

Agenda

Meeting: Finance Committee

Date: Wednesday 9 March 2022

Time: 10:00am

**Place: Conference Rooms 1 and 2,
Ground Floor, Palestra, 197
Blackfriars Road, London, SE1
8NJ**

Members

Anne McMeel (Chair)
Ben Story (Vice-Chair)
Seb Dance

Prof Greg Clark CBE
Anurag Gupta
Dr Nina Skorupska CBE

Government Special Representative

Becky Wood

Copies of the papers and any attachments are available on [tfl.gov.uk How We Are Governed](https://tfl.gov.uk/How-We-Are-Governed).

This meeting will be open to the public and webcast live on [TfL YouTube channel](#), except for where exempt information is being discussed as noted on the agenda.

There is access for disabled people and induction loops are available. A guide for the press and public on attending and reporting meetings of local government bodies, including the use of film, photography, social media and other means is available on www.london.gov.uk/sites/default/files/Openness-in-Meetings.pdf.

Further Information

If you have questions, would like further information about the meeting or require special facilities please contact: Jackie Gavigan, Secretariat Manager; Email: [v JackieGavigan@tfl.gov.uk](mailto:JackieGavigan@tfl.gov.uk)

For media enquiries please contact the TfL Press Office; telephone: 0343 222 4141; email: PressOffice@tfl.gov.uk

Howard Carter, General Counsel
Tuesday 1 March 2022

**Agenda
Finance Committee
Wednesday 9 March 2022**

1 Apologies for Absence and Chair's Announcements

2 Declarations of Interests

General Counsel

Members are reminded that any interests in a matter under discussion must be declared at the start of the meeting, or at the commencement of the item of business.

Members must not take part in any discussion or decision on such a matter and, depending on the nature of the interest, may be asked to leave the room during the discussion.

**3 Minutes of the Meeting of the Committee held on 24 November 2021
(Pages 1 - 10)**

General Counsel

The Committee is asked to approve the minutes of the meeting of the Committee held on 24 November 2021 and authorise the Chair to sign them.

4 Matters Arising and Actions List (Pages 11 - 18)

General Counsel

The Committee is asked to note the updated actions list.

5 Use of Delegated Authority (Pages 19 - 24)

General Counsel

The Committee is asked to note the paper.

6 Finance Report (Pages 25 - 44)

Chief Finance Officer

The Committee is asked to note the report.

7 Treasury Management Strategy 2022/23 (Pages 45 - 62)

Chief Finance Officer

The Committee is asked to note the paper and the exempt supplemental information on Part 2 of the agenda and, under the authority delegated by the Board, to approve the Treasury Management Strategy (TMS) for 2022/23 including the Investment Strategy, the Borrowing Strategy, the Liquidity Strategy, the Risk Management Strategy and the Counterparty Exposure Limits; and subject to approval of the TMS 2022/23 and the Derivatives Policy, approve TfL Finance limited entering into the Derivative Investments.

8 Treasury Management and Derivative Investments Policies
(Pages 63 - 88)

Chief Finance Officer

The Committee is asked to note the paper and, under the authority delegated by the Board, to approve the proposed Treasury Management Policies and the proposed TfL Group Policy Relating to the Use of Derivative Investments; and to approve the proposed TfL Pension Fund Policy on Notifiable Events in draft form in Treasury Management Policies and authorise the managing Chief Finance Officer to approve any changes they consider necessary, once the final regulations have been published, and to issue a final form; and to note the draft Treasury Management Policies for TTL Properties Limited.

9 Treasury Activities (Pages 89 - 92)

Chief Finance Officer

The Committee is asked to note the paper and the exempt supplemental information on Part 2 of the agenda.

10 Investment Management Strategy 2022/23 - Non-Financial Assets
(Pages 93 - 104)

Director Commercial Development

The Committee is asked to note the paper and, under authority delegated by the Board, to approve the Investment Management Strategy 2022/23 – Non-Financial Assets.

11 Independent Investment Programme Advisory Group Procurement Process Review (Pages 105 - 116)

General Counsel

The Committee is asked to note the paper and the exempt supplemental information on Part 2 of the agenda and the management response.

12 Funding Update on TTL Properties Limited (Pages 117 - 120)

Director Commercial Development and Chief Finance Officer

The Committee is asked to note the paper and the exempt supplemental information on Part 2 of the agenda.

13 Taxi Fares and Tariffs Update (Pages 121 - 316)

General Counsel

The Committee is asked to note the paper and approve the changes to the taxi fares, tariffs and charges.

14 GLA Group Collaborative Procurement of Power Purchase Agreements (Pages 317 - 322)

Chief Safety, Health and Environment Officer

The Committee is asked to note the paper and the proposed entry by TfL into the Memorandum of Understanding.

15 Members' Suggestions for Future Discussion Items (Pages 323 - 328)

General Counsel

The Committee is asked to note the forward plan and is invited to raise any suggestions for future discussion items for the forward plan and for informal briefings.

16 Any Other Business the Chair Considers Urgent

The Chair will state the reason for urgency of any item taken.

17 Date of Next Meeting

Wednesday 22 June 2022 at 10.00am

18 Exclusion of the Press and Public

The Committee is recommended to agree to exclude the press and public from the meeting, in accordance with paragraphs 3 and 5 of Schedule 12A to the Local Government Act 1972 (as amended), in order to consider the following items of business.

Agenda Part 2

19 Treasury Management Strategy 2022/23 (Pages 329 - 330)

Exempt supplemental information relating to the item on Part 1 of the agenda.

20 Treasury Activities (Pages 331 - 334)

Exempt supplemental information relating to the item on Part 1 of the agenda.

21 Independent Investment Programme Advisory Group Procurement Process Review (Pages 335 - 344)

Exempt supplemental information relating to the item on Part 1 of the agenda.

22 Funding Update on TTL Properties Limited (Pages 345 - 346)

Exempt supplemental information relating to the item on Part 1 of the agenda.

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Transport for London

Minutes of the Finance Committee

**Conference Rooms 1 and 2, Ground Floor, Palestra,
197 Blackfriars Road, London, SE1 8NJ
10.00am, Wednesday 24 November 2021**

Members of the Committee

Ben Story (Vice Chair - in the Chair)
Heidi Alexander
Prof Greg Clark CBE
Anne McMeel
Dr Nina Skorupska CBE (via Teams)

Government Special Representative

Becky Wood

Board Members also in attendance

Cllr Julian Bell (via Teams)
Anurag Gupta (via Teams)
Bronwen Handyside (via Teams)
Mark Phillips (via Teams)

Executive Committee

Andy Byford	Commissioner
Howard Carter	General Counsel
Graeme Craig	Director of Commercial Development
Vernon Everitt	Managing Director, Customers, Communication and Technology
Stuart Harvey	Director of Major Projects (via Teams)
Simon Kilonback	Chief Finance Officer
Lilli Matson	Chief Safety, Health and Environment Officer (via Teams)
Gareth Powell	Managing Director, Surface Transport
Shashi Verma	Chief Technology Officer and Director of Strategy

Staff

Andy Baldock	Business Strategy Manager (via Teams)
Andrea Clarke	Director of Legal (via Teams)
Daniel Curry	Senior Safety, Health and Environment Manager (via Teams)
Matt Denham	Head of Procurement - Indirect
Patrick Doig	Group Finance Director and statutory Chief Finance Officer
Jackie Gavigan	Secretariat Manager
Joanna Hawkes	Director of Corporate Finance (via Teams)
Lorraine Humphrey	Interim Director of Risk and Assurance (via Teams)
Shamus Kenny	Head of Secretariat
Glyn Lenton	Lead Commercial Manager, Category Management
Rachel McLean	Chief Finance Officer, Crossrail and Divisional Finance Director, London Underground (via Teams)
Rajiv Sachdeva	Head of Financial Planning and Analysis

54/11/21 Apologies for Absence and Chair's Announcements

The Chair welcomed everyone to the meeting. Howard Carter reported that no apologies for absence had been received. Dr Nina Skorupska CBE, who was a member of the Committee, was attending via Teams and would not therefore count towards the quorum of the meeting. Cllr Julian Bell, Bronwen Handyside, Mark Phillips and Anurag Gupta were attending as members of the Board.

It was the first opportunity to welcome the three new Members who had recently joined the Board – Anurag Gupta, Marie Pye and Peter Strachan. Anurag Gupta joined the meeting via Teams in advance of the Board considering appointments to Committees and Panels. The Chair welcomed the new Members on behalf of all colleagues on the Board.

The meeting was being broadcast live on YouTube, except for the discussion of the information on Part 2 of the agenda, which was exempt from publication. While Members would discuss as much of the items in public as possible, information related to TfL's business and financial affairs would need to be discussed in private. When the exempt information needed to be considered, the recording would be stopped for the press and public.

The Chair confirmed that under section 100B(4)(b) of the Local Government Act 1972, he had agreed that the urgent item for the agenda that was published on 17 November 2021 would be considered as a matter of urgency. The item was the Implications of Reduced Funding for TfL and was accepted as urgent to allow for the latest financial information available to be provided.

The Chair reordered the agenda to take item 11a (Implications of Reduced Funding for TfL) immediately before agenda item 6 (Finance Report). The minutes reflect the amended meeting order.

The Chair reminded those present that safety was paramount at TfL and encouraged Members to raise any safety issues during discussions on a relevant item or with TfL staff after the meeting. There were no specific issues raised at the meeting.

55/11/21 Declarations of Interests

Howard Carter introduced the item. Members' declarations of interests were published on tfl.gov.uk and were up to date. The declarations of interests for the new Members would be published on the website shortly.

Howard Carter added that he was not aware of any items on the agenda where a Member would need to declare a specific interest and leave the meeting during its discussion. No Members declared any interests that were relevant to items on the agenda.

56/11/21 Minutes of the Meeting of the Committee held on 6 October 2021

The minutes of the meeting of the Committee held on 6 October 2021 were approved as a correct record and signed by the Chair.

57/11/21 Matters Arising and Actions List

Howard Carter introduced the paper, which set out progress against actions agreed at previous meetings of the Committee.

The Committee noted the actions list.

58/11/21 Use of Delegated Authority

Howard Carter introduced the paper. Members noted that, since the meeting of the Committee on 6 October 2021, there had been no use of Chair's Action, no use of authority delegated by the Board, no use of delegated authority to approve Land Authority by the Commissioner or the Chief Finance Officer and no Mayoral Directions to TfL.

There had been four uses of Procurement Authority granted by the Chief Finance Officer relating to: Network Rail Basic Asset Protection Great Eastern Line; Interim Supply of London Underground Rail Vehicle Glazing System; 1973 Piccadilly Line Life Extension - Supply of Rubber to Metal Components; and Immigration Enforcement's Checking and Advice Service – Home Office.

The Committee noted the paper.

59/11/21 Implications of Reduced Funding for TfL

The Chair had agreed to the late publication of the paper, to allow for the latest financial information available to be provided.

Andy Byford and Simon Kilonback introduced the paper, which provided an updated view of TfL's financial position. It considered recent developments and gave an updated outlook over the medium-term period covered by the recent Government Comprehensive Spending Review (CSR), 2022/23 to 2024/25.

With the current funding agreement for TfL due to expire on 11 December 2021, there was less than three weeks for the Government to provide longer-term funding certainty and, in turn, London's economic recovery. A lack of Government help would mean far-reaching consequences for transport in London and all those who relied on it. A damaging vicious circle of underinvestment and service cuts would take London back to the 1970s and 1980s era of an ageing, infrequent and unreliable transport network that was both unappealing to passengers and inadequate for the city to thrive.

In his previous role as President of New York City Transit, Andy Byford knew first-hand the damage that underinvestment could bring on a city's transport system such as

outdated signalling systems, worn-out infrastructure and inadequate system capacity that stemmed from failure to keep up with the investment needs of London's primary comparator. He had repeatedly warned that a similar situation could easily befall London if TfL was not adequately funded.

The Government was investing in better transport around the country which was wholeheartedly supported. TfL was ready to help the Government address challenges beyond London, for example by helping to bring contactless payment to hundreds of stations outside the Capital as part of the Government's recently reaffirmed strategy, as well as contributing significantly to the green recovery.

London was the engine of the UK's economy, contributing a net £36.1bn to the Treasury. Money for investment, flowing from London to the Treasury to the regions, could only continue if London continued to function efficiently, which was only possible with a properly funded transport network.

There would also be far-reaching consequences for the 43,000 people around the country in Falkirk, Bolton, Derby, Liverpool, Yorkshire and beyond, whose jobs relied on work currently provided through TfL's extensive supply chain that pumped billions of pounds into areas outside of London. For every £1 invested on the London Underground, 55p was paid to workforces located outside London, with TfL contracts contributing around £7bn to the economy overall.

Failure to invest in London would result in the work to decarbonise the economy, clean up air quality and tackle the climate emergency coming to a standstill. It would hold back investment to support mode shift towards walking, cycling and public transport; in green technologies required for the transition to a national zero emission bus fleet and the wider energy transition to renewable energy; and the ability to protect nationally important assets in the face of increasingly extreme weather events.

Public transport demand continued to recover and grow, with demand for public transport now averaging 75 per cent of pre-coronavirus pandemic ridership and major employers continuing to plan their return to work arrangements.

A managed decline scenario which TfL now faced would make travelling much more difficult, reduce the attractiveness of public transport, damage revenues and undermine the recovery.

Following the second funding agreement from October 2020, TfL submitted its Financial Sustainability Plan (FSP) to Government in January 2021, which showed the path to financial sustainability by 2023/24. The FSP also made clear that TfL had a long-term structural funding gap for capital investment which existed before the pandemic of c.£1.6bn, including a new revenue source contribution from London.

Budget assumptions were being updated as part of the annual process for submission to the Greater London Authority's (GLA) Budget. As a local authority for statutory purposes, TfL was obliged to prepare a budget that was balanced over both the short and medium-term, and demonstrated a credible path to closing the funding gap and maintaining a balanced budget.

Since the FSP, passenger income was £141m lower than budgeted and demand was not recovering as quickly as hoped, so a more realistic revenue profile would need to be adopted for future years. Greater compliance with the hugely successful Ultra Low

Emission Zone scheme meant lower revenue than expected so revised forecasts were needed. Inflation and the cost of energy had increased dramatically in recent months, causing a significant pressure on total costs.

There had been no agreement between the Mayor and Government on proposed revenue raising options, for the £500m-£1bn that London and TfL were expected to raise from 2023/24, so TfL could not currently assume this revenue would materialise until discussions progressed. The Government also stated as part of their CSR that TfL would not receive any additional capital funding on top of the retained business rates the GLA already received, and re-confirmed it did not intend to provide any further revenue support beyond March 2023. On this basis, TfL's funding gap would increase by on average £400m per annum from 2022/23 to 2024/25, compared to the previous Revised Budget.

The knock-on impacts were far reaching across TfL, its stakeholders and suppliers, as well as for transport, London and the UK's recovery. On capital, TfL would be forced to adopt the managed decline scenario which meant only projects already underway, or those required to be compliant with safety and other statutory regulations, would continue with no new investment by TfL in the transport network. No proactive progress would be made towards Vision Zero safety, decarbonisation, improving air quality or active travel to support a shift towards more sustainable modes.

No new step-free stations would be started, as only those currently in construction would continue. Existing contracts such as the Docklands Light Railway and Piccadilly line rolling stock would presumably continue, although these and other contractually committed schemes could be revisited if savings were not deliverable or contributing factors worsened.

Deferring renewals meant an increased risk of unreliability and maintenance costs to keep life expired assets running. This would lead to customer disruption, also due to a slowdown in routine works such as improving lifts and escalators. Reducing expenditure on London Underground works, which had a substantial supply chain in delivering renewals, would have a direct impact on jobs in this sector of the economy. The new station box at Elephant & Castle would be constructed by the developer but TfL would be unable to fit it out into an operational station.

On Surface Transport, no new enhancements would start and only those currently underway would be completed. Old Street roundabout would be completed, but Vauxhall Cross, Wandsworth Gyratory and other major transformational schemes would not proceed. These schemes amounted to c.£350m spend, which would have been competitively awarded to a number of suppliers on TfL's framework. Stopping these schemes would impact the framework contractors, as well as their workforce and supply chains.

Cycleways already under construction would be completed but remaining sections would not be built and no new cycleways would be started. Deferring renewals would mean similar disruption on the road network as already seen in some areas, such as Hammersmith Bridge closing and Rotherhithe Tunnel resurfacing. These were unbudgeted in TfL's 2019 Business Plan but the pause on proactive renewals meant those assets deteriorating quicker and requiring closures for safety. Borough funding would have to reduce to match TfL's capital programme, leaving only a small provision for renewals.

On service levels, Tube services would be cut by nine per cent, and the bus network by 18 per cent. In practice, this meant over 100 routes would be withdrawn on the bus network and of the remaining routes, over 200 would have service frequency reductions. For the Tube network, impacts were being analysed for a full closure of a line or part of a line, compared to a number of smaller reductions across the whole network.

Bus electrification by 2030 would not be possible, due to the reduction in service levels and how quickly operators turned over vehicles. This would create a pause in ordering any new electric buses whilst TfL resized the network, which would disrupt the supply chain.

Some interventions would need to be made soon after the Revised Budget was agreed, on the assumption that no further funding was forthcoming. Changes to the bus network would start immediately as contracts came up for re-award, with changes to the Tube network taking slightly longer to materialise. Capital projects would similarly be stopped immediately with only those with committed expenditure continuing.

These interventions would go some way to closing the funding gap, reducing it to £1.1bn in 2022/23, and around £500m for both 2023/24 and 2024/25, although TfL would still be unable to balance the budget in those years. TfL was seeking resolution with Government, who had said revenue funding would be available for 2022/23, although there was no indication of when negotiations would start. TfL, the Mayor and Government needed to urgently work together on a sustainable funding agreement which prevented the impacts outlined and was more in line with funding models seen for other major global transport authorities.

The Committee noted the critical and sombre situation for TfL and London's transport network that was reflected in the paper, and asked that Members be kept informed of any progress with the funding negotiations as required.

[Action: Andy Byford/Simon Kilonback]

The Committee noted the paper.

60/11/21 Finance Report – Period 7, 2021/22

Simon Kilonback and Rajiv Sachdeva introduced the report, which set out TfL's financial results to the end of Period 7, 2021/22 – the year-to-date period ending 16 October 2021. Variances were shown against the Revised Budget approved by the Board in July 2021. The Revised Budget target included the funding from Government as part of the 1 June 2021 agreement, reflecting the revenue top-up mechanism.

Passenger journey numbers had improved and were 68 per cent of pre-coronavirus pandemic levels, with office workers trailing at 50 per cent. Passenger income was £1.5bn in the year to date, which was 10 per cent below budget due to slower demand. This time last year, income was almost £1.8bn down on pre-pandemic levels and was now £1bn down.

On London Underground, journeys were 65 per cent of pre-pandemic levels, compared to a target of 77 per cent, but showed a steady increase from the previous period where journeys were 59 per cent. An increase in commuter-based trips from 40 per cent of pre-pandemic levels at the end of the summer holidays was currently about 53 per cent.

Weekly station entries were returning quickest in east and north east London, reflecting employment profiles across the city. Demand was returning at all times but with morning peak slightly behind other times of the day. Weekend travel remained strong, with the latest week showing 74 per cent demand, compared to 64 per cent in the previous period.

On buses, journeys were 71 per cent just below target, with bus journeys largely steady since the end of the summer holidays. Weekday bus boarders were returning more consistently across outer London reaching 75 per cent, with smaller increases in central London.

Capital renewals were lower as TfL continued to govern all capital spend tightly through the Finance Commitment Oversight Group. All spend had been cut back to committed spend and in line with the managed decline scenario due to lack of visibility on future funding.

Current funding condition savings target was ahead of plan by £127m, including lower staff costs at over 500FTE below budget, due to high attrition in all areas, recruitment challenges in the market and a backlog of vacancies in all divisions. TfL had cut back on all but essential recruitment so the gap was likely to increase. Through the ongoing savings programme and further one-off savings last year and this year, like for like costs had held stable, absorbing inflation and rebased for service changes, the Elizabeth line, Ultra Low Emission Zone and exceptional costs.

Cash balances were at £1.635bn, which represented a point in time. Closing cash balances on 22 November 2021 were £1.354bn. TfL would have run out of cash in Period 7 had it not received the level of Government funding this year. Cash balances were expected to track below the Revised Budget in the next few periods as fares revenue was lower and so despite the revenue true-up mechanism, there would be less cash benefit in the funding period. £80m grant deferral from 18 October to 10 December 2021 was offered up to the Department for Transport to help stabilise the cash balance.

TfL had seen a strong return in advertising revenue as more people started using the system and there had been some significant investment in advertising assets.

Clarification of the figure of 3,859 per cent variance for media shown on the Capital Expenditure slide would be provided.

[Action: Gareth Powell]

The Committee noted the report.

61/11/21 Build to Rent Joint Venture Agreement

Graeme Craig, Ken Youngman and Ben Tate introduced the paper and related supplemental information on Part 2 of the agenda, which sought approval for a series of amendments to the Joint Venture Agreement (JVA) which TTL Build To Rent Limited entered into on 12 July 2019 with Connected Living London Limited (a wholly owned subsidiary of Grainger Plc), and the incorporation of the associated Funding Condition within the site-specific agreements for lease.

Subject to ongoing discussions with Government and TfL approvals, the New Baseline Plan would see TTL Properties (TTLP) start on sites that delivered 20,000 homes over the next 10 years. The projected annual return to TfL would increase from £6m in 2021/22 to £155.7m over 15 years. Over the same period, the value of TTLP's property

assets were projected to rise from £2.22bn in 2021/22 to £4.46bn in 2035/36. This would be funded by commercial debt that was non-recourse to TfL. Peak debt requirement was forecast to be £500m in 2029/30, although the debt in the first three years remained modest at around £150m.

The need for the amendments to the JVA was driven by the risk introduced into TfL's ability to fund construction as a result of its short-term funding position. Grainger Plc had flagged concerns with continuing to invest should TfL not have funding for its share of costs when the construction funding was required.

The amendments to the JVA represented a 'backstop' mechanism that would only apply if TfL was unable to provide the required funding. They were not expected to be required but were considered reasonable provisions to adopt to ensure continued progress on sites and delivery of homes.

The Build to Rent programme would facilitate the delivery of a sustainable operating surplus from TfL's property assets for reinvestment into the transport system. This remained the primary objective and was consistent with TfL's current Business Plan and Commercial Development's Growth and Investment Strategy.

The Committee:

- 1 noted the paper and the supplementary information on Part 2 of the agenda; and**
- 2 approved the proposed amendments, as substantially described in the Part 1 and Part 2 papers, to the Connected Living London Joint Venture Agreement and the incorporation of the associated Funding Condition within the site-specific agreements for lease.**

62/11/21 TfL Energy Purchasing: Crown Commercial Service

Lilli Matson, Glyn Lenton and Matt Denham introduced the paper, which sought Procurement Authority to extend the existing arrangements with Crown Commercial Services (CCS) to allow the continuation of the current energy purchasing arrangements and risk management strategy, albeit reduced to allow for energy volume to be purchased through a Power Purchase Agreement (PPA). It also updated the Committee on energy purchases since December 2020 through the CCS agreed frameworks.

TfL had developed an Energy Purchasing Strategy in line with the Mayor's Transport Strategy, the London Environment Strategy and TfL's own carbon ambitions as set out in the Corporate Environment Plan.

Extending the existing arrangements with CCS ensured the ongoing supply of cost competitive electricity and gas supplies for TfL's operations in the near term, while also enabling the transition over coming years to renewable energy, in line with TfL's commitment to run a zero-carbon railway by 2030. Continued use of CCS also supported planned future PPA procurements. A further PPA update would be provided in spring 2022. **[Action: Lilli Matson]**

Members asked that consideration be given to having a future discussion at this or another Committee on how to ensure value for money, effectiveness and better

outcomes from CCS on energy, as greater influence and integration to decarbonise power for transport systems was needed, including building relationships and having a stronger voice with Network Rail. **[Action: Lilli Matson]**

The Committee:

- 1 noted the paper;**
- 2 approved Procurement Authority of £402m for the purchase of electricity and natural gas across TfL during the 2024/2025 and 2025/2026 financial years, via the existing frameworks competitively procured by the Crown Commercial Service; and**
- 3 noted that future TfL Business Plans will need to continue to make provision for the supply of energy updating each year to the latest forecast based on TfL's requirements.**

63/11/21 Enterprise Risk Update – Changes in Customer Demand (ER09)

Vernon Everitt introduced the paper and related supplemental information on Part 2 of the agenda, which set out TfL's current understanding and control measures on Enterprise Risk 09 - Changes in Customer Demand (ER09).

ER09 was a very broad risk, with huge potential implications for TfL's financial and transport strategy. The coronavirus pandemic has seen the risk realised in an unprecedented way, creating uncertainty for the medium and long-term.

The risk sat at the heart of TfL's business so scored extremely highly. The financial impact it could create was exceptionally high, as had been experienced over the past 18 months. It also had a fundamental influence over TfL's relationship with customers and stakeholders and the long-term prosperity outlook for London.

Given the current exceptional circumstances, all four risk impact categories were considered to be outside tolerance. Implementing management actions to control and mitigate the risk would mean that the risk was adequately controlled. These included: agile forecasting methods to accommodate continued uncertainty; scenario and risk-based planning; appropriately reviewing service levels; improving the quality of services where possible; and managing demand to attract passengers back to public transport and keep road user charging systems under review to manage congestion and air quality.

Members asked that information be provided in future on measuring how the risk changed over time, to map any deterioration or improvement in the risk so as to better understand the impact of the actions being taken in the current environment.

[Action: Gareth Powell]

The Committee noted the paper and the supplementary information on Part 2 of the agenda.

64/11/21 Members' Suggestions for Future Discussion Items

Howard Carter introduced the item. No additional suggestions were raised for future discussion items on the forward plan or for informal briefings.

The Committee noted the forward plan.

65/11/21 Any Other Business the Chair Considers Urgent

There was no other urgent business.

