



Department for Transport

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From the Secretary of State
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Transport for London Settlement Letter

1. This letter provides an amendment to the extraordinary funding and financing agreement (the H2 Agreement) for Transport for London (TfL), set out in my letter to you of 31 October 2020.
2. The H2 Agreement covered the Support Period of 18 October 2020 to 31 March 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 approximately 7 weeks, with the Revised Funding Period defined as 18 October 2020 to 18 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. Two additional instalments of extraordinary grant support totalling £260m shall be paid pursuant to the provisions of the H2 agreement. The first payment of £150m shall be made on 30 April 2021 and a second payment of £110m on 18 May 2021. There will continue to be a periodic Top Up mechanism pursuant to the terms of the H2 agreement based on actual passenger revenue cash receipts compared to the H2 Passenger Revenue Scenario of 65% (as set out in Annex A below).

5. The final reporting period 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.

Rt Hon Grant Shapps MP

SECRETARY OF STATE FOR TRANSPORT

Annex A – Passenger Revenue Scenario

	Period 1	Period 2*
Passenger Revenue Scenario	£231m	£244m

*This will be pro rata from the 2 May to the 18 May 2021.