

Extension to COVID-19 support funding for Transport for London

March 22, 2021



Transport for London (TfL) says it has agreed with the government that COVID-19 support funding will be extended until May 18, on the same terms that have applied to its funding for the second half of 2020/21.

It means an additional £260 million in base funding plus additional revenue support of approximately £225 million (depending on actual fares income) will be provided by the government over this period.

Before the coronavirus pandemic, TfL says it was on the path to achieving a level of financial self-sufficiency almost unheard of for transport authorities around the world. But the pandemic has massively impacted TfL's finances and significantly reduced fares revenue.

In a statement, TfL says an effective transport network, investing for the future, is absolutely critical to the safe and successful recovery from the pandemic of London and the UK as a whole.

It continues saying that TfL's Financial Sustainability Plan, which was presented to the government in January, sets out a strategy that would – with long term stable and certain funding – decarbonise transport by 2030, helping achieve national environmental targets and supporting jobs across the country.

A Transport for London (TfL) spokesperson said: “We have today agreed with the government that our funding will be extended until 18 May on the same terms that have applied to our funding for the second half of 2020/21.

“We continue discussions with the government on our need for further financial support and a long-term capital funding deal. This is vital for us to support a strong and robust recovery from the pandemic and to provide confidence to our UK-wide supply chain.”

In a statement to parliament, Transport Secretary Grant Shapps, said: “The government and Mayor of London have agreed to extend the current Transport for London (TfL) funding deal.

“The deal was due to run out on 31 March 2021; however, things have changed since we set the end of March for the next review of support to TfL. The extended deal will continue to support the capital and the transport network until 18 May 2021, when a new funding deal will be put in place.

“The [roadmap set out by the Prime Minister to cautiously and safely reopen society and our economy](#) means we can better understand the potential recovery in passenger demand, ensuring we deliver a sensible and appropriate deal in the future. As a result, and given the Mayoral election timetable, we have therefore agreed to roll over the existing funding deal until 18 May on the same terms as now, providing certainty over the pre-election period.

“Together, the government and the newly elected Mayor will agree a new funding deal after the elections in May 2021. By this point, non-essential retail and other parts of the economy should be open and transport demand on the network will be considered when formulating a future settlement.

“The extension comprises 2 additional funding payments totalling £260 million with a top-up grant available based on actual passenger revenues. This will take total government support for TfL to more than £3 billion since March 2020.

“Support to TfL has always been under the condition that the network must make efficiency savings so it can reach financial sustainability as soon as possible. Those conditions will also form a part of the additional funding payments announced today.

“The government is committed to supporting London and the transport network on which it depends, and will commence discussions for a further funding deal as soon as the Mayoral elections are concluded. Support for London needs to be balanced with the national recovery and supporting the national transport network as a whole.

“Since March 2020, the government has spent £11 billion supporting the running of the national transport network apart from that directly provided to TfL, while continuing to spend money on vital infrastructure projects to level up the national transport network outside of London.”

Darren Caplan, Chief Executive of the Railway Industry Association (RIA), said: “It is welcome to see financial support extended for Transport for London until 18 May, which should ensure rail services continue to operate and shows a commitment from both the Government and Mayor of London to support

rail during and following the Coronavirus pandemic.

“Nevertheless, as we emerge from this pandemic, rail businesses all over the UK who work on rail schemes in and around the capital will require certainty over what the future looks like. This is why the Railway Industry Association and our members would like to see longer term, multi-year, funding settlements – similar to Network Rail’s five-year Control Period system – for all regions and devolved nations around the UK.

“RIA is bullish about rail passengers returning to the network over the coming years, as they always do following recessions and various crises, including pandemics. But during this time, before passenger numbers return to longer-term trend, rail suppliers need funding certainty and visibility to support the capital’s railway network, and ensure current schemes, and future ones like Crossrail and Crossrail 2, get delivered efficiently and cost-effectively, benefiting passengers, freight, and ultimately the taxpayer. We therefore urge the Government and TfL to work together to find a long term solution for rail funding in and around the capital – doing so supports rail jobs and growth not only in London, but throughout the whole of the UK.”

Photo credit: Transport for London