66/11/21 Date of Next Meeting

The next scheduled meeting of the Committee would be held on Wednesday 9 March 2022 at 10.00am.

67/11/21 Exclusion of the Press and Public

The Committee agreed to exclude the press and public from the meeting, in accordance with paragraph 3 of Schedule 12A to the Local Government Act 1972 (as amended), when it considered the exempt information in relation to the items on: Build to Rent Joint Venture Agreement; and Enterprise Risk Update – Changes in Customer Demand (ER09).

The meeting closed at 12.47pm.

Chair: _____

Date: _____

Finance Committee



Date: 9 March 2022

Item: Matters Arising and Actions List

This paper will be considered in public

1 Summary

1.1 This paper informs the Committee of progress against actions agreed at previous meetings of the Finance Committee.

2 Recommendation

2.1 **The Committee is asked to note the Actions List.**

List of appendices to this report:

Appendix 1: Actions List

List of Background Papers:

Minutes of previous meeting of the Finance Committee.

Contact Officer: Howard Carter, General Counsel
Email: HowardCarter@tfl.gov.uk

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Finance Committee Actions List (to be reported to the meeting on 9 March 2022)

Actions from the meeting held on 24 November 2021

Minute No.	Item/Description	Action By	Target Date	Status/Note
59/11/21	<p>Implications of Reduced Funding for TfL – Funding Agreement Updates</p> <p>The Committee noted the critical and sombre situation for TfL and London’s transport network that was reflected in the paper, and asked that Members be kept informed of any progress with the funding negotiations as required.</p>	Andy Byford/ Simon Kilonback	March 2022	Completed: A budget and funding update was provided to Members at the meeting of the Board on 2 February 2022, and regular update briefings were provided as the funding negotiations progressed.
60/11/21	<p>Finance Report – Media Programme Variance</p> <p>TfL had seen a strong return in advertising revenue as more people started using the system and there had been some significant investment in advertising assets. Clarification of the figure of 3,859 per cent variance for media shown on the Capital Expenditure slide would be provided.</p>	Gareth Powell	March 2022	Clarification of the figure is being sought and will be sent to Members when available.
62/11/21 (1)	<p>TfL Energy Purchasing: Crown Commercial Service (CCS) – Power Purchase Agreement (PPA) Update</p> <p>Continued use of CCS also supported planned future PPA procurements. A further PPA update would be provided in spring 2022.</p>	Lilli Matson	March 2022	Completed: An update paper on PPA procurement together with further information on the Greater London Authority collaborative procurement of PPAs is on the agenda for this meeting.

62/11/21 (2)	<p>TfL Energy Purchasing: Crown Commercial Service (CCS) – CCS Value for Money and Effectiveness</p> <p>Members asked that consideration be given to having a future discussion at this or another Committee on how to ensure value for money, effectiveness and better outcomes from CCS on energy, as greater influence and integration to decarbonise power for transport systems was needed, including building relationships and having a stronger voice with Network Rail.</p>	Lilli Matson	March 2022	An update on CCS was circulated to Members on 1 March 2022.
63/11/21	<p>Enterprise Risk Update – Changes in Customer Demand (ER09)</p> <p>Members asked that information be provided in future on measuring how the risk changed over time, to map any deterioration or improvement in the risk so as to better understand the impact of the actions being taken in the current environment.</p>	Gareth Powell	November 2022	On the forward plan for the meeting of the Committee on 23 November 2022.

Actions from previous meetings

Minute No.	Item/Description	Action By	Target Date	Status/Note
43/10/21 (1)	<p>Finance Report – Ultra Low Emission Zone (ULEZ) and Clean Electric Vehicles Uptake</p> <p>Modelling and tracking the take-up of clean electric vehicles would form part of the monitoring of the ULEZ uptake over the next financial year. Future updates would be provided to the Committee, as a reasonable baseline of data was produced to demonstrate the benefits of the scheme.</p>	Simon Kilonback/ Patrick Doig/ Alex Williams	March 2022	Completed: An update on ULEX income is included in the Finance Report on the agenda for this meeting.

44/10/21	<p>Treasury Activities Information on the strategy for how cash was managed, which bodies were invested in and the criteria of suitability for those organisations given environmental, social and corporate governance factors, would be brought back to the Committee when it considered the next Treasury Management Strategy for 2022/23 at its meeting in March 2022.</p>	Simon Kilonback	March 2022	Completed: The Treasury Management Strategy 2022/23 paper is on the agenda for this meeting.
47/10/21 (1)	<p>Funding Update on TTL Properties Limited (TTLP) – Affordability Report An Affordability Report was being produced and would be shared with the Committee to accompany the TTLP Business Plan in due course.</p>	Graeme Craig	March 2022	This work is ongoing. An update paper on TTLP funding is on the agenda for this meeting.
47/10/21 (2)	<p>Funding Update on TTL Properties Limited (TTLP) – Investment Strategy and Business Plan More remained to be done over the course of the next six months to refine TTLP’s Investment Strategy and Business Plan. These would be brought back to the Committee for approval. In parallel, approvals would be sought for the timing, quantum and mechanism for any debt funding, clearly setting out the implications and risks of such funding.</p>	Graeme Craig	March 2022	This work is ongoing. An update paper on TTLP funding is on the agenda for this meeting.
48/10/21	<p>Power Purchase Agreement (PPA 1 - Operational Assets) More information on the context and framework within the broader Power Procurement model would be included when a paper on PPA procurement was next brought back to the Committee.</p>	Lilli Matson	March 2022	Completed: An update paper on PPA procurement is on the agenda for this meeting.

26/06/21	<p>Finance Report – Performance on Key Funding Settlement Commitments</p> <p>The Chair commented that the Committee provided good scrutiny, governance and assurance around how the business was performing financially and asked that performance on key commitments made under the financial settlement be brought to the Committee going forward, particularly around the longer-term funding structure and how multiple tills might operate across the organisation.</p>	Simon Kilonback	November 2021	<p>Completed: An update on funding conditions and structural reform was provided at the Committee meeting in November 2021. A budget and funding update was provided to Members at the meeting of the Board on 2 February 2022.</p>
31/06/21	<p>Update on Income from Developers Through Planning Obligations and Other Related Funding Mechanisms to Deliver TfL Transport Priorities – Levelling Up Investment Presentation</p> <p>Lucinda Turner confirmed that, to make a stronger case for levelling up investment in London which had some of the most deprived boroughs in the country, the City Planning team was putting together a presentation with a compelling narrative on the greater contribution and delivery of outcomes that TfL made and Government wanted to see around carbon reduction, mode shift and as a catalyst for economic growth, and which would be shared with the Committee as it emerged.</p>	Lucinda Turner	June 2022	<p>The levelling up investment presentation by the City Planning team will be shared with Members when available.</p>

<p>04/03/21 (Chair's Action)</p>	<p>Silvertown Tunnel Procurement Review As a result of the Silvertown Tunnel Chair's Action, a procurement lessons-learned exercise would be undertaken and reported back to the Committee. Consideration would be given to how best to include independent validation into the exercise and would be agreed with the Deputy Mayor.</p>	<p>Simon Kilonback/ Jonathan Patrick/ Lorraine Humphrey</p>	<p>March 2022</p>	<p>Completed: The Independent Investment Programme Advisory Group Procurement Process Review paper is on the agenda for this meeting.</p>
<p>66/11/20</p>	<p>TfL Energy Purchasing: Crown Commercial Service and Power Purchase Agreements (PPAs) Agreement of the PPAs and their procurement would be brought back to a future meeting of the Committee and was dependent on securing longer-term future funding, which would enable TfL to sign long-term contracts.</p>	<p>Lilli Matson</p>	<p>March 2022</p>	<p>Completed: An update paper on PPA procurement together with further information on the Greater London Authority collaborative procurement of PPAs is on the agenda for this meeting.</p>

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Finance Committee



Date: 9 March 2022

Item: Use of Delegated Authority

This paper will be considered in public

1 Summary

- 1.1 The use of delegated authority is a standing item on the agenda to inform the Committee of any use of delegated authority by the Committee, through Chair's Action or of Procurement or Land Authority (in respect of matters within the Committee's remit) granted by the Commissioner and the Chief Finance Officer in accordance with delegated authorities under TfL's Standing Orders since the last meeting of the Committee. The paper also provides information on Mayoral Directions to TfL within the Committee's remit.
- 1.2 Since the meeting of the Committee on 24 November 2021, there has been:
 - (a) seven uses of Chair's Action, five exercising authority delegated by the Board in relation to TfL's funding arrangements and two relating to the extension of contracts for Premises and Fabric Maintenance and Security Services;
 - (b) no use of Procurement Authority by the Commissioner or the Chief Finance Officer and no use of Land Authority; and
 - (c) one Mayoral Direction to TfL in relation to March 2022 fare changes (MD2937, 14 February 2022).
- 1.3 A similar paper is submitted to the Programmes and Investment Committee in respect of any use of Chair's Action or Procurement Authority and Programme and Project Authority granted by the Commissioner and the Chief Finance Officer in respect of matters within that Committee's remit, together with relevant Mayoral Directions.

2 Recommendation

- 2.1 **The Committee is asked to note the paper.**

3 Use of Authority Delegated by the Board

- 3.1 There has been no use of authority delegated by the Board since the last meeting.

4 Use of Chair's Action

- 4.1 Under Standing Order 113, in situations of urgency, the Board delegates to each of the Chair and the Chairs of any Committee or Panel the exercise of any functions of TfL on its behalf, including the appointment of Members to Committees and Panels. Any use of Chair's Action is reported to the next ordinary meeting.
- 4.2 There have been seven uses of Chair's Action since the last meeting relating to TfL Funding Packages and contract extensions.

Funding Packages

- 4.3 At the meetings of the Board on 8 December 2021 and 2 February 2022, Members were updated on the progress of discussions with Government on securing a long-term funding settlement for TfL, given the impact of the coronavirus pandemic on TfL's finances. There have been four extensions of the third extraordinary funding and financing package (the Third Funding Package) and a new fourth extraordinary funding and financing package (the Fourth Funding Package) to ensure TfL continued to provide transport services in London. The Chair of the Finance Committee exercised Chair's Action, following consultation with available Members of the Board, to approve each extension of the Third Funding Package and to approve the Fourth Funding Package.
- 4.4 The Third Funding Package initially covered the funding period 1 June to 11 December 2021. It was extended on four occasions:
- (a) on 11 December 2021 a one-week extension was agreed to 18 December 2021;
 - (b) on 17 December 2021 an extension was agreed to 4 February 2022;
 - (c) on 4 February 2022 a two-week extension was agreed to 18 February 2022; and
 - (d) on 19 February 2022 a one-week extension was agreed to 25 February 2022.
- 4.5 On 25 February 2022, the Fourth Funding Package was approved to cover the funding period 26 February to 24 June 2022. This package provides certainty in relation to income, in addition to the Extraordinary Support Grant of £200m. It also includes a number of conditions, which includes the continuation and further development of initiatives commenced under previous funding agreements with the Department for Transport.
- 4.6 The use of Chair's Actions to approve the funding arrangements have been published on [tfl.gov.uk](https://www.tfl.gov.uk).

Premises and Fabric Maintenance Contract Extension

- 4.7 On 26 January 2022, Members considered a request relating to the supply of premises and fabric maintenance services across the TfL estate, which is a business as usual protection of safety critical assets. The use of Chair's Action was considered appropriate as a decision was required ahead of this meeting of the Committee.
- 4.8 On 28 January 2022, the Chair of the Committee (in consultation with available Members) noted the paper and the supplementary exempt appendix and granted additional Procurement Authority for the extension of a contract for the supply of premises and fabric maintenance services across the TfL estate.
- 4.9 The paper has been published on the TfL website but the appendix remains exempt from publication.

Security Services Contract Extension

- 4.10 On 26 January 2022, Members considered a request relating to the provision of security services across the TfL estate (Security Services) which is a business as usual protection of safety critical assets. The use of Chair's Action was considered appropriate as a decision was required ahead of this meeting of the Committee.
- 4.11 On 28 January 2022, the Chair of the Committee (in consultation with available Members) noted the paper and the supplementary exempt appendix and granted additional Procurement Authority for the extension of a contract for the supply of security services across the TfL estate.
- 4.12 The paper has been published on the TfL website but the appendix remains exempt from publication.

5 Procurement and Land Authority Approvals

- 5.1 Procurement Authority is the authority to make a binding or contractual commitment with a supplier for the purchase of goods, services, land or works or to receive income arising from TfL Group activities in the areas of goods, services, land or works.
- 5.2 Land Authority is the authority to engage in a Land Transaction or to dispose of any assets.
- 5.3 The Board had delegated to the Committee approval of unlimited Procurement Authority and Land Authority in relation to Transactions and Commercial Development opportunities. The approvals delegated to the Commissioner and the Chief Finance Officer are set out in the Table of Authorities in Standing Order 169.
- 5.4 Since the last meeting, there has been no use of delegated authority to approve Procurement Authority nor Land Authority by the Commissioner and the Chief Finance Officer.

5.5 The Commissioner has not granted Procurement Authority since the last meeting.

6 Mayoral Directions to TfL

6.1 The Greater London Authority (GLA) Act 1999 (as amended), permits the Mayor to issue to TfL general directions as to the manner in which TfL is to exercise its functions or specific directions as to the exercise of its functions (or not to exercise a power specified in the direction). Directions are also often made in relation to the implementation of matters in respect of which the Mayor delegates statutory powers to TfL.

6.2 The Mayor makes Mayoral Directions through Mayoral Decisions. Papers for Mayoral Directions set out the financial and other implications. If those implications change over time, that will be reported to the GLA.

6.3 All Mayoral Decisions are issued in writing, with the information that is not exempt from publication included on the GLA's Decisions Database on its website: <https://www.london.gov.uk/about-us/governance-and-spending/good-governance/decisions?order=DESC>.

6.4 Mayoral Directions fall into three broad categories: those addressing technical issues relating to statutory powers; those related to commercial development activities; and those related to projects and programmes. Mayoral Directions relating to TfL are reported to the Board's Committees for discussion as soon as possible after they are received by TfL or published. Regular reports will list the relevant Directions for as long as they are applicable.

6.5 Annually the Audit and Assurance Committee considers the list as part of its consideration of the annual audit plan to ensure that appropriate audit resource is applied to assurance on TfL's work in implementing Mayoral Directions. This will also be kept under review at each quarterly meeting of that Committee.

6.6 A summary of current Mayoral Directions to TfL is maintained on the "How we are governed" page on our website, with links to the relevant Mayoral Decisions: <https://tfl.gov.uk/corporate/about-tfl/how-we-work/how-we-are-governed>. That page will be updated as and when further Directions are made.

6.7 Mayoral Directions to TfL addressing technical issues with our statutory powers or related to our commercial development activities are reported to this Committee.

6.8 There has been one Direction issued to TfL since the last meeting.

March 2022 Fares Changes (MD2937, 14 February 2022)

6.9 Since May 2020, there have been a series of funding agreements with Government to ensure TfL can continue to deliver an effective and efficient transport service to Londoners throughout the coronavirus pandemic and

beyond. A long-term objective of the funding agreements is that TfL obtains financial sustainability as soon as possible, with a target date of April 2023.

6.10 Further to a funding agreement with Government dated 1 June 2021, and an extension and amendments to that June 2021 agreement made on 17 December 2021, the Mayor committed to implementing an overall increase on fares of Retail Price Index (RPI) +1 per cent.

6.11 On 14 February 2022, the Mayor approved a Fares Revision to deliver this commitment. The changes are required so that TfL can reach financial sustainability in line with the long-term objective of the funding agreements, while ensuring the increase in fares is as affordable as possible for Londoners. The fares increases were implemented from 1 March 2022.

6.12 A summary of the fares revision is:

- (a) bus and tram single fares to increase by 10p to £1.65; and the daily bus and tram cap to be raised to £4.95. The Bus & Tram Pass season price is increased to £23.30 for a 7 Day ticket. The free Hopper transfer will remain in place, permitting multiple free bus and tram transfers within an hour;
- (b) on the Tube in Zones 1-6, and on other rail services in London where Tube fares apply, pay-as-you-go (PAYG) fares will typically increase by between 10p and 30p;
- (c) Travelcard prices and the associated PAYG caps will increase in line with RPI from 1 March. These increases reflect national government rail fares policy, over which the Mayor has no control. As a result, Travelcard season ticket prices and the associated all-day PAYG caps increase by 3.8 per cent overall;
- (d) fares on TfL services for journeys from outside London are subject to guidance from the Department for Transport, with the same fares applying on Train Operating Company and TfL services.

List of appendices to this report:

None.

List of Background Papers:

Minutes from previous meetings of the Committee.
Greater London Authority Decision Making Database.

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Finance Committee

Date: 9 March 2022

Item: Finance Report – Period 11, 2021/22

This paper will be considered in public

1 Summary

1.1 The Finance Report presentation sets out TfL's financial results to the end of period 11, 2021/22 – the year-to-date ending 5 February 2022.

2 Recommendation

2.1 **The Committee is asked to note the Finance Report.**

3 Financial Reporting to the Committee

Finance Report – Period 11, 2021/22

3.1 The Finance Report presentation provides a summary of year-to-date financial performance against the Revised Budget (approved by the Board on 28 July 2021) and last year.

List of appendices to this report:

Appendix 1: Finance Report Presentation

List of Background Papers:

None

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Finance Report

Period 11, 2021/22

Management results from 1 April 2021 – 5 February 2022

Finance Committee

9 March 2022



Section I

Period 11, 2021/22 results: divisional performance

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Divisional performance	1
TfL Group performance	2



London Underground

Tube journeys were 58% of pre-pandemic levels in the latest period, up from 48% in the prior period. Journeys remain lower than levels throughout Q3. Passenger income is £1,257m, (£278m) lower than Budget, driven by 108 million fewer passenger journeys. However, this is still more than double the value we saw last year.

Operating costs are (£1,707m) in the year to date, broadly in line with last year and £54m below Budget. This is mainly driven by lower staff costs, lower coronavirus-related spend, and lower demand and service-related costs, the latter including lower traction current use.

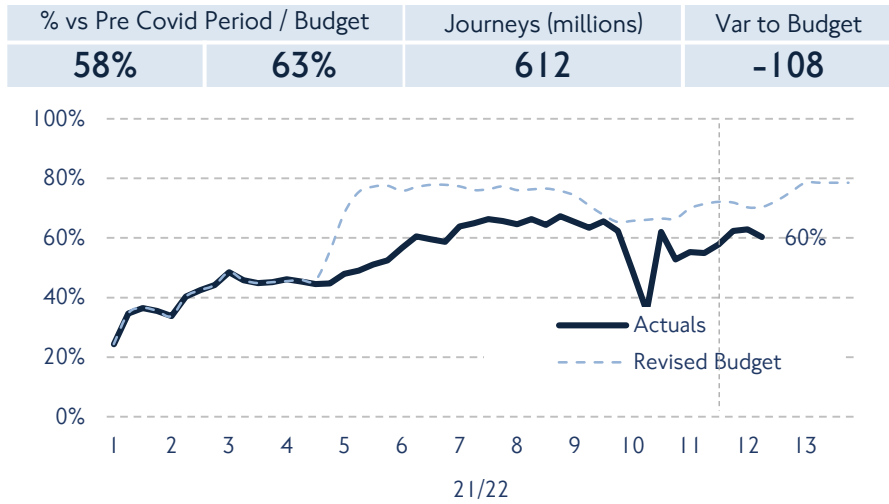
London Underground

Operating account (£m)
Passenger income
Other operating income
Total operating income
Government furlough grant
Total income
Operating costs
Net operating surplus
Indirect costs
Net financing costs
Capital renewals
Net cost of operations
New capital investment

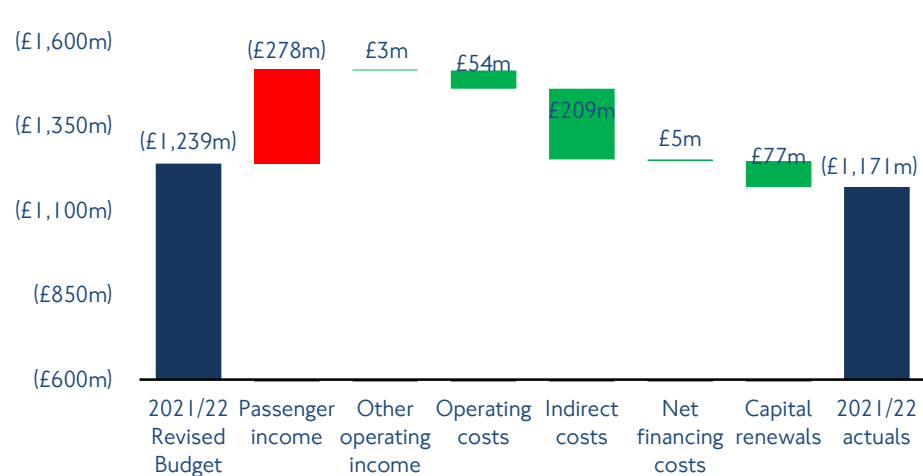
Year to date, 2021/22			
Actuals	Revised Budget	Variance to Revised Budget	% variance to Revised Budget
1,257	1,536	(278)	-18%
21	17	3	20%
1,278	1,553	(275)	-18%
0	0	0	N/A
1,278	1,553	(275)	-18%
(1,707)	(1,761)	54	-3%
(429)	(208)	(221)	106%
(257)	(466)	209	-45%
(238)	(243)	5	-2%
(246)	(323)	77	-24%
(1,171)	(1,239)	69	-6%
(18)	(21)	3	-16%

Year to date, 2020/21		
Last year	Variance to last year	% variance to last year
560	697	124%
16	4	27%
576	701	122%
37	(37)	-100%
614	664	108%
(1,704)	(3)	0%
(1,090)	661	-61%
(242)	(15)	6%
(238)	(0)	0%
(146)	(100)	68%
(1,717)	546	-32%
(26)	8	-32%

Tube journeys compared to pre-pandemic baseline



Net cost of operations compared to Budget



Elizabeth line

Elizabeth line journeys are 60% of pre-pandemic levels in Period 11, up from 58% last period. Passenger income is (£10m) lower than Budget, from lower than expected journeys.

Operating costs are £18m lower than Budget, mainly driven by lower rolling stock maintenance costs, lower regulatory charges (the latter offset in other operating income), and slower than expected recruitment.

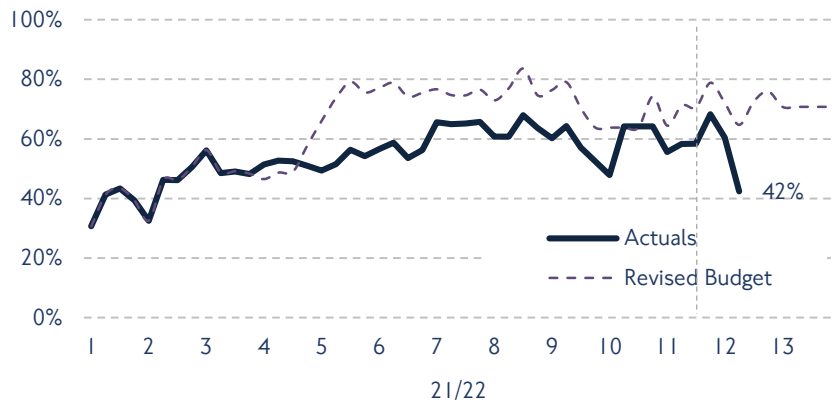
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Elizabeth line

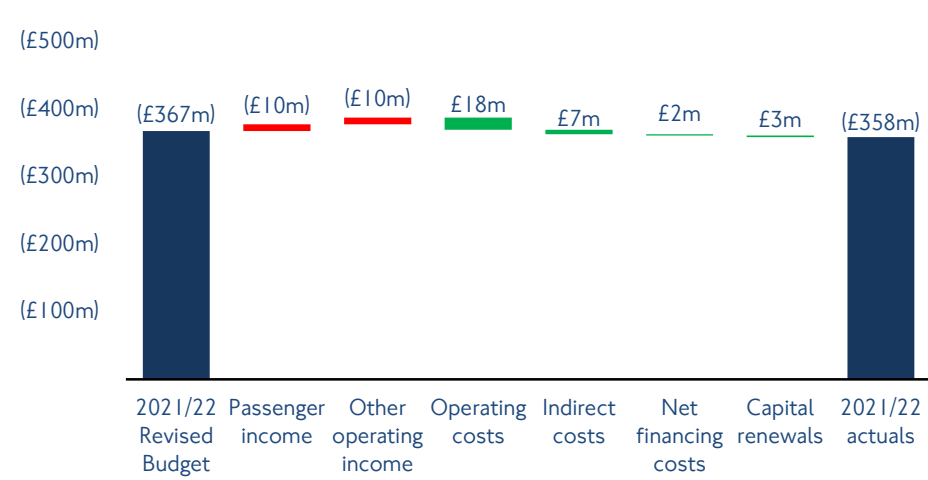
Operating account (£m)	Year to date, 2021/22				Year to date, 2020/21		
	Actuals	Revised Budget	Variance to Revised Budget	% variance to Revised Budget	Last year	Variance to last year	% variance to last year
Passenger income	75	86	(10)	-12%	34	41	121%
Other operating income	21	31	(10)	-32%	6	15	240%
Total operating income	97	117	(20)	-17%	40	56	140%
Operating costs	(368)	(386)	18	-5%	(277)	(91)	33%
Net operating surplus	(271)	(269)	(2)	1%	(236)	(35)	15%
Indirect costs	(7)	(14)	7	-48%	(6)	(2)	27%
Net financing costs	(80)	(81)	2	-2%	(79)	(0)	0%
Capital renewals	(0)	(3)	3	-100%	0	(0)	N/A
Net cost of operations	(358)	(367)	9	-2%	(321)	(37)	11%
New capital investment	(10)	(11)	2	-14%	(30)	20	-67%
Crossrail construction	(507)	(606)	99	-16%	(620)	113	-18%
New capital investment	(516)	(617)	101	-16%	(649)	133	-21%

EL journeys compared to pre-pandemic baseline

% vs Pre Covid Period / Budget		Absolute m	Var to Bud m
60%	63%	33	-6



Net cost of operations compared to Budget



Buses, Streets & Other operations

Bus journeys are 72% of pre-pandemic levels in the latest period, up from 66% in Period 10. Journeys were tracking close to target before P10, and have returned to this position following lifting of coronavirus restrictions. Passenger income is £6m higher than Budget despite 28 million fewer journeys, a result of better than expected yield.

