

Board

Date: 8 December 2021

Item: Finance Report: Budget Submission and Capital Strategy

This paper will be considered in public.

As provided for under section 100B(4)(b) of the Local Government Act 1972, the Chair is of the opinion that this item should be considered as a late item. The reason for urgency is that Members need to consider the Budget submission and the Capital Strategy and not all information was available at the time the Board papers were published.

1 Summary

- 1.1 This paper considers TfL's draft Budget submission to the GLA consolidated budget, which is open to consultation from December 2021 and will be finalised in February 2022.
- 1.2 This submission covers an updated forecast for 2021/22 and a forward look from 2022/23 to 2025/26. It is an update and extension of the Revised Budget, which was approved by the Board on 28 July 2021.

2 Recommendations

2.1 The Board, is asked to note the paper and:

- (a) note the presentation given in appendix 1, which is based on TfL's Budget and Capital Strategy submission to the GLA Budget;**
- (b) note appendix 2, which is TfL's Budget submission to the GLA (including Capital Strategy); and**
- (c) note that the reporting baseline will continue as the Revised Budget approved by Board on 28 July 2021.**

3 TfL Budget submission to the GLA Budget

- 3.1 The Budget submission presentation (appendix 1) and the TfL Budget submission to the GLA Budget (including Capital Strategy) (appendix 2) provide more detail on the Finance Committee paper from 24 November 2021, which outlined what options TfL would need to take to close its funding gap absent further funding. This followed confirmation from Government, as part of its

Comprehensive Spending Review, that TfL would not receive any capital funding for 2022/23 – 2024/25 beyond the £1billion per annum devolved business rates already received.

3.2 Appendix 1 presents a summary of:

- (a) Year-to-date financial performance against the Revised Budget (approved by the Board on 28 July 2021) and last year.
- (b) Budget submission to the GLA Budget reflecting the funding requirements for the remainder of 2021/22 and out to 2024/25, using the latest assumptions and forecasts for costs and income. The assumptions are in line with the financial constraints and reflect a 'managed decline' scenario.

£1.5bn of funding has already been secured for 2021/22 to 11 December 2021. A further £245m is now required the end of the financial year. The funding requirement for 2022/23, as set out in the Finance Committee paper, is £1.1bn, and around £400 - 500m for 2023/24 and 2024/25.

- (c) Capital strategy setting out at high level the 20-year capital plan for London.

4 Next Steps

- 4.1 We are working through a plan of actions to meet the conditions set out in the 1 June Funding Agreement, and continue to work with Government for funding beyond 11 December 2021, and a longer-term funding solution.

List of appendices to this report:

- 1. TfL Budget submission to GLA – slides
- 2. TfL Budget submission to GLA (including Capital Strategy)– document

List of Background Papers:

Finance Committee, 24 Nov 2021: Item 11 Implications of reduced funding for TfL

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