

**Bulletin:**

# Transport for London Fare Freeze: Yet Another Twist

January 22, 2024

This report does not constitute a rating action.

LONDON (S&P Global Ratings) Jan. 22, 2024--S&P Global Ratings said today that freezing fares at Transport for London (TfL; A+/Positive/A-1) for the fiscal year ending March 31, 2025, will not have a material effect on its financials. The Mayor of London announced the fare freeze on Jan. 19, 2024, and confirmed that the implied deficit will be fully funded by recurring transfers from Greater London Authority (GLA; AA/Stable/A-1+).

Nevertheless, the fare freeze inhibits an improvement in the predictability of TfL's regulatory and operating environment. Since the pandemic began, TfL has been relying on short-term funding arrangements with GLA and the U.K. government (AA/Stable/A-1+), due to volatility in ridership. It also remains unclear how GLA and the central government plan to co-finance TfL's long-term capital program.

We still expect a steady recovery in ridership and that TfL will continue to work toward identifying cost savings and additional revenue sources. We think this could improve TfL's financial capacity and the flexibility of its business model.

## Related Research

- Global Ratings List: International Public Finance Entities January 2024, Jan. 18, 2024
- Autumn Statement 2023: Spending Budgetary Windfall On Tax Cuts Won't Help Rebuild The U.K.'s Diminished Fiscal Headroom, Nov. 23, 2023
- Greater London Authority 'AA/A-1+' Ratings Affirmed; Outlook Stable, Sept. 29, 2023
- Transport for London Outlook Revised To Positive On Post-Pandemic Recovery; 'A+/A-1' Ratings Affirmed, May 25, 2023
- United Kingdom 'AA/A-1+' Ratings Affirmed; Outlook Stable, Oct. 20, 2023

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