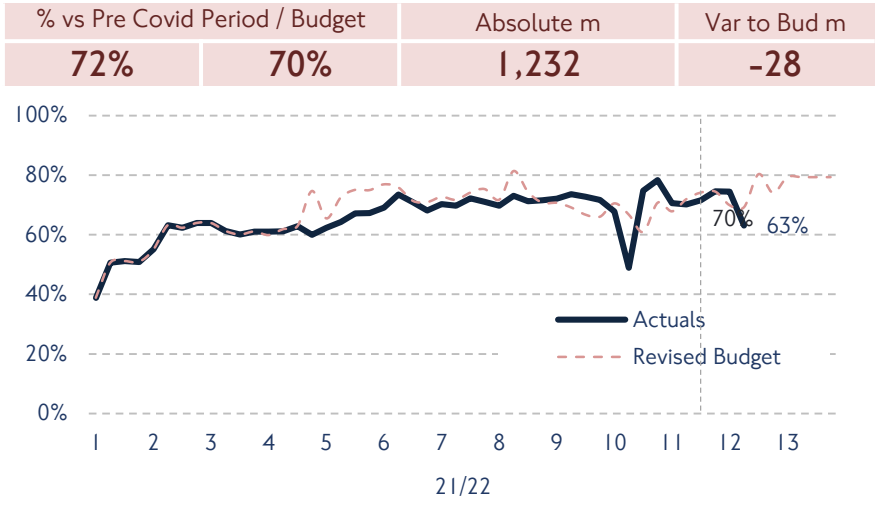
Other operating income is £661m, (£20m) lower than Budget driven by higher Congestion Charge income offset by lower ULEZ expansion income, the latter a result of higher than expected compliance levels.

Operating costs are £12m lower than Budget due to staff cost savings, lower bus operator payments, partly offset by higher bad debt costs.

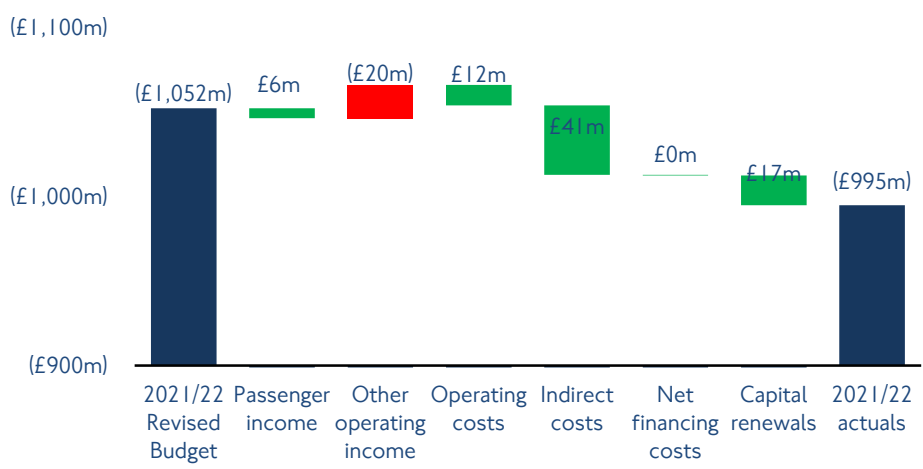
Buses, Streets & Other operations

Operating account (£m)	Year to date, 2021/22				Year to date, 2020/21		
	Actuals	Revised Budget	Variance to Revised Budget	% variance to Revised Budget	Last year	Variance to last year	% variance to last year
Passenger income	920	914	6	1%	595	325	55%
Other operating income	661	680	(20)	-3%	435	226	52%
Total operating income	1,581	1,595	(14)	-1%	1,031	550	53%
Government furlough grant	0	0	0	N/A	9	(9)	-100%
Total income	1,581	1,595	(14)	-1%	1,040	541	52%
Operating costs	(2,387)	(2,399)	12	0%	(2,369)	(18)	1%
Net operating surplus	(806)	(804)	(2)	0%	(1,329)	524	-39%
Indirect costs	(76)	(117)	41	-35%	(96)	20	-21%
Net financing costs	(23)	(23)	0	-2%	(23)	0	0%
Capital renewals	(90)	(108)	17	-16%	(79)	(11)	14%
Net cost of operations	(995)	(1,052)	57	-5%	(1,528)	533	-35%
New capital investment	(88)	(128)	40	-32%	(109)	21	-20%

Bus journeys compared to pre-pandemic baseline



Net cost of operations compared to Budget



Rail

Rail journeys – including London Overground, DLR and Trams – are 63% of pre-pandemic levels in Period 11, slightly down on prior period. Passenger income is (£18m) lower than Budget, with journeys 19 million lower than target this year.

Operating costs are £10m better than Budget, largely a result of one off cost reductions and staff cost savings.

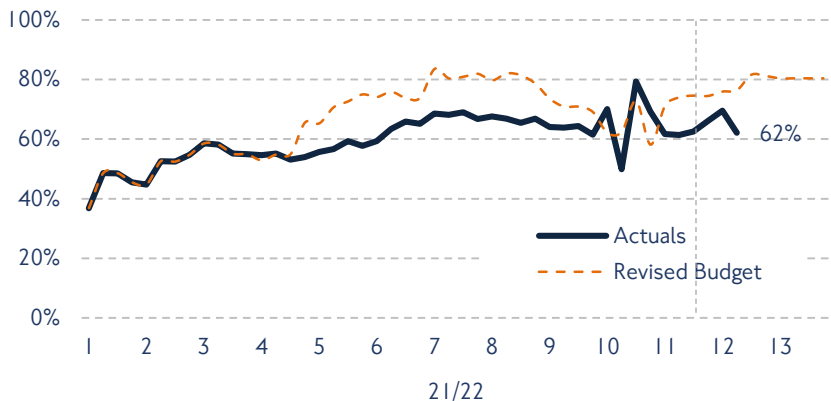
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Rail

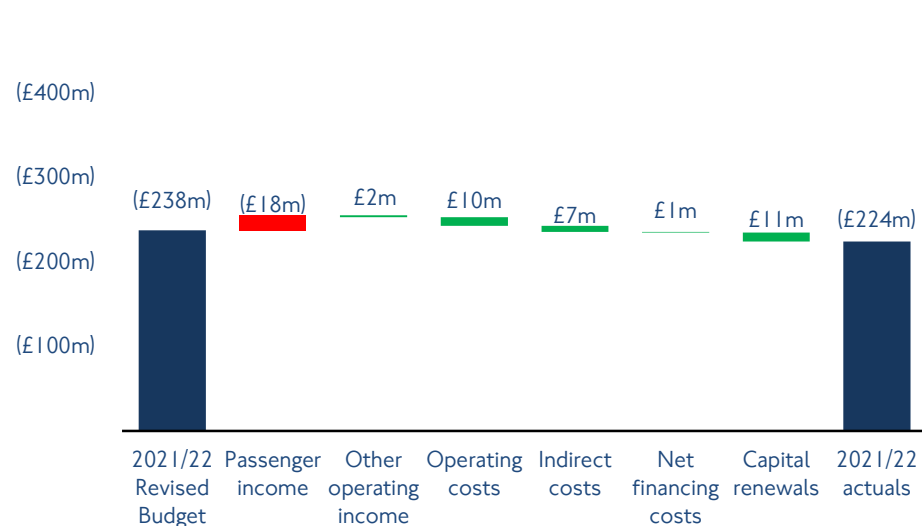
Operating account (£m)	Year to date, 2021/22				Year to date, 2020/21		
	Actuals	Revised Budget	Variance to Revised Budget	% variance to Revised Budget	Last year	Variance to last year	% variance to last year
Passenger income	240	257	(18)	-7%	118	121	102%
Other operating income	13	11	2	19%	5	8	170%
Total operating income	253	268	(15)	-6%	123	129	105%
Operating costs	(399)	(409)	10	-2%	(390)	(9)	2%
Net operating surplus	(146)	(141)	(5)	4%	(267)	120	-45%
Indirect costs	(13)	(20)	7	-35%	(16)	2	-16%
Net financing costs	(34)	(35)	1	-2%	(34)	0	0%
Capital renewals	(31)	(41)	11	-26%	(24)	(6)	26%
Net cost of operations	(224)	(238)	13	-6%	(341)	117	-34%
New capital investment	(9)	(11)	1	-13%	(19)	10	-53%

Rail journeys compared to pre-pandemic baseline

% vs Pre Covid Period / Budget	Absolute m	Var to Bud m
63%	172	-19



Net cost of operations compared to Budget



Major Projects Directorate

Year to date capital spend is £48m lower than Budget, driven by £21m in-year slippage for land purchase required for the DLR HIF project (which was delayed as part of the latest funding discussion). This funding has since been agreed and provided during P12. The remaining underspend is due to resource shortages for Piccadilly line rolling stock infrastructure work, as well as delays to Elephant & Castle following prolonged negotiation of the Development Agreement which delayed the planned start of the physical works.

Major Projects Directorate

Operating account (£m)

Other operating income	
Total operating income	
Government furlough grant	
Total income	
Operating costs	
Net operating surplus	
Indirect costs	
Net financing costs	
Capital renewals	
Net cost of operations	
New capital investment	

Actuals	Year to date, 2021/22		
	Revised Budget	Variance to Revised Budget	% variance to Revised Budget
7	9	(2)	-20%
7	9	(2)	-20%
0	0	0	N/A
7	9	(2)	-20%
(12)	(16)	4	-24%
(5)	(7)	2	-29%
(22)	(29)	8	-26%
0	0	0	N/A
(5)	(7)	1	-19%
(32)	(43)	11	-25%
(440)	(487)	47	-10%

Last year	Year to date, 2020/21	
	Variance to last year	% variance to last year
6	1	18%
6	1	18%
2	(2)	-100%
8	(1)	-15%
(36)	23	-66%
(27)	22	-81%
(28)	6	-22%
0	0	N/A
(3)	(3)	114%
(58)	25	-44%
(402)	(38)	9%

Four Line Modernisation



The next section of signalling, between Sloane Square, Paddington, Fulham Broadway and Barons Court, remains on target to go live in spring 2022. This phase, called signalling migration area 5, will involve upgrading the highly complex junction at Earl's Court and will mean the entire Circle line will have been upgraded to the new signalling system. Factory acceptance testing of software for this area was completed in December 2021 and a final weekend of testing, involving engineering and passenger trains, was completed on 10 January 2022.

Piccadilly Line Upgrade



The stage one assurance for the new trains was completed on 14 December 2021, ahead of target. On 15 December, the new Piccadilly line train cab mock-up arrived at the Tunnelling and Construction Academy in East London from Siemens in Germany. It will be in London until the end of March 2022, before moving to the innovation hub at Siemens manufacturing facility in Goole.

The procurement of the high voltage power framework is progressing and we are now in negotiation with the tenderers. We expect the final contract award recommendation to be approved in March 2022.

Bank Station Upgrade



The works and preparation for the Northern line Bank branch closure have concluded. We ran an extensive communication, marketing and operational campaign to manage travel demand and minimise the impact on customers.

This line closure between Kennington and Moorgate started as planned on 15 January and will last for 17 weeks. At the end of this closure, a new platform and central concourse will be brought into use, which will help relieve congestion on the Northern line platform.

Section 2 Period 11, 2021/22 results: TfL Group performance

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Divisional performance 1

TfL Group performance 2



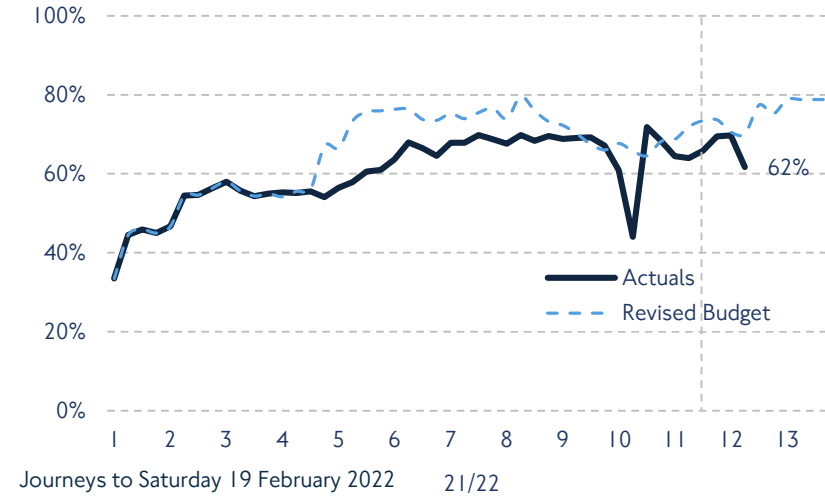
Headlines

Total TfL journeys were 66% of pre-pandemic levels in Period 11. Journeys declined over Period 10, as a result of the Omicron variant. Since the New Year, and with the removal of working from home guidance, journeys have begun to increase again. Passenger income was down around £50m on prior periods; year-to-date income is lower than Budget and around £1.5bn lower than pre-pandemic levels.

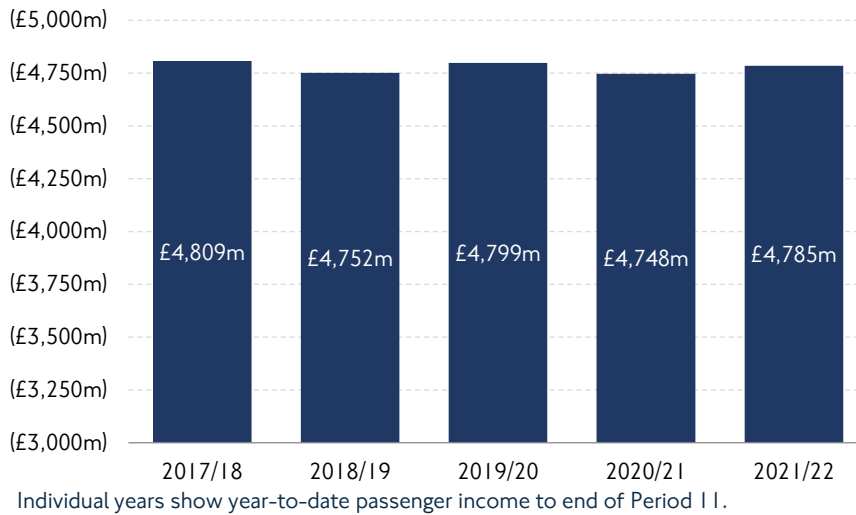
Cash balances have seen a significant deterioration since Q3. A new funding agreement of 25 February 2022, replaces the earlier agreement of 1 June 2021. The new agreement provides top up funding for passenger income (up to an agreed limit) as well as £200m base funding spread over April to June 2022. Under the terms of the agreement, we expect average cash balances to be maintained at £1.2bn.

Headlines

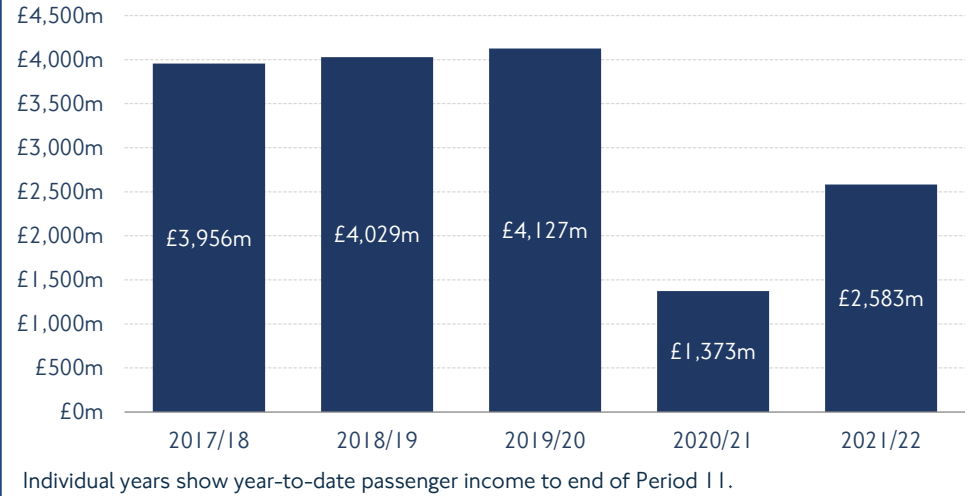
Total passenger journeys 66% of pre-pandemic levels in latest period and below target after the festive period



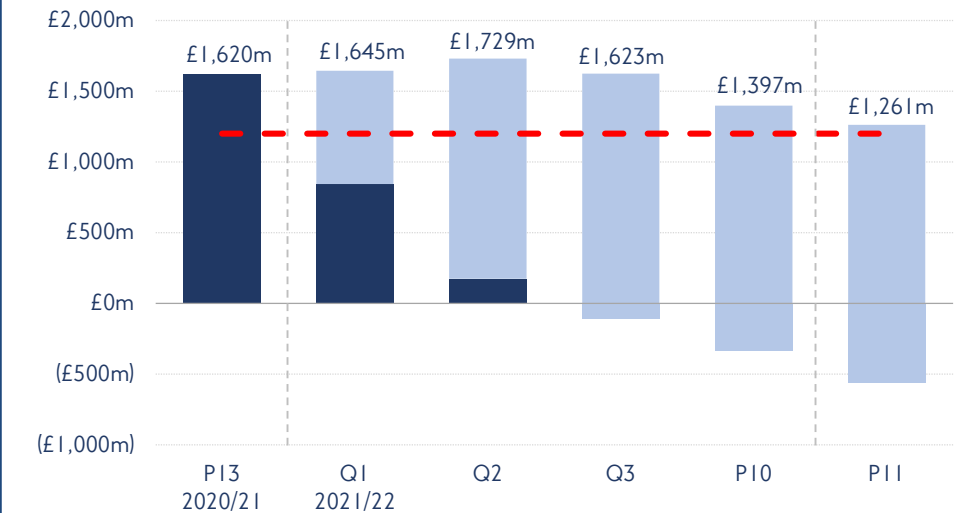
Like-for-like operating costs broadly in line with last year; costs kept broadly flat over past five years with savings mitigating inflationary pressures



Passenger income is £1.2bn higher than last year, but £257m lower than Budget; year-to-date income approx. £1.5bn lower than pre-pandemic levels



Cash balances have reduced as government funding declines and are now close to our minimum cash balance of £1.2bn



Passenger journeys

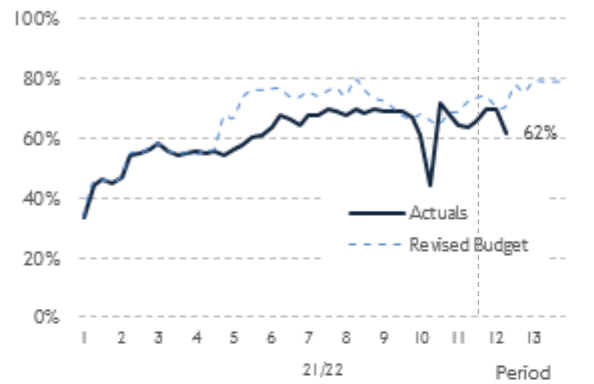
Total passenger journeys are 66% of pre-pandemic levels in Period 11, slightly below target. Q3 saw demand broadly flat. However, following the Government announcement of Plan B restrictions, journeys declined throughout the festive period. Overall journeys have rebounded in P 11, but have not reached pre-December 2021 levels.

Bus and Tube journeys are at 74% and 62% of pre-pandemic levels respectively at the end of Period. Tube levels broadly in line with September 2021.

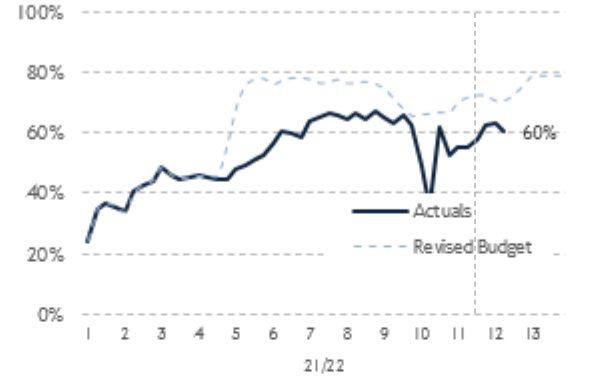
Passenger journeys

Journeys compared to pre-pandemic baseline (adjusted 2018/19 journeys)
 Target is budgeted demand against this baseline; 'P' denotes latest period; 'Y' denotes year-to-date performance

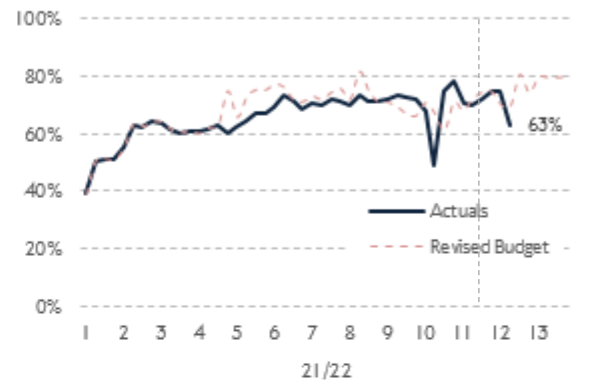
TfL	% vs Pre Covid week / budget		Absolute m		Var to Bud m
	66%	68%	P	204	-20
			Y	2,049	-161



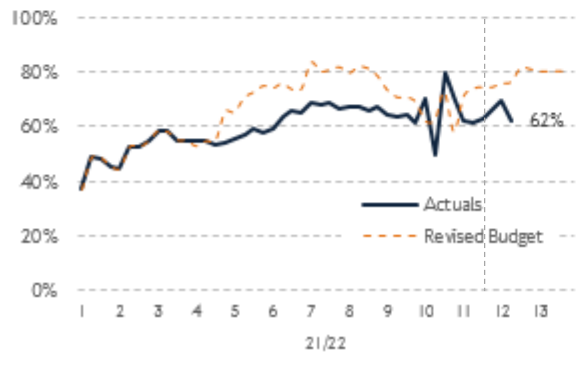
LU	% vs Pre Covid week / budget		Absolute m		Var to Bud m
	58%	63%	P	62	-15
			Y	612	-108



Bus	% vs Pre Covid week / budget		Absolute m		Var to Bud m
	72%	70%	P	123	-1
			Y	1,232	-28



Rail	% vs Pre Covid week / budget		Absolute m		Var to Bud m
	63%	69%	P	16	-3
			Y	172	-19

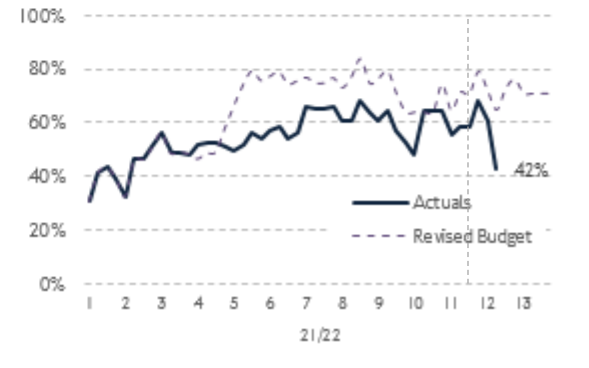


LO	% vs Pre Covid week / budget		Absolute m		Var to Bud m
	63%	71%	P	9	-2
			Y	92	-13

DLR	% vs Pre Covid week / budget		Absolute m		Var to Bud m
	62%	65%	P	6	-1
			Y	64	-5

Tram	% vs Pre Covid week / budget		Absolute m		Var to Bud m
	67%	70%	P	2	0
			Y	16	-1

TfLR	% vs Pre Covid week / budget		Absolute m		Var to Bud m
	60%	63%	P	3	-1
			Y	33	-6



ULEZ

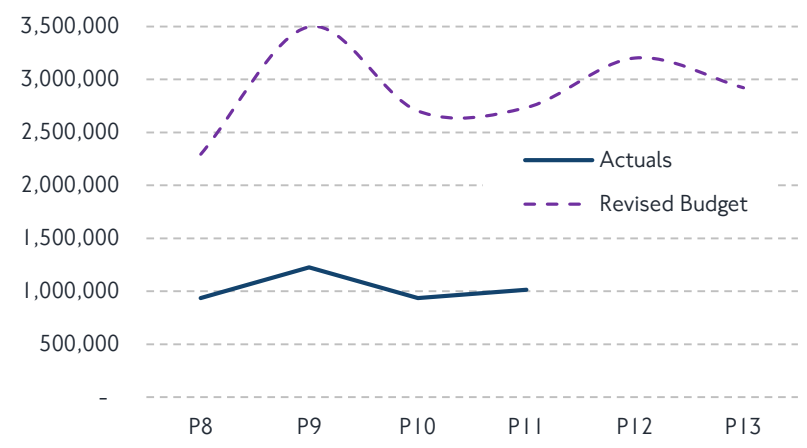
Since the expansion of the ULEZ scheme in late October 2021 average daily volumes up to the end of P11 are 40k which represents a circa 63% reduction against the Budget (107k). The reduction in volumes is positive for London as seeing higher compliance.

The reduction can be broadly attributed to the following 3 factors;

- Base volume assumptions pertaining to vehicles entering the zone were around 33% what has been observed
- Compliance has been significantly higher than forecast, on average around 5% higher than Budget. This has contributed to another 25% reduction against budgeted charge volumes
- Contraventions are at around 20%, whereas the Budget assumed 10%; this has further contributed to the reduction in charges.

