



Department  
for Transport

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

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Dear Andrew,

Thank you for your letter of 9 December 2021, about the emergency funding settlements for Transport for London (TfL).

Since the onset of the pandemic, Government has provided TfL with more than £4 billion of emergency funding support to keep essential services running, to enable businesses to continue to operate and key workers to continue their critical work.

Passenger demand and therefore revenue have been volatile during the pandemic and Government has responded accordingly: by compensating TfL for lost revenue. In addition to the emergency funding, this year's Spending Review settlement for London provided over £1 billion of capital investment per year, in line with previous funding. We have done all of this at a time of significant pressure on the nation's finances.

We remain committed to supporting London's transport system but, in the interests of the UK taxpayer, this must be on the basis that TfL is returned to a position of financial sustainability. Funding has therefore been conditional on terms which aim to move TfL towards this position, with a target date for achieving that of April 2023.

Under the 1 June 2021 settlement, the Mayor of London agreed to identify options for £0.5-1 billion of new or increased income from April 2023 and to provide a decision on the option(s) he intends to pursue by 12 November 2021. This income generation is integral to TfL achieving financial sustainability. We received an initial response three weeks late on 8 December and although the proposals were a step forward, Government

required further specificity and information by 1pm on 15 December and agreed a short interim extension of the June settlement to 17 December to enable the Mayor of London to provide this information.

We received the further information from the Mayor on 15 December and have now agreed to extend the current settlement to 4 February 2022 to enable Government to fully consider the Mayor's response and to continue to prepare a further extraordinary funding settlement and any possible capital investment for London's Transport. This is on the condition that TfL provide us with the necessary supporting information and demonstrate prudence and provide sufficient information to satisfy HMG that further capital funding is appropriate, given the pressure on national finances and the need to ensure value for the UK taxpayer.

This extension provides continued support to TfL and certainty to Londoners over the Christmas and New Year period and as the booster programme is rolled out. It will also allow Government to monitor the evolution of the Omicron variant of the virus and its impact on travel.

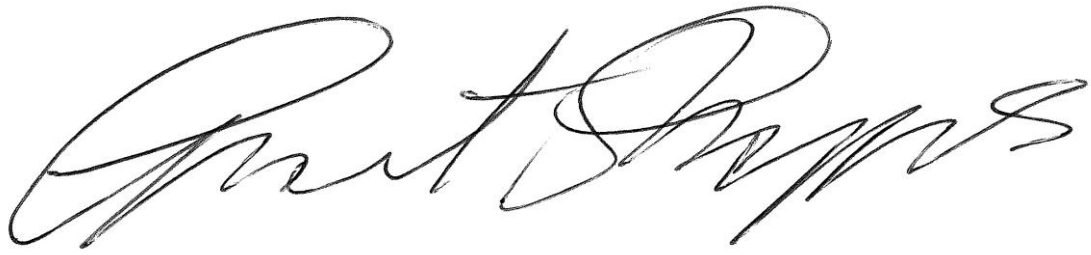
Decarbonising transport is a priority of the Government and a strategic objective of the Department for Transport. The more than £4 billion in emergency funding provided to TfL since May 2020, alongside the more than £1 billion per year in capital funding agreed up to 2024/25 in the Spending Review, support the Mayor and TfL in achieving this objective. It is up to TfL and the Mayor to make specific investment decisions. However, in providing Government support we would expect them to prioritise essential maintenance.

The government led financial review of TfL is relevant to the formulation and development of live government policy. It is therefore not appropriate to publish the report at this time.

The three extraordinary funding settlements for TfL to date recognise the reliance of London's transport network on fare revenue. The Government is committed now, and in the future to mitigating loss of fare revenue because of the pandemic, in a way that is fair to national taxpayers.

Thank you for taking the time to write to me.

Yours sincerely,

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

**Rt Hon Grant Shapps MP**  
**SECRETARY OF STATE FOR TRANSPORT**