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for Transport



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Dame Meg Hillier DBE MP

Chair, Public Accounts Committee
House of Commons
London
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30 November 2021

Dear Chair

Public Accounts Committee report - Crossrail: A progress update, Twenty-Fourth Report of Session 2021-22 – recommendation 2

In the report of 29 October, the Public Accounts Committee asked for a response to recommendation 2. The Department for Transport (DfT) and Transport for London (TfL) were asked to write to the Committee setting out TfL's revenue forecast scenarios, and what they mean for whether the loans for Crossrail will be fully repaid and when.

TfL Update

Elizabeth line passenger forecasts have been updated and considered against the Covid-19 recovery scenarios which were generated for TfL as a whole and outlined in our Financial Sustainability Plan. These recovery scenarios project a range of passenger income shortfalls compared to the 2019 Business Plan of between £1.2bn to £2.6bn over the period of 2020/21 to 2029.

Currently, average passenger ridership for all TfL's services in 2021/22 is forecast at 62% of pre-pandemic demand, which rises to 82% in 2022/23. For new services which includes the running of the central section of the Elizabeth line, we expect 69% of revenue in 2022/23 compared to the 2019 Business Plan, which increases to 83% in the longer term. It is clear that there is a long-term structural issue in passenger ridership with a permanent loss of some journeys.

Some of the impacts on Elizabeth line ridership have been compounded by ongoing uncertainties created by Covid-19, including travel to Heathrow and international travel not returning as quickly as expected, as well as passengers travelling to the Central Activities

Zone and Canary Wharf not returning as quickly as expected due to the prevalence of working from home.

The impact on revenue for the remainder of 2021/22 and 2022/23 is currently being considered and will be covered as part of our regular budget reporting processes in early December 2021.

In December 2018, DfT committed to provide TfL with a contingency loan of £750m to cover the Crossrail project's cost overruns, part of a wider funding package worth £2.15bn, which included a loan of £1.3bn to the GLA. A further loan of £825m was provided to the GLA for the purposes of Crossrail in December 2020. The GLA loan repayments are not expected to be paid from TfL revenues.

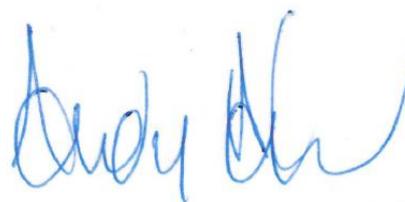
The principal repayments of the £750m TfL loan are phased over 10 years. These repayments start in April 2022, within the current opening window for the central section. Whilst TfL's outlook is challenging/uncertain and has changed considerably due to the impacts of the pandemic both parties expect the loan to be fully repaid. However; the repayment profile of this loan and TfL's wider financial position (including both TfL's income and costs) will be kept under review and discussed between DfT and TfL.

The current TfL funding deal runs until the 11 December and we continue to discuss any further funding requirements.

Yours sincerely,



Bernadette Kelly CB
Permanent Secretary



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