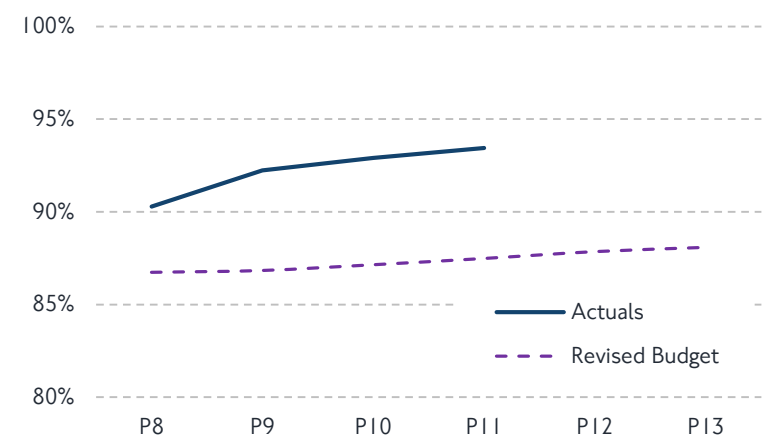
ULEZ charge and compliance levels

ULEZ Charge Volumes



- ULEZ charge volumes in P11 are circa 1 million, which represents a 63% reduction against Budget.
- Against the latest forecast current charge volumes are around 14% behind as post-Christmas recovery of non-compliant vehicles lags behind expectations.

ULEZ Compliance Volumes



- Compliance in P11 was 93.4%, which is just under 6% higher than the Budget.
- Compliance in the ULEZ zone continues to grow at an accelerated rate, P11 represents 2.4% increase from P8.

Operating account

Passenger income is £2,583m year to date, which is £1.2bn higher than last year, but (£257m) below Budget. This is driven by lower journeys across all modes. Other operating income is £1m higher than Budget, with earlier Congestion Charge favourability largely eroded by lower ULEZ expansion income.

Operating costs are £337m below Budget from a combination of: lower underlying costs (£118m), timing differences (£139m), and from the release of contingency (£80m) held to mitigate high risk uncertainties.

Extraordinary revenue grant is £268m higher than Budget, a result of higher revenue top up, which offsets lower passenger income.

Operating account

Operating account (£m)
Passenger income
Other operating income
Total operating income
Business Rates Retention
Revenue grant
Government furlough grant
Total income
Operating cost
Net operating surplus
Net financing costs
Net cost of operations after financing
Capital renewals
Net cost of operations
Extraordinary revenue grant
Net cost of operations after extraordinary revenue grant

Year to date, 2021/22			
Actuals	Revised Budget	Variance to Revised Budget	% variance to Revised Budget
2,583	2,840	(257)	-9%
954	954	1	0%
3,537	3,793	(257)	-7%
851	835	16	2%
56	52	4	8%
0	0	0	N/A
4,444	4,680	(236)	-5%
(5,470)	(5,807)	337	-6%
(1,025)	(1,126)	101	-9%
(375)	(382)	7	-2%
(1,400)	(1,508)	108	-7%
(407)	(594)	187	-32%
(1,807)	(2,102)	295	-14%
1,721	1,453	268	18%
(86)	(648)	563	-87%

Year to date, 2020/21		
Last year	Variance to last year	% variance to last year
1,373	1,210	88%
641	313	49%
2,014	1,523	76%
814	37	5%
50	7	14%
58	(58)	-100%
2,935	1,509	51%
(5,376)	(93)	2%
(2,441)	1,416	-58%
(375)	0	0%
(2,816)	1,416	-50%
(268)	(138)	52%
(3,085)	1,278	-41%
2,031	(310)	-15%
(1,053)	968	-92%

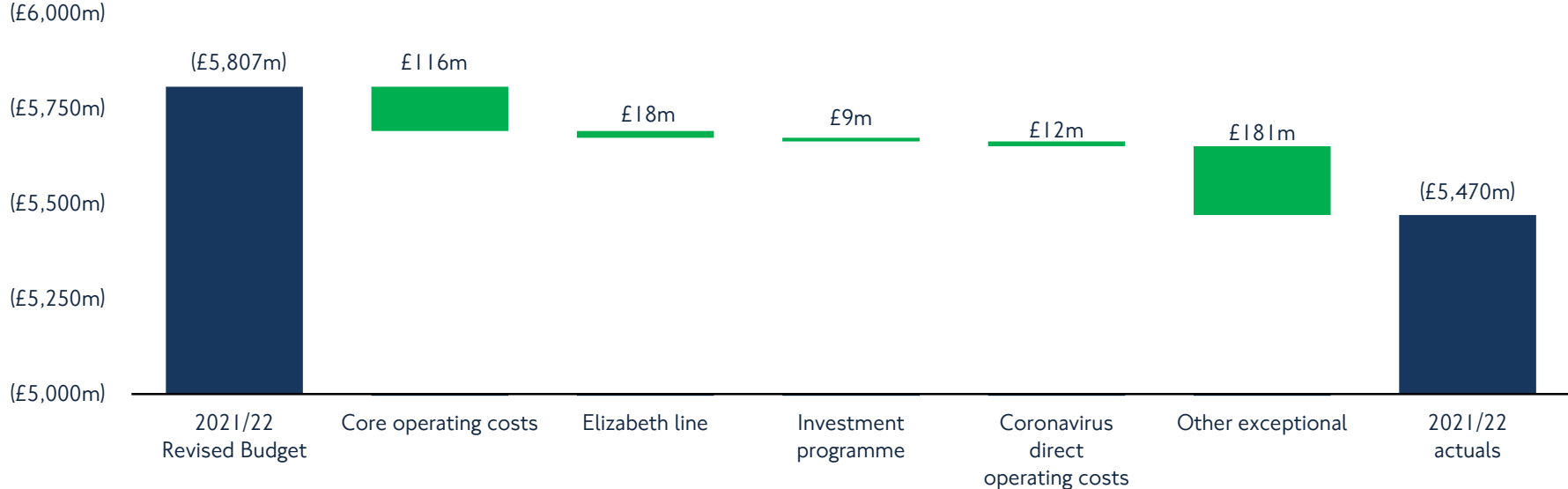


Operating costs

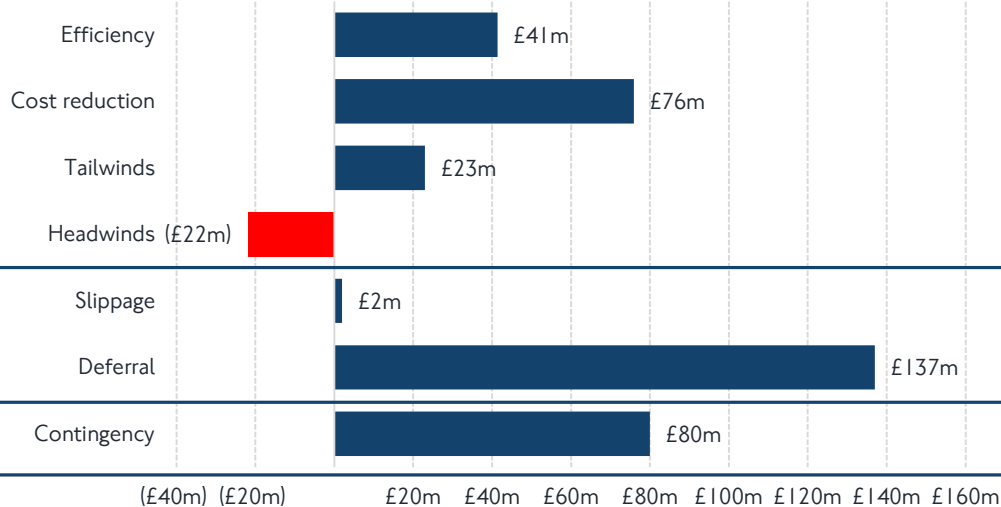
Total operating costs are £337m lower than Budget. Underlying costs are £118m better than expected, driven by lower recruitment and staff cost savings and lower demand-related costs. This is partly offset by pressures on Road User Charging bad debt, which is just over £20m higher than Budget (although offset by additional income).

Operating account contingency of £80m has been released in the year to date, which was in place to offset high-risk operating account uncertainties such as the net revenue to be generated from the expanded ULEZ zone.

Operating costs



Operating costs: drivers of year-to-date variances (£m)



Underlying costs £118 better

Timing differences of £139m

Contingency £80m favourable

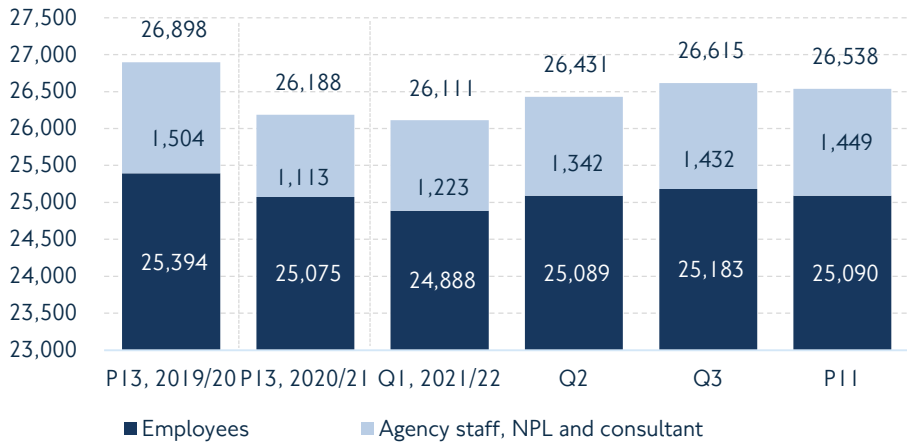
Staff

TfL staff levels are 360 lower than pre-pandemic levels. We have increased staff levels this year by around 350 FTE, following the introduction of Northern Line Extension operations, as well as ramping up preparations for Elizabeth line services.

Permanent employee numbers are broadly in line with last year, as we face recruitment and retention challenges as a result of funding uncertainty. Agency and NPL staff have increased by over 300, partly a result of labour market pressures, but also giving the organisation greater flexibility in the face of continued funding uncertainty.

Staff excl. Crossrail construction

Headcount trends since 2019/20

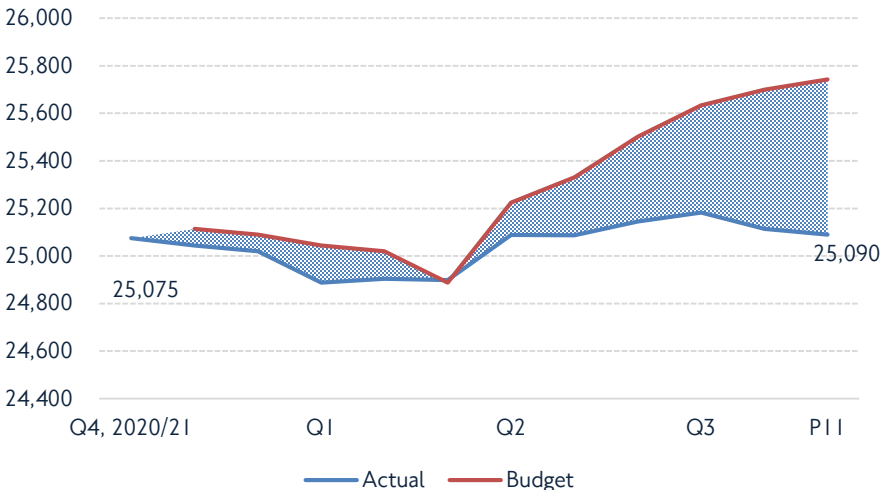


Total staff 360 lower than pre-pandemic levels

- Agency, NPL and other temporary workers down by 55 FTE; increases this year to provide greater organisational flexibility
- Permanent employees down by over 305 since 2019/20 and broadly in line with end of last year

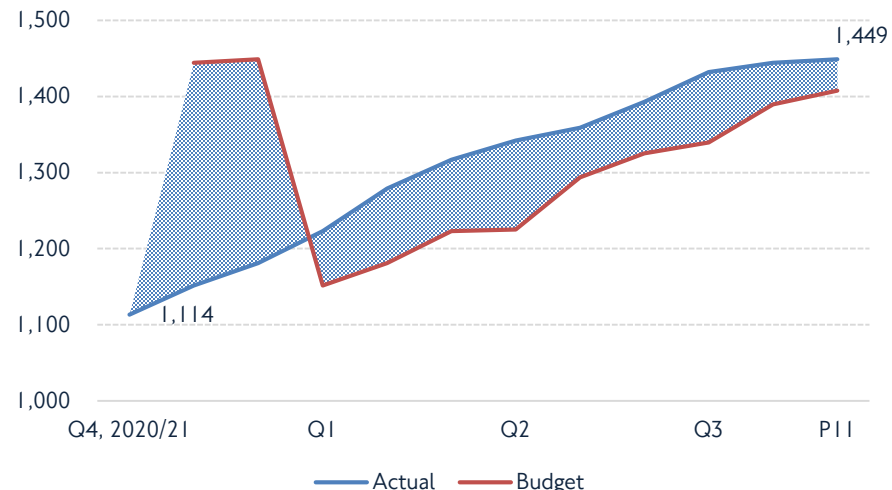
Permanent staff (FTE): actuals and Revised Budget

Permanent employees broadly in line with the end of 2020/21, but approx. 650 lower than Budget from recruitment delays, a competitive external market and leavers averaging 170 per period.



Agency, NPL staff and other temporary workers (FTE): actuals and Revised Budget

Agency and NPL FTE up by over 330 since the end of 2020/21, and slightly up on Budget. In the context of economic and funding uncertainty, greater use of agency employees provides organisational flexibility.



Capital account

Total TfL capital expenditure (excluding Crossrail construction) is £368m lower than target, largely a result of project slippage and deferrals driven by short term and stop-start nature of funding agreements, and increased spend controls.

Property and asset receipts are (£94m) lower than Budget, driven by later than expected property disposals including 1 Oxford Street and Lillie Bridge depot.

Capital account

Capital account (£m)	Year to date, 2021/22				Year to date, 2020/21		
	Actuals	Revised Budget	Variance to Revised Budget	% variance to Revised Budget	Last year	Variance to last year	% variance to last year
New capital investment	(641)	(822)	181	-22%	(653)	12	-2%
Crossrail	(507)	(606)	99	-16%	(620)	113	-18%
Total capital expenditure	(1,148)	(1,428)	280	-20%	(1,273)	125	-10%
Financed by:							
Investment grant	781	834	(53)	-6%	764	17	2%
Property and asset receipts	58	152	(94)	-62%	8	50	637%
Borrowing	1	1	(0)	-23%	602	(601)	-100%
Crossrail borrowing	74	74	0	0%	564	(490)	-87%
Crossrail funding sources	493	555	(62)	-11%	71	422	592%
Other capital grants	32	82	(50)	-61%	117	(85)	-73%
Total	1,440	1,699	(259)	-15%	2,127	(687)	-32%
Net capital account	292	271	21	8%	854	(562)	-66%
Capital renewals	(407)	(594)	187	-32%	(268)	(138)	52%
New capital investment	(641)	(822)	181	-22%	(653)	12	-2%
Total TfL capital expenditure	(1,048)	(1,416)	368	-26%	(922)	(127)	14%

Capital expenditure

Total capital expenditure is £368m lower than Budget, driven by slippage and deferrals as well as the release of capital contingency (£60m) held to mitigate high risk uncertainties.

The stop-start nature of the funding agreements alongside associated project approval and contractual delays are partly responsible for the underspend.

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Capital expenditure by programme: year to date, 2021/22

Capital renewals and new capital investment (£m)	Year to date, 2021/22				Year to date, 2020/21		
	Actuals	Revised Budget	Variance to Revised Budget	% variance to Revised Budget	Last year	Variance to last year	% variance to last year
Major projects	(445)	(493)	48	-10%	(404)	(41)	10%
Northern Line Extension	(51)	(54)	3	-5%	(91)	40	-44%
Four Lines Modernisation	(112)	(116)	4	-3%	(81)	(31)	38%
Major Stations	(57)	(68)	11	-16%	(58)	0	-1%
Railway Systems Enhancements	(4)	(6)	1	-26%	(9)	5	-54%
Piccadilly line trains	(122)	(124)	2	-2%	(79)	(43)	54%
DLR Rolling Stock	(59)	(85)	26	-30%	(37)	(22)	59%
Barking Riverside	(29)	(29)	(0)	1%	(41)	12	-29%
Silvertown Tunnel	(10)	(12)	2	-18%	(7)	(3)	40%
Elizabeth line - infrastructure	(10)	(14)	4	-30%	(30)	20	-67%
LU	(264)	(344)	80	-23%	(173)	(91)	53%
Capital renewals	(246)	(323)	77	-24%	(146)	(100)	68%
New capital investment	(18)	(21)	3	-16%	(26)	8	-32%
Surface Transport	(219)	(288)	69	-24%	(232)	13	-5%
Healthy Streets	(37)	(55)	18	-33%	(38)	1	-3%
Surface - assets	(75)	(87)	12	-14%	(65)	(10)	16%
Surface Tech	(24)	(39)	15	-38%	(13)	(11)	85%
Public Transport	(45)	(60)	15	-24%	(50)	4	-9%
Air Quality and environment	(38)	(47)	10	-20%	(66)	28	-43%
Corporate programmes	(85)	(123)	38	-31%	(53)	(32)	62%
Professional Services	(88)	(125)	37	-30%	(63)	(25)	40%
Media	2	1	1	100%	10	(7)	-76%
Commercial Development	(26)	(93)	67	-72%	(29)	4	-12%
Estates and facilities	(1)	(3)	1	-57%	(0)	(1)	571%
Property development	(25)	(90)	65	-73%	(29)	5	-16%
Total TfL	(1,048)	(1,356)	308	-23%	(922)	(127)	14%
Capital contingency	(0)	(60)	60	-100%	0	(0)	N/A
TfL incl. capital contingency	(1,048)	(1,416)	368	-26%	(922)	(127)	14%



Cash balances

Total cash balances are just above £1.25bn at the end of Period 11, £61m higher than Budget, a result of timing of extraordinary revenue grant and lower operating and capital costs.

Our latest cash forecast for the year gradually declines as we receive lower levels of government funding.

A new funding agreement of 25 February 2022, replaces the earlier agreement of 1 June 2021. The new agreement provides top up funding for passenger income (up to an agreed limit) as well as £200m base funding spread over April to June 2022. Under the terms of the agreement, we expect average cash balances to be maintained at £1.2bn.

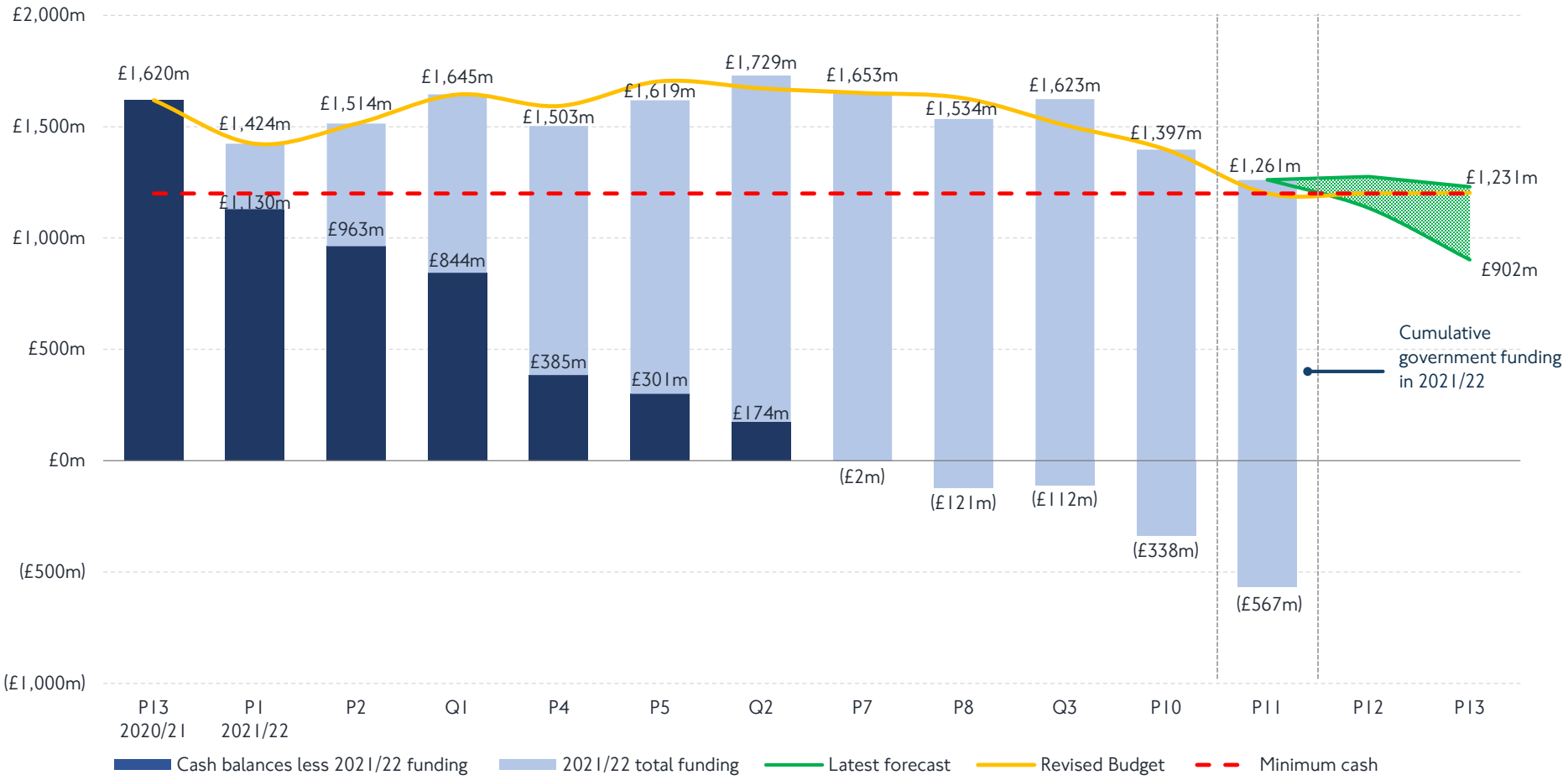
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Cash balances and latest forecast

TfL closing cash balances

2020/21	2021/22 cash movement	P11, 2021/22 closing cash	P11, 2021/22: variance to Revised Budget
1,620	(359)	1,261	61

Cash balances and latest cash forecast, 2021/22



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Finance Committee



Date: 9 March 2022

Item: Treasury Management Strategy 2022/23

This paper will be considered in public

1 Summary

- 1.1 This paper sets out the proposed Treasury Management Strategy (TMS) for 2022/23. The TMS 2022/23 comprises the Investment Strategy, the Borrowing Strategy, the Liquidity Strategy, the Risk Management Strategy and the Counterparty Exposure Limits.
- 1.2 Approval of the TMS is a matter reserved to the Board. On 29 July 2020, the Board delegated to the Committee approval of the TMS and any changes to the TMS during any year. The Committee is asked to exercise that authority in relation to the TMS for 2022/23.
- 1.3 This paper also asks the Committee to note the proposed draft TTL Properties Limited (TTLP) Treasury Management Strategy. We intend to return to the Committee for approval of this strategy in due course once TTLP's future arrangements have been finalised. This strategy can be found in Appendix 2.
- 1.4 A paper is included on Part 2 of the agenda, which contains exempt supplemental information and documentation. The information is exempt by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972 in that it contains information relating to the financial affairs of TfL. Any discussion of that exempt information must take place after the press and public have been excluded from this meeting.

2 Recommendations

- 2.1 **Under the authority delegated by the Board, the Committee is asked to note the paper and the supplementary information on Part 2 of the agenda and:**
 - (a) **approve the Treasury Management Strategy (TMS) 2022/23, attached in Appendix 1, including the Investment Strategy, the Borrowing Strategy, the Liquidity Strategy, the Risk Management Strategy and the Counterparty Exposure Limits;**
 - (b) **subject to the approval of the TMS 2022/23 and approval of the TfL Group Policy Relating to the Use of Derivative Investments (Derivatives Policy) by the Committee (pursuant to a separate item on the agenda), approve, pursuant to Section 49 of the Transport for London Act 2008 (as amended by the Transport for London Act 2016, together the Act), and in accordance with the Derivatives Policy for 2022/23, Transport for London Finance Limited (as a qualifying TfL subsidiary for the purposes of the Act) entering into derivative investment(s) in relation to:**

- (i) **mitigating exchange rate risk related to specific currency exposures arising from the procurement of goods or services by any member of the TfL Group or grants or revenues payable in currencies other than Sterling to any member of the TfL Group in the ordinary course of business as soon as practicable once the quantum of exchange rate risk to any member of the TfL Group is established;**
- (ii) **mitigating exchange rate risk arising from any TfL Group investments in foreign currencies in accordance with the TMS 2022/23;**
- (iii) **mitigating commodity rate and/or price risk related to specific commodity (including fuel and electricity) exposures arising from the procurement of goods or services by any member of the TfL Group in the ordinary course of business as soon as practicable once the quantum of commodity risk to any member of the TfL Group is established;**
- (iv) **mitigating interest rate risk and if applicable currency risk related to any existing, imminent and future TfL Group borrowing (including any leases), once the borrowing has become certain and authorised in accordance with the TMS 2022/23;**
- (v) **mitigating inflation risk related to specific exposures arising from the procurement of goods or services by any member of the TfL Group once the quantum of inflation risk to any member of the TfL Group is established; and**
- (vi) **mitigating risk related to any index reflecting any of the above matters referred to in paragraphs 2.1(b)(i) to (v) above.**

3 Treasury Management Strategy 2022/23

- 3.1 The TMS 2022/23 includes TfL's proposed strategies for investment, borrowing, liquidity and risk management for the financial year 2022/23, as well as proposed counterparty exposure limits. It sets out TfL's borrowing requirement for 2022/23.
- 3.2 On 20 December 2021, the Chartered Institute of Public Finance and Accountancy (CIPFA) issued new versions of its Treasury Management Code and the Prudential Code, which have been reflected in the TMS for 2022/23. Accordingly, environmental, social and governance investment considerations have been introduced to the counterparty credit review process. Changes have been proposed to the commercial paper maturity limit in response to the changes in Public Works Loan Board (PWLB) lending terms. Changes have also been proposed to the derivative counterparty exposure limits. These are discussed later in this paper.
- 3.3 TTL Properties Limited (TTLP) will start to become more financially independent from TfL on 1 April 2022. TfL will manage treasury related tasks on its behalf. The draft TTLP Treasury Management Strategy comprises of the Borrowing Strategy; the Investment Strategy; the Liquidity Strategy and Banking and Cash Management and are included in draft form in Appendix 2. We intend to return to the Committee for approval of this strategy in due course once TTLP's future arrangements have been finalised.

