



# Department for Transport

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Sent via email

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Dear Andy,

## **Updates to the TfL long-term funding settlement**

Since the beginning of the current financial year, my officials and your officers have agreed a number of technical updates to the TfL long-term funding settlement of 30 August 2022. In addition, TfL have formally proposed amendments to the capital spend requirements of the funding settlements to help manage inflation pressures in FY 2023/24.

### Renewals ringfence and active travel spend

I can confirm that Government is content with reducing the renewals ringfence for FY 2023/24 by £36m from £736m to £700m, so no funding will be clawed back under the settlement if there is an underspend of up to £36m in the current financial year, as long as the term relating to overall capital spend is complied with. The £736m includes the £11m capital grant funding ringfenced for renewals which Government agreed for TfL to carry over from FY 2022/23 to FY 2023/24. In addition, I confirm that Government is content with up to £10m of capital grant funding ringfenced for active travel being carried over to FY 2024/25.

### Passenger revenue scenario

As confirmed by officials on 26 July 2023, the passenger revenue scenario for Q4 2022/23 and 2023/24 have been uplifted in line with the long-term funding settlement to reflect the 5.9% fares increase from 5 March 2023. As previously confirmed, the updated passenger revenue scenario is as follows:

<b>Quarter</b>	<b>Passenger Revenue</b>
Q4 2022/23 (Periods 10-13)	£1,446m
Q1 2023/24 (Periods 1-3)	£1,191m
Q2 2023/24 (Periods 4-6)	£1,203m
Q3 2023/24 (Periods 7-9)	£1,212m
Q4 2023/24 (Periods 10-13)	£1,654m

#### Grant funding payment schedule for FY 2023/24

The phasing of the grant payments has been agreed between my officials and your officers. The total quantum of base funding for FY 2023/24 will be £565m as agreed in the funding settlement. As confirmed on 26 July 2023, the payment schedule for these grant payments is as follows:

<b>Date</b>	<b>Payment £m</b>
13/4/23	200
3/8/23	200
31/8/23	80
26/10/23	50
21/12/23	35
<b>Total</b>	<b>565</b>

#### Special Representatives

As agreed between my officials and your officers, from June 2023 the HMG Strategic Special Representative has attended the TfL Board and the TfL Finance Committee. From June 2023, DfT's Chief Engineer has attended the TfL Board and the TfL Programmes & Investment Committee. The role of Technical Special Representative was discontinued at the end of May 2023. These arrangements will remain in place until the end of the funding settlement.

#### TfL pensions consultation

As previously agreed, should the recommended approach for reform require TfL to consult members, TfL will commence consultation by 1 July 2024.

My officials will continue to work with your officers to implement the longer-term funding settlement as TfL progresses towards financial sustainability.

Yours sincerely,



Emma Ward CBE | Director General, Roads and Local Group, Department for Transport