



## Crossrail Bill

### Baroness Jo Valentine's speech during the House of Lords debate, 9 January 2008

My Lords, hurrah that we have got this far on Crossrail. Building Crossrail matters hugely to me personally, and it should matter to anyone who cares about the UK economy. I could talk about the subject for hours, but I shall spare noble Lords that this evening.

To keep the UK competitive, we need London to succeed, and for London to succeed, we need a world-class transport system. London is critical to the UK's global competitiveness. The UK's global strengths are those where London leads: the service sector and financial services. The vast majority of recent export growth has come from those sectors. The UK's regional centres—Edinburgh, Manchester, Cardiff and Birmingham—win business off the back of London winning European HQs. While the HQ may be in London, the HR or IT function may be elsewhere. An example is the Bank of New York. It has been in London for several years but it has recently taken office space in Manchester.

London is a great success. It has traded with the world for centuries and that, together with its openness to other cultures, has led to it being ranked number one in the MasterCard worldwide centres of commerce index. However, that means that plenty of cities out there are ready to eat our lunch, and London's Achilles' heel is its infrastructure. Its sewers, its water mains, its Tube system, its roads and even its bus routes are more than 100 years old. They need renewal. The failure of governments since the war to invest in infrastructure risks holding back London, and therefore the UK. Mayor Bloomberg of New York commissioned another study from McKinsey, to look at how world financial centres compared with each other. London came out with many advantages, but transport was raised again as a problem.

Not only are we running to catch up with current demand, what is more, London is growing. Our Tube and rail system cannot cope with current demand. For the first time, the Tube carried more than 1 billion people last year, and another record was set on 7 December 2007, when the Tube carried 4.2 million passengers in just one day. There is no elbow room at all.

Crossrail will provide part of the solution, but we need it pronto. By the time Crossrail is built, there will be about another half a million workers in London. In a stroke, Crossrail will provide 40 per cent of the extra rail capacity needed. It will transport 72,000 workers per hour into and out of central London.

Crossrail failed in the early 1990s due to recession and lack of funding commitment from the Treasury. The commitment to economic development and pace of change in India or China means that we can ill afford that 15-year delay. Let us at least get on with it now.

Crossrail will not be ready in time for the Olympics, but its promise will help to secure the vital legacy for the East End. Transport is critical to the regeneration of the Thames Gateway. It would have been good if Crossrail had been built by 2012, but it cannot be. More important is securing the longer-term legacy for one of the UK's most deprived

areas. Just the realistic promise of Crossrail—the spades already in the ground—will catalyse regeneration from 2012 onwards.

National and London government are to be congratulated on resolving the funding of Crossrail: this is a momentous step. It is good value for government. For their £5 billion, they get about £12 billion back in tax receipts and about a £30 billion contribution to UK GDP. Business is backing it with billions; businesses are even asking to be taxed. Why? Because it is good for London and they know that, ultimately, it will be good for business. The business community pressed for resolution of the funding for many years. It asked that it not be done in a final flurry. Unfortunately, the funding was indeed put together at the last minute, but a very able team was put on the case in the past few months. On the business contribution, some sectors will be hit harder than others by the supplementary business rate. I am thinking in particular of the retail community. Perhaps there is a case for an offset against the Crossrail levy for those occupiers who are already contributing to business improvement districts and the improvement of the public realm, especially before Crossrail is actually open.

Now that the project looks like becoming a reality, it is essential that it is governed and run in such a way as to maximise its chances of success. It needs to be managed on time and on budget. Major projects such as Terminal 5, Arsenal Emirates and the Channel Tunnel Rail Link have all been much more private sector in their governance than Crossrail is proposed to be. The fact that Crossrail is in the public sector will worry the business community. It will worry about political interference, scope creep and deadline disciplines. However, there is a good argument for Transport for London to own Crossrail, because of the complex interface with the London rail and Tube system. None the less, Transport for London needs to be absolutely confident that it has the internal structure, staff calibre and capacity to deal with those complex issues efficiently and effectively.

The heads of terms have been well designed, with clear allocation of risk and clear trigger points for when government—either national or London—can step in. I welcome the proposal to put business non-executive directors on the Crossrail board, and note the advertisements in the *FT* today for those roles. That should help to deliver both independence and project management expertise and disciplines. If the project is to be delivered on time and on budget, I urge those directors to resist interference with the scope once the project has passed through Houses of Parliament.

In conclusion, is the Crossrail project perfect? No. The Crossrail team has done a good job of refining the scope and of managing the project through the legislative process to date. Any substantial alternative to Crossrail, however, will set us back five years. What is more, that alternative will be imperfect in five years' time. We have to make the best decision that we can now with the information that we have available.

My appeal to noble Lords, if you will excuse the puns, is: let us not derail the project with excessive scrutiny but exercise the proper fine tuning of the engine. I am delighted that Crossrail has cross-party support. It is desperately needed. It is needed now. Full steam ahead.

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