- 3.4 There are no other material changes proposed for the TMS 2022/23.
- 3.5 All references to ‘investments’ in the TMS 2022/23 refer to investments held for treasury management purposes only and do not cover non-treasury related investments.
- 3.6 The proposals to the Committee for derivative investments set out in Recommendation 2.1(b) have been approved by the statutory and managing Chief Finance Officers¹¹, as required under the Derivatives Policy.

4 Market outlook

- 4.1 On 3 February 2022 the Monetary Policy Committee increased the Bank of England Bank Rate by 0.25 per cent to 0.50 per cent. Minutes from the meeting state that UK Gross Domestic Product growth is expected to slow, as higher energy and goods prices adversely impact real income and spending. The UK Consumer Price Index rose to 5.5 per cent in December, the highest since 2008 and is expected to continue rising, peaking in April 2022 at 7.25 per cent.
- 4.2 Financial markets expect interest rates to increase to 1.25 per cent in 2022. Any increases in TfL’s interest income will be partially offset by increases in TfL’s interest expenditure on outstanding floating rate debt.

5 Investments

Money Market Fund (MMF) regulation

- 5.1 Following the severe market disruption brought on by the coronavirus pandemic, regulators across Europe and the United States are reviewing the rules under which MMFs operate. The European Commission has received two reports from the European Securities and Markets Authority and the European Systemic Risk Board recommending the replacement of low volatility net asset value funds to variable net asset value funds, recoupling of gates and fees from liquidity thresholds and a requirement for more overnight liquidity. After reviewing the report, the European Commission will provide final recommendations to the European Council that will require agreement from all member states before it is adopted. If adopted, there will likely be an implementation period of one to two years, meaning changes will not take place until at least mid-2024.

Environmental, social and governance (ESG) investment funds

- 5.2 The ESG performance and policies of investment counterparties will now be assessed as part of the counterparty credit review process. Counterparties are assessed prior to being added or kept on TfL’s Approved Investment Counterparty List and are approved or rejected individually by either the Director of Corporate Finance or the Group Treasurer. The ESG assessment will consider qualitative

¹ References to statutory Chief Finance Officer in this document mean the Chief Finance Officer under sections 114 and 115 of the Local Government and Finance Act 1988 and section 127 of the Greater London Authority Act 1999. References to managing Chief Finance Officer in this document mean the managing (non-statutory) Chief Finance Officer.

information such as company commitments to reducing the impact of climate change and independent quantitative data for example Standard and Poor's Credit Indicator Report Cards, where available.

- 5.3 We will consider the appropriateness of investing in ESG MMFs to support investment in counterparties with strong ESG policies and commitments. ESG money market funds will also be assessed against existing (non ESG) investment criteria before being approved as an eligible investment counterparty.

Investment yield benchmark

- 5.4 Following the cessation of London Interbank Offered Rate (LIBOR) publication on 31 December 2021, MMFs are now using Sterling Overnight Index Average (SONIA) instead of the seven-day London Interbank Bid Rate (LIBID) to benchmark returns. To align with MMFs, we have elected to change our investment yield benchmark from seven-day LIBID, to SONIA.

6 Borrowing

2022/23 Borrowing requirement and sources

- 6.1 TfL's refinancing requirement for 2022/23 is expected to be approximately £694.1m, excluding rolling commercial paper, as set out in the TMS. This requirement is driven by the expectation that TfL will refinance all of its maturing debt in 2022/23.
- 6.2 We retain several options for refinancing during the year, including public and private capital markets transactions, issuance under our commercial paper programme, and the PWLB. Borrowing from the capital markets would require an update to the relevant documentation before issuance is possible.
- 6.3 In addition to TfL's expected refinancing, TTLP is expected to raise new borrowing to meet its capital requirements. Further detail is included in the draft TTLP Treasury Management Strategy, set out in Appendix 2. Otherwise, no additional borrowing is anticipated for TfL for 2022/23.

7 Liquidity management

Commercial Paper maturity limit change

- 7.1 Following the change to PWLB lending terms in September 2021, which increased the settlement period on new loans from two days to five days, we adapted our approach to short-term borrowing to aim to have no more than £200m maturing in any six-day period. This was an increase from no more than £200m in any three-day period that was stated in our TMS for 2021/22. It limits our liquidity risk and allows us to cap the maximum potential negative cash impact as a result of this change to £200m, at any one time. We propose to formalise this change and will continue to aim to have no more than £200m of short-term borrowing maturing in any six-business-day period during 2022/23.

8 Derivative exposure limits

- 8.1 Derivative counterparty exposure limits have been adjusted to align with investment counterparty exposure limits. While derivative limits will continue to reference long

term credit ratings, consistent with the typical durations of derivatives used for risk management purposes, the equivalent short-term ratings will be used to calculate the exposure limit per counterparty. The exposure limits per counterparty will be derived from the same limits approved for investment purposes, with the exception of not permitting long term ratings of BBB+ or lower in respect of derivatives. The change in derivative counterparty exposure limits is shown in Table 1.

Table 1 – Derivative counterparty exposure limits

Moody's		Standard & Poor's		Fitch		Existing derivative counterparty limit (£m)	New derivative counterparty limit (£m)
ST	LT	ST	LT	ST	LT		
P-1	Aaa	A-1+	AAA	F1+	AAA	400	120
	Aa1		AA+		AA+	400	115
	Aa2		AA		AA	350	110
	Aa3		AA-		AA-	250	105
	A1		A+		A+	200	100
	A2	A-1	A+	F1	A+	175	90
	A3		A		A	175	80
			A-		A-	150	70
P-2	A3	A-2	A-	F2	A-	150	60
	Baa1		BBB+		BBB+	0	0
	Baa2		BBB		BBB	0	0

- 8.2 Derivative counterparties will continue to be subject to agreed obligations under Credit Support Annexes (CSAs) determined by the derivative counterparties credit rating at the time of agreeing derivative documentation. The one-way CSAs obligate derivative counterparties to post collateral if the mark to market of outstanding derivatives exceeds a specified threshold. Practically, this reduces TfL derivative exposure to the CSA thresholds shown in Table 2

Table 2 – CSA thresholds

Moody's	Standard & Poor's	Fitch	CSA threshold for new derivative counterparties* (£m)
Aaa	AAA	AAA	50
Aa1	AA+	AA+	40
Aa2	AA	AA	40
Aa3	AA-	AA-	40
A1	A+	A+	25
A2	A	A	25
A3	A-	A-	20
Baa1	BBB+	BBB+	0

8.3 The new limit structure provides sufficient limit for all expected derivative activities in 2022/23.

List of appendices to this report:

Appendix 1: Treasury Management Strategy 2022/23

Appendix 2: Draft TTL Properties Limited Treasury Management Strategy 2022/23

A paper containing exempt supplemental information is included on Part 2 of the agenda.

List of background papers:

None

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TRANSPORT FOR LONDON

TREASURY MANAGEMENT STRATEGY 2022/23

1 SUMMARY

1.1 This Treasury Management Strategy (TMS) 2022/23 comprises the:

- (i) Investment Strategy;
- (ii) Borrowing Strategy;
- (iii) Liquidity Strategy;
- (iv) Risk Management Strategy; and
- (v) Counterparty Exposure Limits.

2 BACKGROUND

2.1 The TMS 2022/23 has been prepared having regard to the Local Government Act 2003 and the Local Authorities (Capital Finance and Accounting) Regulations 2003 (as amended), as well as the key recommendations of:

- (i) the Code of Practice and Cross-Sectoral Guidance Notes for Treasury Management in the Public Services (the 'Treasury Management Code') issued by the Chartered Institute of Public Finance & Accountancy (CIPFA) and last updated in 2021;
- (ii) the Prudential Code for Capital Finance in Local Authorities (the 'Prudential Code') issued by CIPFA and last updated in 2021; and
- (iii) the Statutory Guidance on Local Government Investments (the 'Investments Guidance') issued by the Department for Levelling Up, Housing and Communities (DLUHC), formerly known as the Ministry of Housing, Communities and Local Government, last updated in 2018, with respect to treasury investments.

2.2 This strategy will be updated at least annually and submitted for the approval of the Finance Committee.

3 POLICIES AND DELEGATIONS

3.1 The TMS 2022/23 will be implemented, operated and administered in accordance with the Treasury Management Policies and the TfL Group Policy Relating to the Use of Derivative Investments.

3.2 The arrangements for the implementation, execution, operation and administration of the TMS 2022/23, including the arrangements for banking, cash management, investment of cash balances, borrowing, liquidity management and financial risk management are delegated to the managing

Chief Finance Officer¹, Director of Corporate Finance and Group Treasurer, with the exception of the matters specified in 3.3, provided no decision contravenes the TMS 2022/23, the Treasury Management Policies, or the TfL Group Policy Relating to the Use of Derivative Investments.

- 3.3 With respect to the investment of cash balances, the Investment Strategy and Investment Counterparty Exposure Limits contained within the TMS 2022/23 will not apply to London Transport Museum Limited, its subsidiary London Transport Museum (Trading) Limited - (together, LTM) or London Transport Insurance (Guernsey) Limited (LTIG). LTM and LTIG will each determine and apply their own investment strategy and counterparty exposure limits policy in respect of its investment of cash balances, subject to such strategies and policies and any deviations from or changes to any of them being approved in advance, from time to time, by the Corporate Finance Director or Group Treasurer.

4 STRATEGIC OBJECTIVES

4.1 The objectives underpinning the TMS 2022/23 are:

- (i) to ensure that sufficient cash and liquidity facilities are available to enable TfL to discharge its financial obligations when they become due, in accordance with approved budgets;
- (ii) to undertake treasury management operations with primary regard for the security and liquidity of capital invested;
- (iii) to maximise the yield from investments consistent with the security and liquidity objectives identified above;
- (iv) to undertake treasury management activities having regard to Prudential Indicators (including Treasury Management Indicators) and to remain at all times within the Authorised Limit for external borrowings;
- (v) to manage its borrowing in a manner that is affordable, sustainable and prudent and combines flexibility, security of access to funds, diversity of funding sources and value for money;
- (vi) to support TfL's commitment to maintaining its credit rating relative to that of the UK Government as it recognises the value of its strong credit rating; and
- (vii) to use TfL subsidiaries' statutory power relating to risk management to manage financial market risks across TfL, with the primary objective of reducing volatility or increasing certainty in the Business Plan and achieving greater value for money through reducing costs or protecting revenues.

¹ References to managing Chief Finance Officer in this document mean the managing (non-statutory) Chief Finance Officer.

5 INVESTMENT STRATEGY

- 5.1 The Investment Strategy will be applied in accordance with the strategic objectives listed in 4.1.
- 5.2 TfL maintains a low risk appetite consistent with the good stewardship of public funds, the overriding principle being the prioritisation of security before liquidity and liquidity before yield.
- 5.3 Where possible, TfL will seek to maximise active investment in counterparties, rather than passive investments held through Money Market Funds (MMFs). This allows greater control over the quality of investments, may allow higher returns, and reduces fees. Some MMF investments will still be required for liquidity purposes.
- 5.4 The maturity profile of investments will reflect the expected cash flow requirements of TfL and accommodate for forecast variability.
- 5.5 All investments will have a maximum tenor of one year and at the time of investment will be rated a minimum of A-2, P-2 or F2 by Standard & Poor's, Moody's or Fitch Ratings credit rating agencies, with no more than £240m invested in counterparties with a credit rating of less than any of A-1, P-1 or F1.
- 5.6 TfL will consider the risk of its overall portfolio as well as individual investments, seeking to diversify its investments as much as possible and have regard to the exposure to any one counterparty, country, industry, investment type, and credit. TfL will target allocating a portion of the portfolio across sovereign exposures, government agencies, financial institutions, and corporate instruments, subject to investments available at the time. TfL will seek to invest cash responsibly by investing in counterparties with strong Environmental, Social and Governance (ESG) performance and policies.
- 5.7 TfL will invest in instruments including: sovereign Treasury bills and bonds, UK Debt Management Office deposits, repurchase agreements, bank deposits, certificates of deposit, bonds, commercial paper, floating rate notes, MMFs or any other instrument allowing TfL to achieve the objectives set out in 4.1. Due to the short term nature of TfL's investments and the desire not to lose any principal, TfL will not invest in equity.
- 5.8 TfL may invest in non-sterling denominated investments where:
 - (i) currency is bought in advance of a payment or payments in that currency, or where the currency is otherwise received and TfL can identify other future expenditures in that currency to offset against; or
 - (ii) instruments denominated in currencies other than Sterling are swapped back to GBP as a matter of course.
- 5.9 TfL will generally hold investments to maturity, however where the Director of Corporate Finance or the Group Treasurer deems it appropriate, TfL may seek to break or resell fixed term investments early (including where doing so will result in TfL incurring penalties or crystallising a loss), in order to protect TfL

against potential losses, meet unexpected liquidity requirements, improve its investment return or for ethical or reputational reasons.

- 5.10 TfL will seek to achieve year to date returns greater than the year to date average benchmark of SONIA (Sterling Overnight Index Average), which is widely regarded as the appropriate benchmark for short-term cash investments and is used by professional investors such as MMFs.

6 BORROWING STRATEGY

- 6.1 The Borrowing Strategy will be applied in accordance with the strategic objectives listed in 4.1.
- 6.2 TfL's objective is to manage its borrowing in a manner that is affordable, sustainable and prudent and combines flexibility, security of access to funds, diversity of funding sources and value for money.
- 6.3 TfL's expected annual refinancing requirement for 2022/23 is set out in Table 1.

Table 1 – expected 2022/23 refinancing requirement

Description	£m
Refinancing of £500m bond maturing in August 2022	500.0
Refinancing of other debt maturing within 12 months, excluding rolling short-term commercial paper	194.1
Expected borrowing requirement for 2022/23	694.1

- 6.4 In addition to the expected TfL borrowing shown in the Table 1, TfL subsidiary TTL Properties Limited (TTLP) is expected to raise its own borrowing to meet its capital requirements. This funding would be non-recourse to TfL. Further detail on our latest expectation for potential TTLP borrowing is included in the draft TTLP Treasury Management Policy set out in Appendix 3 of the policy's covering paper.
- 6.5 The notional amount of outstanding borrowing is expected to be £13.1bn at the end of 2022/23, including TTLP borrowing (if approved). The total value of outstanding borrowing and other long-term liabilities will be within the Authorised Limit set by the Mayor and adopted by the Board (as required by the Local Government Act 2003).
- 6.6 TfL seeks to achieve its borrowing objectives by maintaining access to capital markets through its Euro Commercial Paper programme, Euro Medium Term Note programme and stand-alone capital market transactions, and complementing this with loans and other facilities from financial institutions where appropriate. TfL's borrowing plans are ultimately underpinned by access to the Public Works Loan Board (or any future body replacing it), a readily available source of liquidity. Other sources of finance will be used where they further TfL's stated objectives.
- 6.7 As debt service represents a relatively significant part of TfL's annual expenditure, a high level of certainty over the interest payment amounts is

desirable to meet the balanced budget requirement. While fixed rates of borrowing are generally preferred, as they provide more certainty, TfL will assess the merits of having a certain amount of floating debt, where it is consistent with the borrowing and risk management objectives. TfL aims to have at least 75 per cent of all outstanding borrowing at fixed interest rates and up to 25 per cent of borrowing at variable rates.

- 6.8 All borrowing is expected to be drawn in Sterling, as currently permitted by HM Treasury. Should TfL receive HM Treasury approval to raise debt in foreign currencies, any foreign currency exposures arising from such borrowing will be subject to risk mitigation measures consistent with the principles of the Risk Management Strategy.
- 6.9 Given the long life of the majority of the assets financed by TfL, TfL's objective is to have a weighted average tenor of debt of at least 15 years. TfL will aim to structure its borrowing in a way that avoids large concentrations of debt of the same maturity in order to minimise the refinancing risk. The limits for maturity structure of borrowing are set out on annual basis, as suggested by the Treasury Management Code, and are the subject of a separate Prudential Indicators document approved by the Board.
- 6.10 TfL will consider opportunities to arrange loan facilities that enable drawdowns of debt in future years. Where TfL has the ability and option to do so it will consider fixing drawdowns beyond the 2022/23 financial year, in order to mitigate interest rate risk related to future borrowing requirements.
- 6.11 The source, tenor, currency (subject to 6.8) and interest rate basis of individual debt transactions will be determined on a case by case basis taking into account value for money, TfL's risk appetite, market conditions, interest rate expectations, investors' preferences, the impact on TfL's debt maturity profile and target weighted average tenor.
- 6.12 TfL will consider opportunities to buy back, refinance, or otherwise restructure existing liabilities (including leases) where doing so represents value for money, or will improve the structure of TfL's liabilities, or facilitate changes to TfL's corporate structure.

7 LIQUIDITY STRATEGY

- 7.1 The Liquidity Strategy will be applied in accordance with the strategic objectives listed in 4.1.
- 7.2 The TfL Group (excluding LTIG, LTM and TTLP) will aim to hold sufficient cash and short-term investments to ensure it maintains a level of financial resilience that corresponds to TfL's size and risk profile, and in any event will hold a minimum level of cash and short-term investments as defined in the Treasury Management Policies. In practice this means TfL expects to hold higher cash balances than the absolute minimum set out in the Liquidity Policy. TTLP will aim to hold sufficient cash and short-term investments as set out in the draft TTLP Treasury Management Strategy.

- 7.3 Where appropriate, the cash and short-term investments will be supplemented by access to external liquidity sources, such as bank overdrafts, revolving credit facilities and other standby credit facilities. The adequacy of the external liquidity sources will be reviewed on an ongoing basis and TfL will arrange and maintain these facilities as required.
- 7.4 Bank overdrafts and standby credit facilities will not be used in the normal course of business, however TfL would consider borrowing temporarily within the Authorised Limit to address short-term liquidity needs, where it represents prudent management of TfL's financial affairs.
- 7.5 Cash and short-term investment balances ring-fenced for the construction of Crossrail will be managed to ensure sufficient liquidity to meet Crossrail Limited's forecast payment obligations.
- 7.6 In order to limit the liquidity risk created by rolling the commercial paper programme, TfL will aim to manage its maturities so that no more than £200m of short-term borrowings fall due for repayment in any six business-day period.

8 RISK MANAGEMENT STRATEGY

- 8.1 The Risk Management Strategy will be applied in accordance with the strategic objectives listed in 4.1.
- 8.2 TfL maintains a low risk appetite consistent with the good stewardship of public funds. It aims to mitigate financial risks to the extent possible, aiming to provide security of TfL's funds and certainty of costs and revenues.
- 8.3 The objectives of the Risk Management Strategy are to:
- (i) achieve greater value for money through reducing costs or protecting revenues; and
 - (ii) holistically manage financial risks across the whole of TfL.
 - (iii) reduce volatility or increase certainty relating to the impact of financial risks upon the Business Plan;
- 8.4 TfL is materially exposed to a number of specific financial risks in the ordinary course of business, arising from the borrowing programme, the capital investment programme and certain ongoing contractual obligations. These risks include:
- (a) interest rate risk related to TfL and its subsidiaries' existing or planned future borrowing requirements (including leases);
 - (b) exchange rate risk related to specific currency exposures arising from the procurement of goods or services by TfL or its subsidiaries; from receipts of grants or revenues payable to TfL or its subsidiaries in currencies other than Sterling; from any foreign currency borrowing (if permitted); and in the course of making foreign currency investments;

(c) commodity price and/or rate risk related to specific procurements or contracts across TfL and its subsidiaries containing a significant cost element for a commodity component and/or ongoing operational procurements such as power and fuel whether direct or indirect exposures; and

(d) inflation risk across TfL and its subsidiaries.

8.5 Financial risks will be identified, managed and controlled through a number of instruments, methods and techniques, including passing the risk to the counterparty where appropriate. Where the identified risks fall into the categories described in paragraph 8.4 and have highly probable exposures with a highly certain risk profile, TfL may use financial instruments to manage exposure to these risks.

8.6 Where TfL arranges derivative investments through its subsidiary, Transport for London Finance Limited, it may put in place intra-group arrangements to confer the benefit of those derivative investments to the TfL entity bearing the underlying risk.

9 COUNTERPARTY EXPOSURE LIMITS

9.1 The managing Chief Finance Officer or the Director of Corporate Finance or the Group Treasurer will approve individual counterparties and will set individual counterparty exposure limits (Approved Investment Counterparty list) following detailed analysis of each counterparty and its impact on the overall portfolio, including sector and country concentration risk and subject to the limits set out in table 2.

9.2 The ESG policies and performance of new and existing investment counterparties will be assessed using publicly available information and market data for example Standard & Poor's Credit Indicator Report Cards, where available. The Director of Corporate Finance and/or Group Treasurer will consider the ESG policies and performance of investment counterparties before adding or keeping them on the Approved Investment Counterparty List.

9.3 The maximum exposure limit per investment counterparty will be within the counterparty exposure limits set out in Table 2. Counterparties within the same group will be classified as one counterparty for the purposes of the exposure limit. Where banks are required to have separate entities for retail (ring-fenced) and investment (non-ring-fenced) activities, TfL will apply separate counterparty exposure limits to the applicable entities. This may result in ring-fenced banks having different counterparty limits to non-ring-fenced banks.

9.4 To reduce investment risk and in line with the requirement to have primary regard to security, TfL aims to keep a diversified portfolio of investments by limiting exposures to individual counterparties. As the maximum tenor of investments is one year, short-term credit ratings will be the primary ratings used to determine these limits, as defined in Table 2.

9.5 As Moody's short-term credit rating does not have a P-1+ category, when a counterparty is rated P-1, its exposure limit will be based on the average limit

derived from any Standard & Poor's and Fitch ratings. In the event the counterparty only has a short-term rating from Moody's and it is P-1, its limit will be £90m. Where it is rated P-2, its limit will be based on the average of all the rating agencies supplying a rating. If any of the rating agencies rates the counterparty A-3, P-3, or F3, no investments will be permitted.

Table 2 – Investment counterparty exposure limits

Moody's		Standard & Poor's		Fitch		Exposure limit per counterparty (£m)
ST	LT	ST	LT	ST	LT	
P-1	Aaa Aa1 Aa2 Aa3 A1	A-1+	AAA AA+ AA AA-	F1+	AAA AA+ AA AA- A+	120
	A2 A3		A+ A		F1	
P-2	A3 Baa1 Baa2	A-2	A- BBB+	F2	A- BBB+ BBB	60
P-3	Baa2 Baa3	A-3	BBB BBB-	F3	BBB BBB-	0
UK Sovereign						Unlimited

- 9.6 Where a counterparty does not have a short-term rating, the equivalent long-term rating as shown in the above table will be used to determine the counterparty exposure limit. Where a long-term rating maps to more than one limit, the lower limit will be used.
- 9.7 The exposure limit for TfL's clearing bank may be temporarily exceeded (for example, where cash is made available for investment after the daily deadline for deposits with other entities has passed).
- 9.8 Where an instrument benefits from a UK Government guarantee, the limit will be that for the UK Sovereign rather than that of the entity.
- 9.9 For investments benefitting from collateral arrangements, the counterparty exposure will not be counted as the full face value of the investment, but will be calculated based on the potential shortfall caused by any expected movement in the value of the collateral.
- 9.10 TfL calculates its derivative counterparty exposures based on accepted market methodology. The current mark to market of each derivative is added to the potential future exposure (PFE). The PFE is calculated based on the maximum counterparty exposure assuming a 95 per cent confidence level of possible adverse future movements in interest rates or foreign exchange rates over the life of the instrument.

9.11 TfL expects to hold all derivative contracts to maturity. As such, exposures under derivative contracts are contingent exposures during the life of the contract. The contingent exposure is therefore the relevant risk factor rather than the notional value of the contract.

9.12 Derivative counterparty exposures have a limit based on long-term credit ratings, as these exposures will generally be for over one year. The notional limits shown in Table 3 are derived from notional limits used for Investments.

Table 3 – Derivative counterparty exposure limits

Moody's		Standard & Poor's		Fitch		Derivative limit per counterparty (£m)
ST	LT	ST	LT	ST	LT	
P-1	Aaa	A-1+	AAA	F1+	AAA	120
	Aa1		AA+		AA+	115
	Aa2		AA		AA	110
	Aa3		AA-		AA-	105
	A1		A+		A+	100
	A2	A-1	A	F1	A	90
	A3		A-		A-	80
						70
P-2	A3	A-2	A-	F2	A-	60
	Baa1		BBB+		BBB+	0
	Baa2		BBB		BBB	0

9.13 Where a counterparty has a split rating, the limit for each rating is calculated as the average of the relevant limits for each rating available.

9.14 The proposed derivative counterparty exposure limits provide sufficient headroom for all proposed risk management activities in 2022/23. Derivative exposures are allocated over numerous approved counterparties to minimise concentration risk.

9.15 TfL benefits from the one-way credit support annexes (CSAs), calculated from long term credit ratings at the time that International Swaps and Derivatives Association (ISDA) documentation was agreed. The one-way CSA obligates counterparties to post collateral in the event the mark to market exposure of the aggregated derivatives exceeds the specified CSA threshold. The CSA thresholds for derivative counterparties is shown in Table 4

Table 4 – Derivative counterparty Credit Support Annex thresholds

Moody's	Standard & Poor's	Fitch	CSA threshold for derivative counterparties (£m)
Aaa	AAA	AAA	50
Aa1	AA+	AA+	40
Aa2	AA	AA	40
Aa3	AA-	AA-	40
A1	A+	A+	25
A2	A	A	25
A3	A-	A-	20
Baa1	BBB+	BBB+	0

9.16 TfL will apply the investment and derivative limits as set out in this section for each counterparty unless circumstances outside its control prevent it from doing so. In this case the managing Chief Finance Officer or the Director of Corporate Finance or the Group Treasurer will implement appropriate replacement limits for that counterparty.

9.17 If any investment or derivative limit applicable to a counterparty changes while TfL has an outstanding investment or derivative with that counterparty it will not be considered a breach of these limits. TfL may seek to bring its exposure down to within the revised limits, or at the Director of Corporate Finance's or the Group Treasurer's discretion, may decide to allow an investment or derivative to run its course for economic reasons.

DRAFT

TTL Properties Limited

TREASURY MANAGEMENT STRATEGY (Appendix to TfL Treasury Management Strategy)

1 **Borrowing**

- 1.1 TTL Properties Limited (TTLP) is working to establish an unsecured non-recourse Revolving Credit Facility (RCF) for three-five years with a panel of banks for £200m which is expected to be in place by early FY22/23. This facility will allow TTLP to meet its goal of a focused delivery on its property activity.
- 1.2 This facility is expected to be agreed by the end of April 2022 and will be signed after:
- (i) the TTLP Business Plan has been approved by the managing and statutory Chief Finance Officers¹;
 - (ii) approval by the TfL Finance Committee (or any other relevant Committee of the TfL Board) for TTLP as an independent subsidiary to borrow on a non-recourse basis;
 - (iii) approval of the TTLP Treasury Management Policies; and
 - (iv) approval by the TfL Board of the Prudential Indicators for 2022/23, including the Authorised Limit for external borrowing, which are expected to include up to £200m for TTLP borrowing within the overall TfL Group Limits.
- 1.3 TTLP may set up short term intercompany loan facilities with TfL group companies

2 **Investment Strategy**

- 2.1 Cash balances will be invested in accordance with the TfL Treasury Management Strategy, the TfL Treasury Management Policies and the TTLP Treasury Management Policies.

3 **Liquidity Strategy**

- 3.1 TTLP will produce a cash flow forecast that will forecast its liquidity. This will be updated weekly and show liquidity demand each week of the next 18 months.

¹ References to statutory Chief Finance Officer in this document mean the Chief Finance Officer under sections 114 and 115 of the Local Government and Finance Act 1988 and section 127 of the Greater London Authority Act 1999. References to managing Chief Finance Officer in this document mean the managing (non-statutory) Chief Finance Officer

3.2 TTLP will aim to hold a minimum balance of cash and short-term investments of £10m.

4 **Banking and Cash**

4.1 TTLP will set up independent accounts for TTLP that will operate outside the TfL Group Pool.

Finance Committee

Date: 9 March 2022

Item: Treasury Management and Derivative Investments Policies

This paper will be considered in public

1 Summary

- 1.1 This paper asks the Committee to approve the proposed Treasury Management Policies and the proposed TfL Group Policy Relating to the Use of Derivative Investments. This paper supports our commitment to financial prudence through risk management. There are no material changes to the proposed policies for 2022/23, which can be found in Appendix 1 and Appendix 2.
- 1.2 This paper asks the Committee to note the proposed draft TTL Properties Limited (TTLP) Treasury Management Policies. We intend to return to the Committee for approval of this policy in due course once TTLP's future arrangements have been finalised. This policy can be found in Appendix 3.
- 1.3 This paper also asks the Committee to approve the proposed TfL Pension Fund Policy on Notifiable Events in draft form, and authorise the managing Chief Finance Officer (CFO)¹ to approve any changes he considers necessary, once the final regulations have been published and to issue a final form. This policy has been introduced for 2022/23 and can be found in Appendix 4.
- 1.4 Approval of the Treasury Management Policies and the TfL Group Policy Relating to the Use of Derivative Investments are matters reserved to the Board. On 29 July 2020 the Board delegated to the Committee approval of the Treasury Management Policies and the TfL Group Policy Relating to the Use of Derivative Investments and any changes to these policies during any year. The Committee is asked to exercise that authority in relation to the Treasury Management Policies, the TfL Group Policy Relating to the Use of Derivative Investments, and TfL Pension Fund Policy on Notifiable Events.

2 Recommendations

2.1 The Committee is asked to note the paper and:

- (a) **approve under the authority delegated by the Board, the proposed Treasury Management Policies in Appendix 1;**

¹ References to managing Chief Finance Officer in this document mean the managing (non-statutory) Chief Finance Officer.

- (b) approve under the authority delegated by the Board the proposed TfL Group Policy Relating to the Use of Derivative Investments in Appendix 2;**
- (c) approve the proposed TfL Pension Fund Policy on Notifiable Events in draft form in Treasury Management Policies in Appendix 4 and authorise the managing Chief Finance Officer to approve any changes they consider necessary, once the final regulations have been published, and to issue a final form; and**
- (d) note the draft Treasury Management Policies for TTL Properties Limited in Appendix 3.**

3 Treasury Management Policies

- 3.1 The Treasury Management Policies have been prepared having regard to the Local Government Act 2003 and the Local Authorities (Capital Finance and Accounting) Regulations 2003 (as amended), as well as the key recommendations of: (i) the Code of Practice and Cross-Sectoral Guidance Notes for Treasury Management in the Public Services (the 'Treasury Management Code') issued by the Chartered Institute of Public Finance & Accountancy (CIPFA) and last updated in 2021; (ii) the Prudential Code for Capital Finance in Local Authorities (the 'Prudential Code') issued by CIPFA and last updated in 2021; and (iii) the Statutory Guidance on Local Authority Investments (the 'Investments Guidance') issued by the Department for Levelling Up, Housing and Communities (DLUHC), formerly known as the Ministry of Housing, Communities and Local Government, in 2018.
- 3.2 The Investments Guidance requires investment strategies to be published for treasury and non-treasury investments such as property portfolios. All references to 'investments' in the Treasury Management Policies and the TfL Group Policy Relating to the Use of Derivative Investments refer to investments held for treasury management purposes only and do not cover non-treasury related investments.
- 3.3 CIPFA recommends that all public service organisations adopt a series of clauses for effective treasury management. Such clauses include the need for public service organisations to create and maintain:
 - (a) a treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities; and
 - (b) suitable treasury management practices, setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.
- 3.4 Under the Treasury Management Code, we are required to adopt Prudential Indicators and Treasury Management Indicators (together the 'Prudential Indicators') that support planned capital expenditure, borrowing and treasury

management activities. Our Prudential Indicators will be the subject of an item on the agenda for the meeting of the Board in March 2022.

- 3.5 The Treasury Management Policies require us to have a Treasury Management Strategy (TMS) approved by the Committee on at least an annual basis. The TMS for 2022/23 is included as a separate item on the agenda for this meeting.
- 3.6 There have been no other material changes compared to the Treasury Management Policies approved in March 2021. A copy of the proposed policies is included in Appendix 1.

4 TfL Group Policy Relating to the Use of Derivative Investments

- 4.1 The TfL Group Policy Relating to the Use of Derivative Investments must be reviewed annually. The document has been updated to reflect that approval of the TfL Group Policy Relating to the Use of Derivative Investments has been delegated from the Board to the Committee.
- 4.2 There are no material changes to the proposed policy. A copy is included in Appendix 2.

5 TTL Properties Limited Treasury Management Policy

- 5.1 TTL Properties Limited (TTLP) will start to become more financially independent from TfL on 1 April 2022. TfL will manage treasury related tasks on its behalf. The draft TTLP Treasury Management Policies are in line with TfL's and are included in Appendix 3. We intend to return to the Committee for approval of this policy in due course once TTLP's future arrangements have been finalised.

6 Draft TfL Pension Fund Policy

- 6.1 The Pension Schemes Act 2021 introduces new Pensions Regulator (Regulator) powers and civil and criminal offences regarding the operation of defined benefit occupational pension schemes, such as the TfL Pension Fund (the Scheme). Proposed new notifiable events are anticipated to come into effect on 6 April 2022 and the proposed TfL Pension Fund Policy on Notifiable Events has been included in draft form in Appendix 4.

We are requesting that the Committee approve the draft TfL Pension Fund Policy on Notifiable Events and authorise the CFO to approve any changes they consider necessary, once the final regulations have been published, and to issue a final form.

List of appendices to this report:

Appendix 1: Treasury Management Policies (tracked changed against 2021/22 policy)

Appendix 2: TfL Group Policy Relating to the Use of Derivative Investments (no change)

Appendix 3: Draft TTL Properties Limited Treasury Management Policies

Appendix 4: Draft TfL Pension Fund Policy on Notifiable Events

List of background papers:

None

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TRANSPORT FOR LONDON

TREASURY MANAGEMENT POLICIES

TREASURY MANAGEMENT POLICIES

1 BACKGROUND

1.1 This document has been prepared having regard to the Local Government Act 2003 and the Local Authorities (Capital Finance and Accounting) Regulations 2003 (as amended), as well as the key recommendations of:

- (i) the Code of Practice and Cross-Sectoral Guidance Notes for Treasury Management in the Public Services (the 'Treasury Management Code') issued by the Chartered Institute of Public Finance & Accountancy (CIPFA) and last updated in 2021;
- (ii) the Prudential Code for Capital Finance in Local Authorities (the 'Prudential Code') issued by CIPFA and last updated in 2021; and
- (iii) the Statutory Guidance on Local Government Investments (the 'Investments Guidance') issued by the Department for Levelling Up, Housing and Communities (DLUHC), formerly known as the Ministry of Housing, Communities and Local Government, and last updated in 2018, with respect to treasury investments.

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1.2 This document sets out Transport for London's (TfL) policies and practices, including approach to risk management of its treasury management activities. It also sets out authorities and delegations for treasury management activities.

2 TREASURY MANAGEMENT POLICY STATEMENT

2.1 TfL defines its treasury management activities as:

- (i) the management of the organisation's borrowing, investments, and cash flows;
- (ii) its banking, money market, capital market and derivative transactions;
- (iii) the effective control of the risks associated with those activities; and
- (iv) the pursuit of optimum performance consistent with those risks.

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2.2 TfL regards the successful identification, monitoring and control of treasury risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks.

- 2.3 TfL acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is committed to the principles of achieving value for money in treasury management, and to employing suitable performance measurement techniques, always in the context of effective risk management.
- 2.4 The following sections detail TfL's overarching policies for treasury management, including high level policies for borrowing and investments, as recommended by the Treasury Management Code.
- 2.5 The policies and practices in this document apply to TfL and all its subsidiaries, save where specified otherwise [and save as may be approved otherwise by the Finance Committee in due course in respect of TTL Properties Limited](#).

Borrowing Policy

- 2.6 As required by the Local Government Act 2003, at all times, the aggregate of all TfL's borrowings will be within the Authorised Limit set by the Mayor and adopted by the Board.
- 2.7 Under section 2(3) of the Local Government Act 2003, TfL may not, without the approval of HM Treasury, borrow other than in Sterling. All borrowings will be in Sterling unless HM Treasury grants approval to borrow in alternative currencies, in which case TfL may borrow in any currency approved by HM Treasury.
- 2.8 Under section 13(1) of the Local Government Act 2003, TfL (the local authority) may not charge any of its property as security for money which it has borrowed or which it otherwise owes. All money borrowed by TfL (the local authority) shall be charged indifferently on all revenues of the authority. TfL subsidiaries however may charge their property as security for money which they borrow or otherwise owe, pursuant to Section 4 of the Transport for London Act 2016¹.
- 2.9 Where TfL is issuing new debt, or refinancing existing debt, it may be necessary or commercially desirable to draw the new debt prior to the repayment of the debt being refinanced, which may result in a temporary increase in liabilities above the planned incremental borrowing for the year. This is permitted, provided the position is temporary and TfL remains within the Authorised Limit at all times (ie it reflects the temporary utilisation of headroom between the planned incremental borrowing and the legal limit on TfL's liabilities).

Investment Policy

- 2.10 All cash balances will be invested having regard to the Investments Guidance, as applicable to treasury investments, and the GLA Responsible Investment Policy.
- 2.11 If any investment or derivative limit applicable to a counterparty under the Treasury Management Policies or Treasury Management Strategy (TMS) changes while TfL has an outstanding investment or derivative with that counterparty, it will not be considered a breach of these limits. TfL may seek to bring its exposure down to within the revised limits or, at the discretion of the Director of Corporate Finance or

¹ Section 4 of the Transport for London Act 2016 has not yet entered into force. It will enter into force on a day appointed by TfL.

the Group Treasurer, may decide to allow an investment or derivative to run its course for economic reasons.

Liquidity Policy

- 2.12 For prudent financial management purposes, TfL will aim to maintain a minimum level of cash reserves of at least 60 days' worth of forecast annual operating expenditure, on average, with respect to TfL Group (excluding identified, separate subsidiaries; Crossrail Limited, London Transport Insurance (Guernsey) Limited, [TTL Properties Limited](#) and London Transport Museum Limited). Cash reserves include cash and short-term investments.
- 2.13 The total minimum cash reserve will consist of an operating cash reserve that allows TfL to meet its ongoing payment obligations and a strategic cash reserve that aims to provide contingency in case of unexpected events.
- 2.14 Actual cash balances fluctuate on a daily basis and could temporarily fall below the minimum requirement, but they are expected to stay within the operating cash reserve in the normal course of business. An assessment will be made as to whether any action is required by the Director of Corporate Finance and/or the Group Treasurer to address such temporary fluctuations, taking into account any undrawn credit facilities and access to commercial paper programme. If required, TfL may use short-term borrowing for working capital purposes, provided the position is temporary and TfL remains within the Authorised Limit at all times.
- 2.15 The strategic cash reserve will be held at a target level and, if the cash balance falls below the operating cash reserve and into the strategic cash reserve, it must be replenished as soon as possible.
- 2.16 The statutory and managing Chief Finance Officers² will be notified of any material changes in the usage of short-term sources of liquidity.

TREASURY MANAGEMENT AUTHORITIES AND DELEGATIONS

3 RESPONSIBLE OFFICERS

- 3.1 The Treasury Management Policies will apply to TfL and all its subsidiaries, save in [respect of the matters specified in 3.2](#). The Treasury Management Policies will be implemented, operated and administered through the Treasury team within the Corporate Finance Directorate.
- 3.2 With respect to the investment of cash balances, policies, practices, authorities and delegations relating to the investment of cash balances, the Treasury Management Policies will not apply to London Transport Museum Limited, its subsidiary London Transport Museum (Trading) Limited - (together, LTM) or London Transport Insurance (Guernsey) Limited (LTIG). LTM and LTIG will each determine and apply their own policies, practices, authorities and delegations in respect of its investment

² References to statutory Chief Finance Officer in this document mean the Chief Finance Officer under sections 114 and 115 of the Local Government and Finance Act 1988 and section 127 of the Greater London Authority Act 1999. References to managing Chief Finance Officer mean the [managing \(non-statutory\) Chief Finance Officer](#).

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of cash balances, subject to such policies, practices, authorities and delegations and any deviations from or changes to any of them being approved in advance, from time to time, by the Corporate Finance Director or Group Treasurer.

- 3.3 The managing Chief Finance Officer is responsible for advising the Finance Committee on investments, borrowing, derivatives, financial risk management, capital financing and also for the establishment and operation of banking arrangements necessary for the TfL Group business. On an operational basis, this will be discharged through the Director of Corporate Finance and the Group Treasurer.
- 3.4 The statutory Chief Finance Officer is responsible for ensuring the execution of the Treasury Management Policies, as the designated Section 127 officer under the Greater London Authority Act 1999. On an operational basis, this will be discharged through the Director of Corporate Finance and the Group Treasurer.
- 3.5 The Director of Corporate Finance, the Group Treasurer and Treasury officers will implement, execute, operate and administer the TMS.
- 3.6 The arrangements for the implementation, execution, operation and administration of the TMS, including the arrangements for banking, cash management, investment of cash balances, borrowing, liquidity management and financial risk management are delegated to the managing Chief Finance Officer, Director of Corporate Finance and Group Treasurer, provided no decision contravenes the TMS, the Treasury Management Policies or the TfL Group Policy Relating to the Use of Derivative Investments. Subject as otherwise provided for in the TMS, the Treasury Management Policies or the TfL Group Policy Relating to the Use of Derivative Investments, the Treasury officers will enter into any appropriate documentation.
- 3.7 The statutory or managing Chief Finance Officers or the Director of Corporate Finance or the Group Treasurer will appoint relevant Treasury officers to be authorised signatories for the purposes of paragraph 3.5.
- 3.8 Subject as otherwise provided for within these policies, no investments, borrowings or entry into credit arrangements (including, but not limited to any lease or other such arrangement that might count towards TfL debt or liabilities under relevant accounting standards) shall be permitted without the consent of the statutory or managing Chief Finance Officer or Director of Corporate Finance or the Group Treasurer.
- 3.9 The managing Chief Finance Officer or Director of Corporate Finance or Group Treasurer will provide guidance for accepting financial guarantees, performance bonds, letters of credit and other credit enhancing products, and this must be followed by TfL and/or its subsidiaries at all times.
- 3.10 For the purposes of this document, TfL Officers means the Commissioner, managing Chief Finance Officer, statutory Chief Finance Officer, General Counsel Director of Corporate Finance and Group Treasurer.

4 BORROWING

- 4.1 The managing Chief Finance Officer is authorised to approve, notwithstanding the value of the borrowing, any new borrowings (subject to this falling within TfL's Authorised Limit). The Director of Corporate Finance or the Group Treasurer is authorised to approve, notwithstanding the value of the borrowing, any new borrowings (subject to this falling within TfL's Authorised Limit) for a tenor of not more than 12 months.
- 4.2 Without further reference to the statutory or managing Chief Finance Officer, Treasury officers will use the Euro Commercial Paper programme and any other short-term facilities (eg overdraft, commercial paper, back-stop facilities or revolving credit facilities) to manage its liquidity requirements.
- 4.3 TfL Officers are authorised to approve and enter into any required agreements or other documentation in relation to the implementation of permitted borrowing.
- 4.4 The managing Chief Finance Officer may approve the pre-payment or refinancing of loans or re-purchase or redeeming of existing debt instruments.
- 4.5 TfL Officers will follow ongoing compliance and disclosure procedures set out in the TfL Disclosure Procedures Policy.

5 INVESTMENTS

- 5.1 The Director of Corporate Finance, Group Treasurer and Treasury officers may enter into investment related agreements and/or documentation required to execute the TMS.
- 5.2 The managing Chief Finance Officer or Director of Corporate Finance or Group Treasurer will set individual investment counterparty exposure limits, which will be within any limits approved by the Finance Committee in the Treasury Management Strategy.
- 5.3 The managing Chief Finance Officer or Director of Corporate Finance or Group Treasurer will approve investment and derivative counterparties.

6 BANKING

- 6.1 The Director of Corporate Finance or the Group Treasurer shall as and when necessary be authorised to:
 - (a) supply to TfL's financial institutions, lists of officials authorised to sign in respect of each and any account(s) of TfL and/or any TfL subsidiary together with specimen signatures;
 - (b) open further accounts for and on behalf of TfL and/or any TfL subsidiary and supply to the financial institutions, details of the signatories together with specimen signatures in respect of such account(s);
 - (c) notify the financial institutions of any restrictions on the operation of any such accounts; and

- (d) agree on behalf of TfL and/or any TfL subsidiary the terms of any facility or service provided by the financial institutions including but not limited to general banking services, bonds, guarantees and credit limits.

6.2 The financial institutions shall be entitled to rely on any such details or notifications supplied by the Director of Corporate Finance, Group Treasurer or any Treasury officer confirmed in writing as having the same authority as the Director of Corporate Finance or the Group Treasurer.

TREASURY MANAGEMENT PRACTICES (TMPs)

7 TREASURY RISK MANAGEMENT – TMP1

7.1 The Director of Corporate Finance and/or the Group Treasurer will:

- (a) design, implement and monitor all arrangements for the identification, management and control of treasury management risk;
- (b) report annually to the Finance Committee on the adequacy/suitability thereof, and on any specific issues as directed by the Finance Committee; and
- (c) report, as a matter of urgency, the circumstances of any actual or likely difficulty in achieving the organisation's objectives in this respect to the statutory and managing Chief Finance Officers.

8 PERFORMANCE MEASUREMENT – TMP2

- 8.1 TfL is committed to the pursuit of value for money in its treasury management activities, and to the use of performance methodology in support of that aim within the framework set out in its Treasury Management Policy Statement.
- 8.2 The actual performance of the treasury management function will be measured using criteria to be agreed by the managing Chief Finance Officer.

9 DECISION-MAKING AND ANALYSIS – TMP3

- 9.1 TfL will maintain records of its key treasury management decisions and for demonstrating that reasonable steps were taken to ensure that issues relevant to those decisions were taken into account at the time.

10 APPROVED INSTRUMENTS, METHODS AND TECHNIQUES – TMP4

- 10.1 TfL will undertake its treasury management activities by employing recognised and approved instruments, methods and techniques and within the limits and parameters defined in its policies and practices.
- 10.2 Where TfL uses derivative instruments for the management of risks, these will be approved in accordance with the TfL Group Policy Relating to the use of Derivative Investments.

- 10.3 TfL and relevant subsidiaries intend to maintain their classification as professional clients with financial institutions under MiFID II in respect of all products and services that they receive.
- 10.4 All decisions on capital/project financing, borrowing, investment and derivatives will be made in accordance with TfL Standing Orders and relevant policies and strategies.

11 ORGANISATION, CLARITY AND SEGREGATION OF RESPONSIBILITIES, AND DEALING ARRANGEMENTS – TMP5

- 11.1 TfL considers it essential, for the purposes of effective control and monitoring of its treasury management activities, for the pursuit of optimum performance, and for the reduction of the risk of fraud or error, that activities are structured and managed in a fully integrated manner, and that there is at all times clarity of treasury management responsibilities.
- 11.2 The principle on which this will be based is a clear distinction between those charged with setting Treasury Management Policies and those charged with implementing and controlling these policies, particularly with regard to the execution and transmission of funds, the recording and administering of treasury management decisions, and the audit and review of the treasury management function.
- 11.3 If for any reason there is intended to be or has been any departure from these principles, the Director of Corporate Finance and/or the Group Treasurer will ensure that the reasons are properly reported in accordance with TMP6 Reporting requirements and management information arrangements (below), and the implications properly considered and evaluated.
- 11.4 The Director of Corporate Finance and/or the Group Treasurer will ensure that there are clear lines of responsibilities, objectives and guidance for each post engaged in treasury management, and arrangements are in place for absence cover. The Director of Corporate Finance and/or the Group Treasurer will also ensure at all times those engaged in treasury management will follow the policies and procedures set out.
- 11.5 The Director of Corporate Finance and/or the Group Treasurer will ensure all transactions are recorded, and that procedures exist for the effective transmission of funds. The Director of Corporate Finance and/or the Group Treasurer will fulfil all such responsibilities in accordance with TfL's Treasury Management Policy Statement and Treasury Management Practices.

12 REPORTING REQUIREMENTS AND MANAGEMENT INFORMATION ARRANGEMENTS – TMP6

- 12.1 TfL will ensure that regular reports are prepared and considered on the implementation of its Treasury Management Policies; on the effects of decisions taken and the transactions executed in pursuit of those policies; on the implications of changes, particularly budgetary, resulting from regulatory, economic, market or other factors affecting its treasury management activities; and on the performance of the treasury management function.

12.2 As a minimum, the following reports will be produced:

- (a) an annual report to the Finance Committee on the strategy to be pursued in the coming year;
- (b) a mid-year report to the Finance Committee on the performance of the treasury management function; and
- (c) an annual report to the Finance Committee on the performance of the treasury management function, on the effects of decisions taken and the transactions executed in the past year, and on any non-compliance with the organisation's Treasury Management Policy Statement and Practices.

12.3 The statutory and managing Chief Finance Officers will receive regular monitoring reports on treasury management performance, activities and risks.

12.4 In addition to the regular reporting requirements set out above, any non-compliance with the Treasury Management Policies or the Treasury Management Strategy must be immediately reported to the statutory and managing Chief Finance Officers. If the breach is material in the view of either the statutory or managing Chief Finance Officer, it must be reported to the Finance Committee as soon as practicable.

13 BUDGETING, ACCOUNTING AND AUDIT ARRANGEMENTS – TMP7

13.1 The Director of Corporate Finance and/or the Group Treasurer will prepare and, if necessary, from time to time will amend, an annual budget for treasury management, which will bring together all of the costs involved in running the treasury management function, together with associated income.

13.2 TfL will account for its treasury management activities, for decisions made and transactions executed, in accordance with accounting practices and standards, and with statutory and regulatory requirements in force for the time being.

13.3 TfL will ensure that its auditors, and those charged with regulatory review, have access to all information, and papers supporting the activities of the treasury management function for the proper fulfilment of their roles, and that such information and papers demonstrate compliance with external and internal policies and practices.

13.4 The Audit and Assurance Committee will have responsibility for the scrutiny of Treasury Management Policies and this responsibility will be discharged through its regular scrutiny of the reports received from internal audit.

14 CASH AND CASH FLOW MANAGEMENT – TMP8

14.1 Unless statutory or regulatory requirements demand otherwise, all monies (with the exception of LTIG and LTM) in the hands of the TfL Group will be under the control of the Director of Corporate Finance and the Group Treasurer, and will be aggregated for cash flow and investment management purposes. Cash flow projections will be prepared on a regular and timely basis, and the Director of Corporate Finance and the Group Treasurer will ensure that these are adequate for the purposes of monitoring compliance with the policy statement.

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15 MONEY LAUNDERING – TMP9

- 15.1 TfL is alert to the possibility that it may become the subject of an attempt to involve it in a transaction involving the laundering of money. Accordingly, if required by law or regulation, it will maintain procedures for verifying and recording the identity of counterparties and reporting suspicions, and will ensure that staff involved in this, are properly trained.

16 TRAINING AND QUALIFICATIONS – TMP10

- 16.1 TfL recognises the importance of ensuring that all staff involved in the treasury management function are fully equipped to undertake the duties and responsibilities allocated to them. It will therefore seek to appoint individuals who are both capable and experienced and will provide training for staff to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills. The Director of Corporate Finance and the Group Treasurer will recommend and implement the necessary arrangements, including the specification of the expertise, knowledge and skills required by each role or member of staff.

17 USE OF EXTERNAL SERVICE PROVIDERS – TMP11

- 17.1 TfL recognises that it retains responsibility for treasury management decisions at all times. TfL recognises that there may be potential value in employing external providers of treasury management services, in order to acquire access to specialist skills and resources. When it employs such service providers, it will ensure it does so for reasons, which will have been submitted to a full evaluation of the costs and benefits. It will also ensure that the terms of their appointment and the methods, by which their value will be assessed, are properly agreed and documented, and subjected to regular review. The monitoring of such arrangements rests with the Director of Corporate Finance and the Group Treasurer.

18 CORPORATE GOVERNANCE – TMP12

- 18.1 TfL is committed to the pursuit of proper corporate governance throughout its businesses and services, and to establishing the principles and practices by which this can be achieved. Accordingly, the treasury management function and its activities will be undertaken with openness and transparency, honesty, integrity and accountability.
- 18.2 TfL has adopted and implemented the key principles and recommendations of the Treasury Management Code. This document is considered vital to the achievement of proper corporate governance in treasury management. The Director of Corporate Finance and the Group Treasurer will monitor and, if and when necessary, report upon the effectiveness of these arrangements.

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TRANSPORT FOR LONDON GROUP

TFL GROUP POLICY RELATING TO THE USE OF DERIVATIVE INVESTMENTS

1 INTRODUCTION

- 1.1 TfL promoted a Bill in Parliament which included a range of provisions clarifying existing legislation and introducing new powers. The Bill completed its passage through Parliament in April 2008 and was granted Royal Assent on 22 May 2008 to become the Transport for London Act 2008 (as amended by the Transport for London Act 2016, the TfL Act). Section 49 of the TfL Act relates to powers to make arrangements for risk mitigation in respect of the prudent management of the financial affairs of TfL and its subsidiaries. The provision came into force on 22 July 2008.
- 1.2 TfL agreed with the House of Commons Committee considering the original Bill promoted by TfL that an approved annual policy on the use and governance of derivative investments to be entered into pursuant to section 49 of the TfL Act would be put in place.
- 1.3 Any amendments to this policy are subject to prior approval from the Finance Committee. Compliance with this policy is mandatory. It is primarily for the internal use and guidance of TfL and its subsidiaries only.

2 USE OF POWERS OF DERIVATIVE INVESTMENTS

- 2.1 The TfL Act confers powers to prudently manage certain financial risks. Any derivative investment entered into must be entered into solely for the purpose of managing such a risk and speculative investment in derivative investments is not permitted. The powers are subject to various restrictions and safeguards as set out in this policy.

3 RESTRICTIONS ON THE POWERS TO ENTER INTO DERIVATIVE INVESTMENTS

- 3.1 The powers to enter into derivative investments are subject to the following restrictions:
 - (a) the powers are only exercisable for the purposes of the prudent management of the financial affairs of TfL and its subsidiaries and of limiting the extent to which any TfL body¹ would be affected by changes in the following:
 - (i) interest rates;
 - (ii) exchange rates;
 - (iii) inflation of the United Kingdom or elsewhere;

¹ TfL body means TfL, any subsidiary of TfL, a joint venture of TfL or an associated undertaking of TfL.

- (iv) rates or prices applicable to oil, electricity or any commodity which is used by any TfL body or by which a TfL body is affected or to which it is otherwise exposed under a relevant agreement;
- (v) rates or prices applicable to any securities creating or acknowledging indebtedness issued by or on behalf of:
 - the government of the United Kingdom;
 - any state outside the United Kingdom;
 - any body the members of which comprise states which include the United Kingdom or another EEA State; or
 - any body the members of which comprise bodies whose members comprise states which include the United Kingdom or another EEA State; or
- (vi) any index reflecting any of the matters referred to in paragraphs (i) to (v);
- (b) only qualifying TfL subsidiaries (as defined in section 49) can enter into derivative investments and TfL itself cannot; and
- (c) a qualifying TfL subsidiary can only enter into a derivative investment with TfL's consent and in accordance with any guidance or special or general directions given by TfL.

3.2 TfL is accountable for its subsidiaries' exercise of the powers and the usual TfL statutory requirements and safeguards apply. In particular, the exercise of the powers will fall within the statutory remit of TfL's Chief Finance Officer under sections 114 and 115 of the Local Government and Finance Act 1988 and section 127 of the Greater London Authority Act 1999.

4 CORPORATE GOVERNANCE

- 4.1 The following governance controls and oversight of the use of the powers apply:
- (a) any derivative investment must be in accordance with this policy;
 - (b) the Finance Committee is authorised to give consent on behalf of TfL to any derivative investment or a programme of derivative investments;
 - (c) the prior consent of the Finance Committee is required before a qualifying TfL subsidiary can enter into any derivative investment or a programme of derivative investments;
 - (d) the Finance Committee can issue any guidance or specific or general directions to any qualifying TfL subsidiary as to the manner in which it is to exercise its functions in relation to derivative investments;
 - (e) the Finance Committee will be provided with professional financial and legal advice, as required, in respect of their functions relating to the examination and approval of the exercise of the powers;

- (f) the approval of the statutory Chief Finance Officer² is required before any derivative investment or programme of derivative investments is entered into, in recognition of the statutory role under local authority finance legislation;
- (g) the approval of the managing Chief Finance Officer³ is required before any derivative investment or programme of derivative investments is entered into;
- (h) in respect of the derivative investments, the statutory and managing Chief Finance Officers will approve the types of instruments used;
- (i) any one of the managing Chief Finance Officer, Director of Corporate Finance or Group Treasurer are authorised by the Finance Committee to give consent on behalf of TfL to approve derivative counterparties;
- (j) any use of derivative investments will be monitored on a regular basis by the statutory Chief Finance Officer;
- (k) any use of derivative investments will be reported in the TfL Group accounts in accordance with International Financial Reporting Standards (IFRS);
- (l) the reporting of all derivative investments in the TfL Group accounts will be subject to audit by the TfL Group's auditors; and
- (m) the recognised market standard legal documentation processes for derivative investments produced by the International Swaps and Derivatives Association will be used where appropriate with suitable TfL bespoke amendments.

5 RESPONSIBLE OFFICERS

5.1 The Director of Corporate Finance and the Group Treasurer will be responsible for:

- (a) the proposal of all matters relating to the exercise of powers under section 49 of the TfL Act;
- (b) reporting on a regular basis to the Finance Committee on the adequacy / suitability of the exercise of these powers, and on any specific issues as directed by the Finance Committee;
- (c) reporting, as a matter of urgency, to the statutory and managing Chief Finance Officers, the circumstances of any actual or likely difficulty in achieving TfL's objectives in this respect; and
- (d) responding to any queries of the statutory or managing Chief Finance Officers following the statutory or managing Chief Finance Officers' review of the regular reports.

5.2 The approval of the statutory and managing Chief Finance Officers is required before:

² References to statutory Chief Finance Officer in this document mean the Chief Finance Officer under sections 114 and 115 of the Local Government and Finance Act 1988 and section 127 of the Greater London Authority Act 1999.

³ References to managing Chief Finance Officer in this document mean the managing (non-statutory Chief Finance Officer).

- (a) any derivative investment or programme of derivative investments is proposed to the Finance Committee; or
- (b) any changes to the Risk Management Strategy is proposed to the Finance Committee.

5.3 The Director of Corporate Finance and/or the Group Treasurer will propose exposure limits to counterparties with whom TfL may enter into derivative investments. These limits will be approved by the Finance Committee as part of the Treasury Management Strategy, prior to the start of the relevant financial year.

5.4 In order to ensure compliance with the legal controls set out in section 49, the statutory and managing Chief Finance Officer is required to state that all legal controls in section 49 will be met before a transaction can be executed. In giving this approval, the statutory and managing Chief Finance Officer must seek the advice of General Counsel and other professional advisers as may be required.

5.5 Once all the necessary approvals required under this policy have been obtained, the Director of Corporate Finance, Group Treasurer and Treasury officers will be authorised to agree and execute any related documentation required in relation to the approved derivative investments or programme of derivative investments.

6 REPORTING REQUIREMENTS, MONITORING AND MANAGEMENT INFORMATION ARRANGEMENTS

6.1 TfL will ensure that regular reports are prepared and considered on the implementation of this policy; on the effects of decisions taken and the transactions executed in pursuit of this policy; on the implications of changes, particularly budgetary, resulting from regulatory, economic, market or other factors affecting its derivative investment activities; and on the performance of the use of derivative investments.

6.2 As a minimum, the following reports will be produced:

- (a) an annual report to the Finance Committee on the strategy to be pursued in the coming year;
- (b) bi-annual reports to the Finance Committee on the performance of the treasury management function, including the status of the hedges in place; on the strategy to be pursued in the coming months; on the effects of decisions taken and the transactions executed over the review period, and on any non-compliance with this policy; and
- (c) periodic reports to the statutory and managing Chief Finance Officers.

6.3 The statutory Chief Finance Officer will monitor the use of derivative investments on a regular basis and part of this process will include the review of the periodic reports.

7 ACCOUNTING AND AUDIT ARRANGEMENTS

7.1 TfL will account for derivative investments, for decisions made and transactions executed, in accordance with best practice and commercial and accounting

practices and standards, and with statutory and regulatory requirements in force at the time.

7.2 TfL will consult with external auditors as required regarding correct accounting treatment.

7.3 TfL will ensure that its auditors, and those charged with regulatory review, have access to all information, and papers supporting the activities of the use of derivative investments for the proper fulfilment of their roles.

Policy Custodian and Owner

7.4 The owner of this policy is the Director of Corporate Finance and the Group Treasurer but its content and any amendments to it must be approved by the Finance Committee.

7.5 This policy will be reviewed annually.

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TTL Properties Limited TREASURY MANAGEMENT POLICIES (Appendix to TfL Treasury Management Policies)

1 BACKGROUND

- 1.1 This document sets out TTL Properties Limited (TTLP) policies and practices, authorities and delegations of its treasury management activities which apply to TTLP and its subsidiaries.
- 1.2 Transport for London (TfL) will provide borrowing, investment, liquidity and banking services to TTLP in line with the policies set out in this document. TfL will recharge for these services.
- 1.3 This document is an appendix to the main TfL Treasury Management Policies. TTLP is subject to the same policies and practices as they apply to TfL and all its subsidiaries save where specified otherwise in this Appendix.

2 LIQUIDITY

- 2.1 TTLP will produce each month a cash flow forecast that will show liquidity demand each month over the next 18 months. TTLP will ensure that it has sufficient liquidity through a combination of its undrawn committed facilities and its cash balances to meet liquidity requirements.
- 2.2 For prudent financial management purposes, TTLP will aim to maintain a minimum level of cash reserves of at least £10m. Cash reserves include cash and short-term investments.
- 2.3 Actual cash balances fluctuate on a daily basis and could temporarily fall below the minimum requirement. In this event, an assessment will be made as to whether any action is required by the Director of Corporate Finance and/or the Group Treasurer to address such temporary fluctuations, taking into account any undrawn credit facilities and forecast cash movements.
- 2.4 Liquidity be will assessed on an annual basis against downside scenarios.
- 2.5 The statutory and managing Chief Finance Officers¹ will be notified of any breaches of expected liquidity needs.

¹ References to statutory Chief Finance Officer in this document mean the Chief Finance Officer under sections 114 and 115 of the Local Government and Finance Act 1988 and section 127 of the Greater London Authority Act 1999. References to managing Chief Finance Officer mean the managing Chief Finance Officer.

3 BORROWING

- 3.1 The managing Chief Finance Officer is authorised to approve, notwithstanding the value of the borrowing, any new borrowings (subject to this falling within TfL's Authorised Limit). The Director of Commercial Development, Finance Director of Commercial Development or Director of Corporate Finance is authorised to approve, notwithstanding the value of the borrowing, any new borrowings (subject to this falling within TfL's Authorised Limit) for a tenor of not more than 12 months.
- 3.2 The Director of Commercial Development, Finance Director of Commercial Development, Director of Corporate Finance and Group Treasurer are authorised to approve and enter into any required agreements or other documentation in relation to the implementation of permitted borrowing.
- 3.3 Authorised Treasury officers may execute drawdowns under existing debt facilities.
- 3.4 The Director of Commercial Development, Finance Director of Commercial Development or the Director of Corporate Finance are authorised to approve the pre-payment or refinancing of loans, or re-purchase or redeeming of existing debt.
- 3.5 TTLP can enter into borrowing facilities and to borrow without recourse to TfL.
- 3.6 TTLP can enter into short term loan facilities with TfL Group entities for working capital purposes.

4 INVESTMENTS

- 4.1 Surplus cash will be invested in accordance with the TfL Treasury Management Strategy and TfL Treasury Management Policies.

5 BANKING

- 5.1 The Director of Corporate Finance or the Group Treasurer shall as and when necessary be authorised to:
 - (a) supply to financial institutions, lists of officials authorised to sign in respect of each and any account(s) of TTLP with specimen signatures;
 - (b) open further accounts for and on behalf of TTLP and supply to the financial institutions, details of the signatories together with specimen signatures in respect of such account(s);
 - (c) notify the financial institutions of any restrictions on the operation of any such accounts; and
 - (d) agree on behalf of TTLP the terms of any facility or service provided by the financial institutions including but not limited to general banking services, bonds, guarantees and credit limits.
- 5.2 The financial institutions shall be entitled to rely on any such details or notifications supplied by the Director of Corporate Finance, Group Treasurer or any Treasury officer confirmed in writing as having the same authority as the Director of Corporate Finance or the Group Treasurer.

6 RESPONSIBLE OFFICERS

- 6.1 The TTLP Treasury Management Policies will apply to TTLP. The TTLP Treasury Management Policies will be implemented, operated and administered through the Treasury team within the Corporate Finance Directorate of TfL.
- 6.2 The Finance Director of Commercial Development is responsible for advising the Land and Property Committee on investments, borrowing, derivatives, financial risk management, capital financing and also for banking arrangements necessary for TTLP. On an operational basis, this will be discharged through the Director of Corporate Finance and the Group Treasurer.
- 6.3 The Finance Director of Commercial Development is responsible for ensuring the execution of the TTLP Treasury Management Policies. On an operational basis, this will be discharged through the Director of Corporate Finance and the Group Treasurer.
- 6.4 The Finance Director of Commercial Development will be responsible for advising the managing Chief Finance Officer of TfL that it is in full compliance with all of the TTLP Treasury Management Policies. The managing Chief Finance Officer is responsible for ensuring that TTLP is in compliance with the TTLP Treasury Management Policies and updating the TfL Finance Committee accordingly.
- 6.5 The statutory or managing Chief Finance Officers or the Director of Corporate Finance or the Group Treasurer will appoint relevant Treasury officers to be authorised signatories for the purposes of paragraph 3.3
- 6.6 Subject as otherwise provided for within these policies, no investments, borrowings or entry into credit arrangements (including, but not limited to any lease or other such arrangement that might count towards TfL debt or liabilities under relevant accounting standards) shall be permitted without the consent of the statutory or managing Chief Finance Officer or Director of Corporate Finance or the Group Treasurer.

The managing Chief Finance Officer or Director of Corporate Finance or Group Treasurer will provide guidance for accepting financial guarantees, performance bonds, letters of credit and other credit enhancing products, and this must be followed by TTLP and/or its subsidiaries at all times.

7 TREASURY MANAGEMENT PRACTICES

Treasury Management Reporting

- 7.1 The following reports will be produced
 - (i) an annual report to the Land and Property Committee on the TTLP Treasury Management Strategy for the coming year and;
 - (ii) a monthly cash flow report to the Finance Director of Commercial Development and to the Director of Corporate Finance that will show liquidity demand for the next 18 months.

Cash Flow and Cash Flow Management

- 7.2 Cash flow projections and cash management will be managed outside of the TfL Group aggregation.

Appendix 4: Draft TfL Pension Fund policy on Notifiable Events

The Pension Schemes Act 2021 (PSA 21) introduces new Pensions Regulator (Regulator) powers and civil and criminal offences regarding the operation of defined benefit occupational pension schemes, such as the TfL Pension Fund (the Scheme).

Pursuant to the PSA 21, the Scheme employers and Scheme trustees must notify the Regulator of certain events happening as soon as reasonably practicable and, for certain Scheme employer-related events, after 6 April 2022, this notice will need to be provided in advance.

The managing Chief Finance Officer, Director of Corporate Finance and Group Treasurer will oversee the arrangements for the implementation, execution, operation and administration of measures to ensure that TfL as a Scheme employer complies with its obligations in relation to notifiable events listed below, [for itself and all other Scheme employers].

While notifiable events will be reported in relation to the Scheme as and when required, a report will be produced bi-annually to the Finance Committee on the reporting of any notifiable events to the Regulator. The Finance Committee will be notified as soon as reasonably practicable in respect of any actual or likely difficulty in respect of compliance with TfL's obligations in relation to notifiable events.

Notifiable events

A Scheme employer must notify the Regulator as soon as reasonably practicable if:

- they decide to take action which will, or is intended to, result in a debt due to the pension scheme not being repaid in full;
- they cease, or decide to cease, business in the United Kingdom;
- [they trade wrongfully, or a director (or former director) knows that insolvent liquidation is likely;] – *due to be removed from 6 April 2022*
- they breach a banking covenant, except where the bank agrees not to enforce the covenant;
- a director is convicted for an offence involving dishonesty;
- a decision in principle is made, or an offer is received, which may result in a change to who controls them*;
- a decision in principle is made, which may result in the sale of a material proportion (25+%) of their business or assets*; or
- a decision in principle is made, which may result in them granting security over a debt which gives the debt priority over the pension scheme*.

(*) = A separate "accompanying statement" must also be provided to the Regulator and the Scheme trustees as soon as reasonably practicable after the "main terms" of the relevant event "have been proposed".

Note: Some of these events may not need to be notified to the Regulator if the Scheme's funding position is above a specified level. Advice will be sought as appropriate whenever any of these events are anticipated to occur.

Finance Committee

Date: 9 March 2022

Item: Treasury Activities

This paper will be considered in public

1 Summary

- 1.1 This paper provides a brief update on our key treasury activities for the period from 17 September 2021 to 17 February 2022 (the Reporting Period).
- 1.2 During the Reporting Period, we have complied at all times with the Treasury Management Strategy (TMS), the Treasury Management Policies and the TfL Group Policy relating to the use of Derivative Investments (Policies) each approved by Finance Committee Chair's Action (as delegated by the Board) on 10 March 2021, including the GLA Responsible Investment Policy.
- 1.3 A paper is included on Part 2 of the agenda, which contains exempt supplemental information and documentation. The information is exempt by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972 in that it contains information relating to the financial affairs of TfL or of a sensitive nature to our listed counterparties. Any discussion of that exempt information must take place after the press and public have been excluded from this meeting.

2 Recommendation

- 2.1 **The Committee is asked to note the paper and the supplementary information on Part 2 of the agenda.**

3 Liquidity

- 3.1 The Treasury Management Policies state that, for prudent financial management purposes, TfL will aim to maintain a minimum level of cash reserves of at least 60 days' worth of forecast annual operating expenditure, equating approximately to £1.2bn. During the Reporting Period TfL cash reserves, excluding identified, separate subsidiaries, remained above this level.

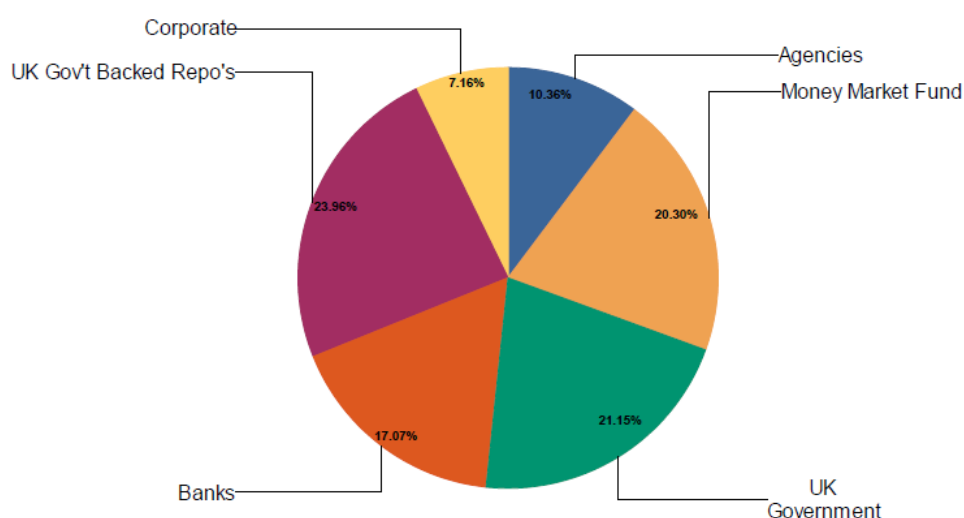
4 Investment Update

- 4.1 During the Reporting Period we have continued to diversify cash investments by country, sector, liquidity and counterparty risk. The maximum duration of investments has remained at three months to reflect the relatively short-term nature of the funding agreement with government.
- 4.2 On 17 February, cash under management was £1.3bn of which £391m (29 per cent) was held in highly rated, overnight money market funds (MMF) and government collateralised repurchase agreements (Gilt repo). Investments

maturing within two months totalled £1,155m (87 per cent). The weighted average maturity (WAM) of investments over the Reporting Period increased slightly from 22 days to 24.

- 4.3 While we have prioritised investments in short dated, highly rated instruments we continue to seek opportunities to diversify the portfolio and maximise yield. As at 17 February we held a diversified portfolio of investments in supra-national, government agencies and highly rated financial and corporate investments, as shown in Chart 1.

Chart 1 – Sector breakdown of cash position on 17 February 2022



- 4.4 The weighted average investment yield on 17 February was 28bps, 16bps lower than the Sterling Overnight Index Average (SONIA) benchmark. The yield is reflective of low interest rates, short duration and liquid investments in highly rated counterparties.

5 Borrowing Update

Borrowing during the Reporting Period

- 5.1 As at the end of the Reporting Period, we had £12,880.4m outstanding borrowing with a weighted average maturity of 17.0 years and an average interest rate of 3.2 per cent. We remained within the Authorised Limit for borrowing of £14,494.8m at all times during the Reporting Period.
- 5.2 In September 2021, we refinanced the last of the four variable rate Public Works Loan Board (PWLB) loans arranged as part of the £600m borrowing agreed under the early Extraordinary Funding and Financing Agreements with Government to benefit from the 1 per cent reduction in margin payable on new PWLB loans. The other three variable rate loans had already been refinanced earlier in 2021/22.
- 5.3 In September 2021, we also refinanced £259.9m of debt maturities with two new PWLB loans. The new loans included a variable rate loan (with monthly resets) of £100m and a fixed rate loan of £159.9m.

Remaining 2021/22 borrowing requirement

- 5.4 We have £55m of maturing long-term debt still to refinance in 2021/22. This debt matures with the European Investment Bank at the end of the financial year and we expect to refinance it shortly before its maturity. Whilst we will continue to monitor all our refinancing options, it is likely we will utilise our access to PWLB to refinance this debt.
- 5.5 We have access to the Local Infrastructure Rate for a modest amount of new PWLB borrowing, which presents a 20 basis point discount compared to the Certainty Rate that is otherwise available to TfL.
- 5.6 In addition to the refinancing detailed above, we will consider refinancing a portion of our rolling commercial paper with alternative sources, should this be appropriate.

6 Credit ratings

- 6.1 Our credit ratings as at 17 February 2022 are shown in the table below.

Table 1: TfL's credit ratings as at 17 February 2022

	Standard & Poor's	Moody's	Fitch
Long-term rating	A+	A3	A+
Outlook	Stable	Negative	Stable
Short-term rating	A-1	P-2	F1+

- 6.2 On 17 September 2021, Fitch affirmed our credit ratings and maintained the stable outlook on our rating. This reflects Fitch's expectation that our credit metrics will remain compatible with the rating, despite the impact of the coronavirus pandemic in 2021.
- 6.3 There have been no changes to our rating from Standard & Poor's, Moody's, or Fitch during the Reporting Period

7 Banking

- 7.1 We have successfully implemented Image Survivable Features (ISF) on TfL's cheque stationery. The new security features on the cheques should reduce the risk of cheque fraud for TfL. The new ISF cheque stationery was introduced in December 2021 in advance of our banking provider moving to a new image clearing system on 1 January 2022.
- 7.2 We continue to work with our banking provider and the Business Support Function (BSF) to automate the daily manual CHAPS payment process. The new process brings cost efficiencies as the files are cheaper to process and

automating the current payment process will allow the BSF to focus on other activities. Workshops are taking place to map out the to-be process and system integration testing is underway. The target date for implementation is April 2022

8 Other

Treasury Management System upgrade

- 8.1 Our treasury management system, Quantum, has been upgraded from version 6.5 to version 21. Version 21 ensures we continue to receive support from the software vendor and to obtain new functionality required for the replacement of LIBOR. Version 21 allows interest to be calculated from SONIA based products and for the instruments to be revalued. The project has been delivered on time and to budget

List of appendices to this report:

A paper containing exempt supplemental information is included on Part 2 of the agenda.

List of background papers:

None

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Finance Committee

Date: 9 March 2022

Title: Investment Management Strategy 2022/23 – Non-Financial Assets

This paper will be considered in public

1 Summary

- 1.1 The purpose of this paper is to set out the proposed Investment Management Strategy 2022/23 – Non-Financial Assets (Appendix 1 – ‘The Strategy’) and to seek authorities in relation to its approval.
- 1.2 The Strategy sets out how TfL plans to manage and grow its various commercial assets.
- 1.3 Approval of the Strategy is a matter reserved to the Board. However, on 29 July 2020 the Board delegated to the Committee approval of the Strategy and any changes to the Strategy during any year. At its meeting on 9 March 2022, the Committee is asked to exercise that authority in relation to the Strategy for 2022/23.

