

LONDON LUTON AIRPORT LIMITED

Transport and Works Act 1992

Transport and Works (Applications and Objections Procedure)

(England and Wales) Rules 2006

THE LONDON LUTON AIRPORT PASSENGER TRANSIT SYSTEM ORDER

Applicant's proposals for funding the implementation of the Order

Rule 10(3)(a)

- 1 The passenger transit system, to which the application for the London Luton Airport Passenger Transit System Order (**Order**) relates, is in the process of being constructed. The application does not seek powers in relation to the construction of the system. However, this Funding Statement is submitted as an application document to provide the Secretary of State with background information about how the construction phase is being funded, and how the cost of implementing the Order will be met.
- 2 The passenger transit system is being promoted by London Luton Airport Limited (**LLAL**) which is wholly owned by Luton Borough Council (**LBC**). The construction of the passenger transit system is being funded by a debenture loan provided by LBC to LLAL for up to £225 million which was agreed between LLAL and LBC in 2017. The loan has been arranged to provide funding for both the passenger transit system, the cost of which is estimated as being £200 million, and works to upgrade the terminal building. The estimated cost of the passenger transit system includes the cost of land acquisition, construction and environmental mitigation. Construction began in 2018 and is scheduled to be completed in 2021. This information is included in the application for the London Luton Airport Passenger Transit System Order for the information of the Secretary of State, and does not reflect the costs directly associated with the making and implementation of the Order.
- 3 LLAL owns all of the land and all the rights over land required to construct and operate the passenger transit system. Consequently, there are no costs associated with the making of this Order related to compensation for blight or compulsory acquisition of land.
- 4 The operational costs and capital borrowing costs of the passenger transit system will be paid from the collection of fares. Approximately 3 million passengers per year currently access London Luton Airport by train and it is anticipated that passenger numbers will continue to increase. Passengers travelling to the airport by rail will, instead of using the current shuttle bus service, use the passenger transit system and the revenue from those passengers will enable LLAL to meet the system's operating costs.