers – nine percent are women, 71 percent are under 55 and 52 percent are from an ethnic minority.¹²³

6.2 TRADE UNIONS, PRIVATISATION AND REMUNICIPALISATION

The problems associated with privatisation and underfunding of TfL have not only negatively affected workers' pay and conditions but also reduced the quality of service for passengers, at times creating chaos. They have generated debate across London on how transport is run, who it is for and how the work is organised. As a result, campaigns to defend London's public transport have brought together worker, community and political coalitions.¹²⁴ In the early 2000s, the deeply unpopular PPP schemes brought together the three main London Underground trade unions RMT, TSSA and ASLEF in a campaign against privatisation. This involved public meetings, rallies, leafleting passengers, lobbying MPs and councillors, and industrial action. Since TfL is controlled by the Mayor and overseen by the elected London Assembly, campaigns around public transport issues have strengthened civic and trade union activism, and demonstrated the importance of trade unions in defending the common good.

One of the main components of the campaign was the support of transport unions RMT, ASLEF and Unite for the independent bid

122 ASLEF. On track with diversity. 2019. https://www.aslef.org.uk/visageimages/Policy_and_Research/Equalities/ASLEF_OnTrackWithDiversity2019.pdf

123 TfL. Assessment of Bus driver mortality. 2020. content.tfl.gov.uk/initial-assessment-of-london-bus-driver-mortality-from-covid-19.pdf

124 Wegmann, Vera. Taking our public services back in house - A remunicipalisation guide for workers and trade unions. 2020. <https://publicservices.international/resources/publications/taking-our-public-services-back-in-house---a-remunicipalisation-guide-for-workers-and-trade-unions?id=11108&lang=en>



of Ken Livingstone for London mayor in 2000. Livingstone ran mainly on a platform of opposition to the PPP scheme, and his candidacy effectively turned both the mayoral and London Assembly elections into referendums on the issue. On winning the election, Livingstone appointed the RMT general secretary Bob Crow to the TfL board, although he was not able to prevent the PPPs from being pushed through.

Livingstone proposed an alternative financing scheme of bond issuance secured against future fare revenues. However, the proposals were rejected by the Labour Chancellor, since the newly-elected Labour government had promised to stick to Conservative spending limits. After losing a legal challenge to the PPP scheme, Livingstone agreed to work with the private infrastructure companies to deliver the work. After initial trade union support for the election campaign, Livingstone's mayoralty was characterised by a number of conflicts with trade unions, including the resignation of Bob Crow from the TfL board when Livingstone advocated workers cross picket lines during an RMT strike.¹²⁵

While all London public transport unions have opposed privatisation and supported sustainable funding for public transport, unions have also diverged on specific actions and tactics. This is often a question of unions representing different sectors of workers, who have different roles, interests and concerns around TfL. But unions also have different approaches, cultures and political affiliations that can condition their response.

In some cases, political affiliations have influenced unions' responses to government policy. Whereas the RMT is a non-affiliated union (after disaffiliating from the Labour party in 2004), ASLEF is affiliated to the Labour Party. Since the PPPs were an initiative of the New Labour government, political affiliations influenced ASLEF's initial

support for PPPs. Soon after, however, ASLEF withdrew its support.

The most common reason for the divergence in union response is that their members are affected in different ways by organisational changes. For example, the London Underground PPPs mostly affected maintenance and engineering staff, while other workers like drivers or station staff remained in-house. Thus privatisation mainly affected RMT, which represented around 2,500 infraco workers, and to a lesser degree TSSA, ASLEF and Unite, which represented a smaller number of transferred workers.¹²⁶

The RMT has emphasised the use of industrial action as a critical tool in opposing privatisation. However, since UK employment laws prohibit political strikes, strike ballots have been aimed at the effects of privatisation—mainly around the terms and conditions of the workers transferred to the private sector, redundancies and safety issues.¹²⁷ Dozens of threats of strike action were made during the lifetime of the PPPs, mostly by the RMT, including a 24-hour strike over pay in 2004.¹²⁸

Even though trade unions oppose privatisation, bringing the work back in house can also cause disputes. Since the change of employer creates uncertainty for the workers involved, unions may still need to take action to protect their members during the reversal of PPPs. RMT workers employed by the infracos took strike action in 2007 when Metronet went into administration, and again in 2012 when the Tube Lines work was brought back in-house. In both cases, the strikes sought to ensure that infraco workers being transferred back to London Underground would receive the same TfL pay and benefits, including the travel concessions and in particular the TfL pension.¹²⁹

125 BBC. Union boss quits transport board. 2004. [news.bbc.co.uk/1/hi/england/london/3838961.stm](https://www.bbc.com/news/uk-politics-3838961)

126 London Assembly. 2006.

127 RMT. News. November/ December 2009 https://issuu.com/rmtunion/docs/rmt_news_nov_dec_09

128 London Assembly. 2006

129 [bbc.co.uk/news/uk-england-london-17823079](https://www.bbc.com/news/uk-england-london-17823079)



Thus, disputes around remunicipalisation are more about guaranteeing conditions for workers rather than opposing the process per se. Workers have campaigned to fully reverse privatisation and outsourcing within TfL since it would end workplace fragmentation; create a better pay structure; improve wages, conditions, benefits, training and career development; and strengthen collective bargaining.¹³⁰

VII.

CONCLUSION: REMUNICIPALISATION IS NOT ENOUGH

- Municipal ownership of public transport is essential for the provision of effective, quality transport services that are planned and developed to meet the needs of all. Effective public governance of integrated, multimodal networks allows authorities to plan and regulate to improve access and deal with demographic changes and environmental needs. Massive expansion of public transport is the only way to effectively address urgent issues of rapid urbanisation and the climate emergency.
- Democratic representation and participation of workers and service users in governance structures allows people to have a say in how services are run and hold decision-makers to account. Workers' knowledge, experience and skills need to be recognised and contribute to decision-making processes. This requires the inclusion of trade union representatives on the board, as well as continuous, meaningful consultative processes with workers and stakeholder groups .
- However, public enterprises cannot be truly democratic when they are driven by market-oriented governance imposing privatisation, restructuring and cuts. Austerity measures in public transport authorities undermine their democratic structures and goals to provide a service that is accessible for all. Since women, ethnic minority and younger workers are disproportionately affected by austerity, neoliberal restructuring reinforces inequalities between workers along the lines of gender, race and age.

130 Wegmann, Vera. Taking our public services back in house - A remunicipalisation guide for workers and trade unions. 2020: <https://publicservices.international/resources/publications/taking-our-public-services-back-in-house---a-remunicipalisation-guide-for-workers-and-trade-unions?id=11108&lang=en>



- When private companies run bus services their main interest is in making a profit. This means they cut corners in service quality and safety for passengers on the one hand, and wages and conditions for workers on the other. Private companies are not accountable to workers and passengers in the same way public enterprises are. The private tendering process not only makes it more difficult to introduce changes to improve safety and working conditions but also actively drives down wages and conditions.
- While municipal transport services can generate some revenue through fares, this is not enough to cover the cost of providing a service that is accessible to everyone and can tackle air pollution and the climate crisis. Furthermore, in the wake of the Covid-19 crisis, urgent measures are needed to reverse the rise in car use and encourage passengers to walk, cycle or return to public transport.
- Investment in public transport will encourage a stronger economic recovery, revitalise social and cultural activity and tackle air pollution in the city. It also creates decent public sector jobs for workers, reducing the unequal impacts of the crisis and providing a further boost to London's economy.
- Capital investments should not only continue but be expanded. Projects for expanding the transport infrastructure already in the London Plan include the overdue Bakerloo line, Northern line and Overground extensions, as well as the development of the proposed South London metros network. Expansion of footpaths and cycleways and the construction of the Rotherhithe walking and cycling bridge will encourage cycle use and reverse the surge in private cars when people return to offices.
- By contrast, any further fare hikes must be avoided as they will only encourage more reliance on private cars and homeworking, while reduced public transport use will hold back economic recovery for the city. Extension of road user charges can only be introduced if accompanied by significant investment in expanding public transport in the affected areas.
- Fare freezes need to be maintained or fares reduced, and concessions extended, to encourage people to return to public transport as London comes out of the pandemic. For example, concessions can be expanded to cover low-income passengers, and the zoning system that punishes poorer people in outer London can be revised.
- In order to bring the massive investment in transport services needed for a sustainable recovery, TfL needs to be able to borrow but it must also have proper, long-term central government funding for operations and capital investments, secured through legislation.
- Ending bus privatisation can bring savings of over £100 million a year by eliminating the expenditure of public money on private company profits.¹³¹ Further savings can also be made bringing the work in-house through efficiencies of scale and reducing the duplication of management layers overseeing the contracts. Instead of giving public money to private companies, the money can be spent on ensuring decent wages for drivers and expanding concessions to low-income passengers. Given that bus contracts are short-term, services can be brought back in-house completely within five years, as contracts expire.

131 Private bus companies in London make a combined total of £103 million a year. TSSA submission to London Assembly Budget and Performance Committee. 2018.



- Similarly, ending the private concessions for London Overground and Crossrail will save money on management fees paid to private companies to run the service.
- Investing in recruiting and training in-house staff, rather than bringing in expensive agency contractors and consultants, can save around £200 million. Investment in training also prevents skills transfer to outside contractors and develops in-house expertise.¹³²
- Devolution of tax raising powers. For example, control of Vehicle Excise Duty (VED) will allow TfL to use VED to invest in roads locally. At the moment, the VED from London vehicles goes to the National Roads Fund, while TfL cross-subsidises investment in roads from public transport fares. Greater control over business rates can allow for higher rates to be charged to businesses benefitting from proximity to TfL.
- Major reforms to the tax system, replacing the current council tax with a progressive property tax and replacing business rates with a Land Value Tax.¹³³
- Any further land sales will not secure long-term revenues and only exacerbate housing inequality in London. TfL can use its property portfolio to develop more genuinely affordable housing in London.¹³⁴

The Public Services International Research Unit (PSIRU) investigates the impact of privatisation and liberalisation on public services, with a specific focus on water, energy, waste management, health and social care sectors. Other research topics include the function and structure of public services, the strategies of multinational companies and influence of international finance institutions on public services. PSIRU is based in the Business Faculty, University of Greenwich, London, UK.

¹³² TSSA Submission to TfL independent review. 2020. tssa.org.uk/en/whats-new/news/index.cfm/tssa-submission-to-tfl-independent-review

¹³³ Labour Party. Land for the Many. 2019. labour.org.uk/wp-content/uploads/2019/06/12081_19-Land-for-the-Many.pdf

¹³⁴ TfL. Commercial and property development: tfl.gov.uk/info-for/business-and-commercial/property-development?intcmp=3440



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