2 Recommendations

- 2.1 **Under authority delegated by the Board, the Committee is asked to note the paper and approve the Investment Management Strategy 2022/23 – Non-Financial Assets, attached at Appendix 1.**

3 Investment Management Strategy

- 3.1 Statutory guidance on Local Government Investments requires that TfL’s Investment Strategy should include reference to “other non-financial assets that the organisation holds primarily for or partially to generate a profit”.
- 3.2 The Strategy will sit alongside TfL’s Treasury Management Strategy, which addresses financial investments, the latest version of which is elsewhere on the agenda for approval at this meeting.
- 3.3 The Secretary of State recommends that the strategy should be presented for approval before the start of the financial year.

List of appendices to this report:

Appendix 1 – Investment Management Strategy 2022/23 – Non-Financial Assets

List of Background Papers:

None

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TRANSPORT FOR LONDON

INVESTMENT MANAGEMENT STRATEGY 2022/23 FOR NON-FINANCIAL ASSETS

1 SUMMARY

- 1.1 Non-Financial Assets are defined as assets that the organisation holds primarily or partially to generate a profit. This Investment Management Strategy (IMS) 2022/23 describes the objectives of TfL's programme of investment in commercial assets, the associated sources of funding, the approach to managing risks arising from it and the relevant key performance indicators.

2 BACKGROUND

- 2.1 The IMS 2022/23 has been prepared having regard to the Local Government Act 2003 and the Local Authorities (Capital Finance and Accounting) Regulations 2003 (as amended), as well as the key recommendations of:
- (i) the Prudential Code for Capital Finance in Local Authorities (the 'Prudential Code') issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) as updated in 2017;
 - (ii) the Statutory Guidance on Local Authority Investments (the '2018 Investments Guidance') issued by the then Ministry of Housing, Communities and Local Government (MHCLG) in 2018; and
 - (iii) the Code of Practice and Cross-Sectoral Guidance Notes for Treasury Management in the Public Services (the 'Treasury Management Code') issued by CIPFA and last updated in 2017.
- 2.2 As recommended by the 2018 Investments Guidance, this strategy will be updated at least annually and submitted for approval.
- 2.3 The IMS 2022/23 will be implemented, operated and administered under delegations of authority established in TfL Standing Orders.
- 2.4 The Prudential Code and the Treasury Management Code were recently updated and have not yet been fully reflected in this Investment Management Strategy. Changes to the Investment Management Strategy will be included for the 2023/24 financial year, as permitted under the updated Codes.

3 STRATEGIC OBJECTIVES

- 3.1 The objectives underpinning the IMS 2022/23 are to:
- (i) deliver 20,000 new homes on site over the next ten years as originally envisaged under the Mayor's Transport Strategy, (and recently extended following discussions with HM Government). Fifty per cent of new homes built are targeted to be affordable. Housing developments will seek to include, where

appropriate, improvements to the transport system, including step-free access and other rail and bus station improvements;

- (ii) recover from the pandemic and deliver long-term income for TfL through a growing and sustainable commercial surpluses;
- (iii) drive a capital investment programme for new housing and invest strategically in other asset classes plus improvements to our existing commercial property estate;
- (iv) to manage capital expenditure in the TfL property vehicle, TTL Properties Ltd (TTLP) through a mix of external borrowing, land sales, asset disposals and development returns; and
- (v) to develop the media and telecommunications activities within TfL generating long-term cash flows, and positive income returns.

4 INVESTMENT PROGRAMME

- 4.1 The IMS 2022/23 is forward looking with substantial capital expenditure anticipated over a 10-year period. The main programmes of capital expenditure within the plan are listed in Table 1. Some of these investments aim to deliver capital income returns, whilst some are set up to deliver an ongoing rental stream and associated asset value.
- 4.2 As TfL’s commercial property company, TTLP will be the delivery vehicle for property within TfL.

Table 1 – Main programmes of capital expenditure 2021/22 to 2029/30

	Capital Plan Ranking by Expenditure (largest to smallest)
Residential – For Sale Joint Ventures	1
Retail Expansion and Estate Improvement	2
Residential – Build to Rent	3
Commercial Office Development	4
Digital Media	5
Telecommunications	6

Residential – For Sale Joint Ventures and Build to Rent

- 4.3 The majority of the capital investment proposed in the IMS relates to real estate, with the largest sums directed to Residential. This is both ‘For-Sale’ projects and Build to Rent (BtR). TTLP’s development land is often in areas considered well

located for residential development, with good transport links. TTLP's Business Plan would see TTLP starting the sites to deliver 20,000 homes over 10 years.

- 4.4 Development of For-Sale residential will deliver future profits, and provide cash flow to reinvest, whilst contributing to new home delivery in London. Our largest developments are managed through joint ventures providing expertise and balancing risk, mainly with commercial development and investment partners but also with Housing Associations. Risks include planning and construction cost inflation. Schemes to deliver over 1,300 homes are currently on site, and these will be progressed. Others will be managed through planning, procurement and marketing en route to delivery.
- 4.5 To deliver the BtR programme, TTLP is investing through a joint venture with Grainger plc, a major residential rental specialist. Four sites (at Cockfosters, Montford Place, Nine Elms and Southall) have planning permission, with further site at Arnos Grove subject to an appeal. Target start on sites for these schemes is December 2022.
- 4.6 BtR has a track record of delivering real growth in rental income – that is, matching or exceeding inflation – and has remained a strong segment during the pandemic. BtR performed well in 2021 driven by high occupancy levels and strong rent collection. This is reflected in total returns for the sector of eight per cent for the year to Q3 2021 according to latest data from MSCI, a leading real estate index.
- 4.7 Forecasts from real estate advisor CBRE are that rental growth will increase in 2022, especially in the London market, where CBRE expects four per cent growth this year due to significant pent-up occupier demand. With regard to its continued resilience, BtR investment is anticipated to continue to increase as investors continue to target the sector, supported by favourable debt markets with diversifying lenders expected to increase their residential allocations. As a result, CBRE anticipates that investment into the sector will increase by 65 per cent in 2022. CBRE forecasts total returns of seven per cent per annum over the next five years, driven by steady income and capital growth.
- 4.8 TTLP's largest and most valuable development site remains Earls Court. TTLP will continue to work with its majority partner Delancey (acting on behalf of its client fund and APG) to progress our investment in Earls Court during 2021/22. Notable activity will include finalising the consolidation of the existing joint venture land with London Underground's adjoining Lillie Bridge Depot to create a 40-acre development site; progressing works to submit new planning (currently targeted at March 2023); and commencing delivery of homes with a first phase at 344-350 Old Brompton Road. These activities will enhance TTLP's investment holding, which decreased substantially in recent years below the original investment value due to market changes, planning and other deliverability issues, but has recently stabilised and is starting to grow again.

Retail Expansion and Estate Improvement

- 4.9 TTLP will invest in new retail expansion on our current estate. In line with a revised customer experience strategy and a key assets strategy, investment will be targeted at improving the existing retail portfolio. The wider environment for retail remains very challenging, with low footfall and high vacancy rates during the pandemic generally, causing rents to decrease. The market is beginning to recover,

and with TTLP's assets generally in excellent locations the opportunity remains to improve our offering.

- 4.10 A strategic plan has been created to deliver enhanced income by focusing on a number of prime sites with small interventions at other locations. Historic investment has been limited, and there is an imperative to bring assets up to the required standard and reshape our offer for the new social environment. Investment will help protect our income streams, including by ensuring we improve Energy Performance Certificate ratings. Over time, we will drive higher asset values and yields throughout the portfolio. TTLP will utilise assets in new ways through more effective data analysis and targeting. We have an established base of Small and Medium Enterprise customers, which is a strength given declines in large-scale retailing. Programmes have been delayed recently due to the funding constraints, but delivery will commence as TTLP stands up with its independent funding stream.

Commercial Office Development

- 4.11 Three significant TTLP sites at Bank, Paddington and Southwark portfolio are identified for commercial office development. With a clear 'flight to quality,' demand for quality assets with world-leading sustainability and well-being credentials remains very strong. This trend is expected to continue, with London remaining attractive to international capital.
- 4.12 Central London office growth is forecast to average 1.8 per cent per annum over the five years to 2026 according to Property Market Analysis (PMA), a leading real estate research consultancy. This will drive total returns for the sector to 5.1 per cent per annum during the period for the sector. As highlighted above, there will be a significant variance between the performance of prime offices with strong sustainability credentials against older office stock, supporting our development opportunities which will benefit from the demand for modern, new build accommodation.
- 4.13 Prime rental levels are now above pre-pandemic levels with stronger growth expected by lower levels of availability of prime space and above trend levels of growth in the London economy. Forecasts by PMA are for prime rental levels to increase by 6.5 per cent in the City of London in 2022 and by 3.1 per cent in the West End before moderating to 2.0 per cent per annum for the five years to 2026. Forecasts by Knight Frank suggest this could be higher at c. 3.5 per cent per annum over the same period as the flight to quality continues.

Digital Media

- 4.14 TfL has invested significantly in digital advertising assets across the rail estate, in line with market developments. Returns across all media (digital and traditional posters) have been disrupted by the current pandemic. Revenues are beginning to return, and our assets will support this including the newly installed Elizabeth line equipment due for opening this year. Over the plan period, there will be further digital investment in line with a need to refresh assets every six to seven years. Without such investment, revenue streams would decline. All capital expenditure will be carefully assessed based on expected returns.

Telecommunications

- 4.13 TfL will continue with the Telecoms Commercialisation Programme project which, from the start of 2022/23 includes the Emergency Services Network and continues from the pilots delivered by the public cellular pilot – e.g. 4G on the Jubilee line. Capital relates to implementation activity related to the 20-year concession agreement awarded to commercialise our transport assets. This is delivered through a number of telecommunications service lines, including public cellular throughout the London Underground. This project will produce significant revenue for TfL.

5 SOURCES OF FUNDING

- 5.1 Funding for property and development of existing assets within the TTLP portfolio will come from a mix of external funding and receipts from land sales, asset disposals and development profits. External funding will initially be sourced from committed bank facilities
- 5.2 Land sales will in the main be generated from selling land into joint ventures and using the receipt as part of our reinvestment into the joint venture.
- 5.3 Asset disposals include both unproductive assets from within the TTLP property portfolio as well as income-generating assets that are considered to have weak long-term income prospects. These assets are already identified and included in plans although, as previously noted, the disposal programme has slowed through the current pandemic.
- 5.4 Due to the relatively illiquid nature of the portfolio of property assets, the timing of receipts is not certain. Due diligence via forecasting will be undertaken to ensure future timings of investment commitments on development sites can be met. It should be noted that if a land sale into a joint venture does not occur, the corresponding Capital Expenditure will also not occur, so there is a natural risk balance.
- 5.5 The use of joint ventures as a primary delivery route for significant real estate projects brings in skill sets and market specialisms to limit risk and improve return.

6 RISK MANAGEMENT

- 6.1 The level of risk associated with non-financial investments described above will vary. This section seeks to address how this risk will be minimised to ensure good stewardship of public funds.
- 6.2 TfL will not enter into long-term project commitments until funding arrangements are clear, whether through external funding sources, land sales or disposals. Investment will be limited dependent on funding capacity.
- 6.3 TfL will seek to minimise risk to assets and loss of capital value. Control will be retained over assets through ownership retention, step-in rights and other legal protections up to completion and payment. Credit and reputational risks will be assessed and monitored. Long-term contractual commitments will be fully assessed and reviewed.

- 6.4 TTLP will manage real estate scheme risks through assessments of sustainability of income stream, planning risks, construction risks, stakeholder risks and political risks. In addition, two risks are considered in further detail:
- (i) market / sales risk – development value across all joint ventures primarily focuses on the residential sector – TTLP will manage risk levels through prudent assessment of sales values and likelihoods; and also through forward sales of affordable housing to Registered Providers who have a strong appetite to purchase stock; office developments will be assessed with regard to demand and future lettable, with sale retained as an option; and
 - (ii) credit risk – our joint ventures are expected to raise debt funding independently. There is a risk on availability of such funding initially, on a site-by-site basis plus impacts of prolonged periods of debt and high interest payments if sales or letting demand is weak - TTLP will ensure funding requirements are conservatively assessed in each case and will not progress schemes unless funding sources confirmed.
- 6.5 TTLP will monitor and set appropriate levels of gearing across the real estate development portfolio to manage risk exposure. Prudent assumptions of 50 per cent gearing within development phases (loan to cost) and 40 per cent within the income-generating investment phase (loan to value) have been set as a benchmark. Alternative funding options will be carefully assessed as needed. Structures will be managed to ensure debt in joint ventures is within overall TTLP borrowing limits. Interest cover ratios (rental values relative to interest to service debt) will be agreed in advance and tested to ensure they can be met prior to finalising any debt packages.
- 6.6 Measuring and managing forward commitments will be a key part of overall programme management, along with forecasting scheme outcomes regularly and testing for market conditions. TTLP will manage exposures by reducing equity share in joint ventures, thus lowering investment requirements, and will cancel or defer projects as needed, should there be indications of a property downturn.
- 6.7 When assessing projects TTLP will take a prudent approach to cost growth and value growth.
- 6.8 The investment programme focuses on markets where we have a natural advantage, namely our land holdings. This puts us in a strong position to invest capital compared with other operators in the market and minimises risk. It also means we can “hold” if market conditions are not conducive.
- 6.9 Investing in our property estate provides liquidity options in the form of underlying asset value which can be traded to manage overall risk. This is particularly relevant within the BtR portfolio where there is significant investor demand. TTLP will manage exit options as part of its risk approach.
- 6.10 Valuations will be important factors in ensuring real estate investment decisions are justified. TTLP will regularly assess fair value of assets relative to capital investment and loans to ensure informed decisions are made and compliance with loan terms is assured.

- 6.11 TfL will use independent experts as required to inform investment decisions. These will be procured on a case-by-case basis around the specific activity. Procurement will occur through frameworks, where a competitive process ensures the most technically competent and most economical advisors are available as required.
- 6.12 Due diligence and competitive procurement processes are in place for our investment decision making. Suppliers will undergo a rigorous process including credit checks to demonstrate TfL is achieving best value and have financial indicators to protect our interests. Commercial contracts giving us ability to monitor and assess suppliers throughout the life of any project will be part of standard operational practice.
- 6.13 TTLP will also use experts in property in its real estate governance process. The Commercial Development Advisory Group (CDAG) consisting of property industry experts from a range of backgrounds, ensures all our property investment projects can be challenged and scrutinised.
- 6.14 Governance structures for TTLP are currently under review and will be established in line with commensurate increase in risk following the proposed debt raise.

7 KEY PERFORMANCE INDICATORS

- 7.1 Subject to meeting security and liquidity requirements, yields and returns on capital investment will drive all decisions. Specific Key Performance Indicators (KPIs) will be used by TfL to assess and monitor investments:
- (i) all projects will be expected to produce a positive **Net Present Value (NPV)** discounted at TfL's standard rates;
 - (ii) all projects delivering rental income will be expected to achieve **yields** in excess of our cost of borrowing;
 - (iii) target geared **Internal Rate of Return (IRR)** will be measured - this will be based on market testing of development schemes as well as internal experience on schemes to date, and will vary according to the project, taking into account the following considerations:
 - delivery requirements within the Mayor's Transport Strategy (e.g. step free access as part of a development scheme, delivery of affordable housing) could reduce the IRR on specific schemes; and
 - different market segments have different risk profiles and the IRR expectation will reflect this; and
 - (iv) TfL will measure **Return on Equity (ROE)**, showing levels of profit compared to TfL capital invested.
- 7.2 Third-party debt and capital investment will be utilised as required to promote growth. Consideration will be given to the impact of debt including that within minority held joint ventures. Exposure and financial ratios will be measured and reviewed regularly.
- 7.3 Third-party capital does not in itself boost income returns. The introduction of investment partners will be driven more by the skills they bring, with the expectation

of optimised delivery and income returns. This will be tested through governance of each joint ventures.

7.4 We will also review liquidity and I make an assessment as to whether a stake in an investment vehicle is likely to be more or less liquid than direct ownership of the properties.

7.5 TfL will have regular reviews of global innovation in terms of new sources of income around transport nodes.

8. Summary Table

8.1 A summary of key investment areas and rationale is set out below.

Investment Area	Overview	Rationale
Residential – For Sale Joint Ventures	Establish joint ventures with private sector companies to deliver capital receipts from land plus profits. This will include a mixture of tenures, locations and price points.	Supports homes target including affordable. Sites typically have best sales potential with good residential values and strong market interest. Revenue from private for-sale homes will provide capital to be reinvested in income-producing opportunities.
Residential – Build to Rent	Major investment on identified sites. We expect to become a leading operator and owner of BtR with a growing residential asset base. This will enable us to focus resource on delivering quality services to our customers where we are best placed to do so.	Will provide a long-term sustainable net income stream back to the business and asset value growth. Demand and supply dynamic favours rented product in London. Includes affordable homes
Earls Court Development	The largest single development contributing to TTLP’s homes target, working with our joint venture partner. Creating a new district and supporting thousands of jobs.	Largest single contributor to homes target.
Retail Enhancement and Estate Improvement	Create new commercial assets and invest in existing assets through asset management initiatives, including exploiting opportunities of long leasehold interests. Investment plans include enhanced maintenance of existing portfolio.	Delivers rapid increase in net income, makes best use of existing assets, delivers enhanced customer experience and improves community.

Investment Area	Overview	Rationale
Digital Media	Go live on Elizabeth line plus replacing life-expired assets.	To protect and grow revenues with consumer expectation of digital product, in conjunction with traditional media.
Commercial Office Developments	Opportunity to create prime commercial office space through over-station developments. Options exist to support rationalisation of TfL's office facilities	Station environment enhancement and delivering sustainable office space in attractive locations.

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Finance Committee



Date: 9 March 2022

Item: Independent Investment Programme Advisory Group
Procurement Process Review

This paper will be considered in public

1 Summary

- 1.1. This paper presents the Independent Investment Programme Advisory Group (IIPAG) report following their review of the Procurement Process. The IIPAG report is attached as Appendix 1 to this paper.
- 1.2. A paper is included on Part 2 of the agenda which contains exempt supplemental information that is exempt from publication by virtue of paragraphs 3 and 5 of Schedule 12A of the Local Government Act 1972, in that it contains information relating to the business affairs of TfL and legally privileged advice. Any discussion of that exempt information must take place after the press and public have been excluded from this meeting.

2 Recommendation

- 2.1 **The Committee is asked to note the Independent Investment Programme Advisory Group's report on the Procurement Process and the exempt supplementary information on Part 2 of the agenda and to note the management response set out below.**

3 Management Response to IIPAG Quarterly Report

- 3.1 We welcome IIPAG's report and accept the IIPAG recommendation to establish a 'three lines of defence' assurance framework for procurements. We are reviewing how comparator organisations undertake procurement assurance. Based on this, and through dialogue with IIPAG, we will develop a model appropriate for use within TfL. We will then table our proposal to the Audit and Assurance Committee.

List of appendices to this paper:

Appendix 1: Independent Investment Programme Advisory Group – Procurement Process Review

Exempt supplementary information is included in a paper on Part 2 of the agenda.

List of Background Papers:

None

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INDEPENDENT INVESTMENT PROGRAMME ADVISORY GROUP

PROCUREMENT PROCESS REVIEW

Final draft

Executive Summary

The purpose of this review was to identify ways that TfL can reduce the risk of a challenge, and especially a successful challenge, to its procurements by learning from two recent significant challenges.

The review focussed mainly on the experience of the challenges to the Silvertown Tunnel Public-Private Partnership (PPP) procurement and the contract for the procurement of Piccadilly Line trains. It included benchmarking with HS2 and National Highways on actions taken to minimise the risk of successful challenge.

The review addressed four issues:

1. The risk of challenge: The current environment for undertaking major infrastructure procurements and risks of challenge from unsuccessful bidders.
2. Risk raisers: Common themes that compromise robustness and increase exposure to challenge.
3. Current practice: The approach of TfL and other organisations to ensuring robust procurements - through strategy, people, processes, procurement models, and assurance.
4. Our conclusions on TfL's approach and opportunities to further strengthen robustness.

It is clear to us that challenges should be expected from time to time, particularly in the more litigious areas. We consider that the challenges that TfL has received recently do not represent material failings on TfL's part, and indeed the general view we heard was that these major procurements had been well managed.

In general we found that TfL has sound systems and processes, and in our view the most critical thing is applying these effectively, with rigour and with the right resource and experience, to 'do the basics well'. This is especially important when the project or procurement is complex. We have identified some areas where we consider that TfL's approach could be further enhanced, especially in tailoring the approach according to risk, governance and assurance, capability and preparedness for future challenges.

We make one recommendation: that TfL should establish a 'three lines of defence (LOD)' assurance framework for procurements, with the focus largely on LOD1 (first line) and LOD2

(second line). This framework should be risk-based with the level and detail of assurance being proportionate to the size, complexity and risk of the procurement in question.

1. The Risk of Challenge

We heard from TfL interviewees and from outside organisations that the propensity for unsuccessful bidders to mount a legal challenge has been increasing. For a losing bidder the cost of a challenge is often low compared with the potential gain if they were to be successful in their challenge. Losing bidders can claim not only for recovery of bid costs, but potentially for damages/lost profit. On a major procurement running to hundreds of millions or even billions of pounds, the potential prize from a successful challenge can be very substantial. The rolling stock and signalling markets are especially prone to challenges. Both are characterised by infrequent but very high value procurements, where the losing bidders face missing out on market opportunities for many years. The limited number of suppliers in these markets means that there is little risk that the reputation or relationship damage of a challenge will be much of a disincentive.

Some challenges can simply be speculative ‘fishing expeditions’ where there are no apparent weaknesses in the procurement. We heard that bidders sometimes challenge mainly to obtain intelligence about their competitors’ bids. In this context, a procurement with zero risk is probably unattainable and driving for one may reduce value in other ways.

To be successful in their challenge, the losing bidder needs to establish not only that there has been a breach of regulation, but also that it is sufficiently serious and has caused them not to be awarded the contract. The bar is therefore quite high. Nevertheless, any legal challenge whether successful or not entails considerable work and cost for TfL - more so than for the challenger. In addition to the direct financial cost to TfL in defending a claim, there can also be a debilitating effect on the teams involved, and a distraction of effort. A challenge will probably also cause project delays (under current rules there is an automatic suspension to awarding the contract if there is a challenge). There can also be reputational impacts and the outcome of any proceedings is often inherently uncertain. For all these reasons there is a strong incentive for TfL to seek to minimise the risk of challenge.

2. Risk Raisers

For TfL and other client organisations the area which is most likely to provide a potential source of challenge is the design and execution of tender evaluation. The challenges to the Silvertown Tunnel and Piccadilly Line Trains were both concerned with the evaluation of bids.

There was much common ground between our interviewees on the issues most likely to raise the risk of a challenge, and also the factors which can make one more difficult to defend successfully. The main ones are set out below.

The design of the competition and evaluation process

- Over-complexity in procurement/contracting/financial models which increases the potential for misunderstandings, inconsistencies and errors.
- The Invitation to Tender (ITT) being insufficiently comprehensive, with poor quality requirements. The specification needs to provide bidders with sufficiently granular information to prepare their bid, and for the subsequent evaluation to sufficiently distinguish between bidders. Furthermore, the less clear the requirements, the more difficult it is to say unambiguously in advance how they will be evaluated. Incomplete or poorly thought through requirements are also more likely to lead to subsequent changes in requirements during the procurement process, which can open up opportunities for challenge.
- Inequalities in information. These can hinder a 'level playing field' between the bidders' and lead to claims of unequal treatment. This is particularly an issue where one of the bidders is the incumbent.
- Inappropriate evaluation criteria, or not being clear enough about what needs to be demonstrated to achieve a particular score. Ambiguity about what is needed to meet pass/fail tests or minimum thresholds is a particular area of risk.
- The overall evaluation design providing an insufficient basis to distinguish, or provide 'separation', between bidders. If final scores are close, the risk of a challenge is greater.

The execution of the evaluation

- Unequal treatment of bidders. All tenderers need to be asked the same questions and be given equal opportunities to provide information. Evaluators need to avoid unconscious prejudices and preferences.
- Weaknesses in application of scoring. The areas of evaluation which are most difficult, and which therefore require greatest scrutiny, are technical solutions, quality and deliverability. Risks arise if evaluators do not have the appropriate, up to date expertise, and if there has been insufficient testing and verification of different or novel technical solutions.
- The process and scoring not following closely enough what was set out in the ITT/Evaluation Strategy, for example not producing reports required in the ITT. New aspects of process cannot be introduced if they have not already been signalled in the ITT.
- Weaknesses in record-keeping. Having a clear audit trail is especially important for defending a challenge. The rationale that led to the award of each score needs to be fully recorded. If an evaluator's view changes during the evaluation, the reasons for that also need to be fully documented.
- Weak moderation/consensus processes. The moderation process establishes a 'consensus' score among a number of evaluators. The moderator must facilitate only, with the consensus score still being that of the evaluators. Risks arise if the evaluators rely too heavily on views of a moderator or 'evaluation consultee', or do not use their own words in recording the rationale for the consensus score.
- Lack of robustness around exclusion decisions. Bidders can be excluded at a number of stages during the evaluation, if they are deemed to fail to satisfy the necessary criteria. Exclusions will always present some challenge risk, and are difficult to defend if the justification given for the deemed failure is insufficiently strong. A

challenge can also be mounted over a failure to exclude a bidder when they should have been excluded – for example if their technical solutions are accepted without sufficient scrutiny.

- Inappropriate use of discretion. Discretion may be used to take account of mitigating circumstances a tenderer puts forward for example for not meeting thresholds. Such cases need to be thoroughly investigated and discretion needs to be carefully applied to avoid challenge risk.

We also heard of a number of factors relating to the environment within which the procurement is conducted which can increase the likelihood of these risks arising:

- Project time pressures, leading to elements of the procurement being rushed.
- