



Department for Transport

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

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Dear Sadiq,

Transport for London Settlement Letter

1. This letter provides a further amendment to the extraordinary funding and financing agreement (the H2 Agreement) for Transport for London (TfL), set out in my letters to you of 31 October 2020 and 22 March 2021.
2. The H2 Agreement covered the Support Period of 18 October 2020 to 31 March 2021. This was subsequently extended by agreement to 18 May 2021. In order to provide sufficient time to conclude a further substantive funding agreement, we are varying the terms of the current H2 settlement as follows:
 - a. Extension of the current H2 agreement by 10 days, with the Revised Funding Period defined as 18 October 2020 to 28 May 2021.
3. All other provisions of the H2 Agreement will remain in place, including continuing to deliver against TfL's existing efficiency programme and prioritising the urgent delivery and operation of a temporary walking and cycle ferry, as a replacement crossing for local communities affected by the closure of Hammersmith Bridge.
4. We will make a base grant payment of £65m on 28th May and continue the top up mechanism as described in H2.
5. The final True Up Process shall commence at the end of Period 2 in accordance with paragraphs 30 to 34 of the H2 settlement. The True Up Process shall determine whether any final payment by DfT of True Up Grant or by TfL of a True Up Repayment for the Revised Funding Period is required.

6. We will share, by 20th May, a proposal for a funding package to commence on 29th May.

Yours Sincerely,

Rt Hon Grant Shapps MP
Secretary of State for Transport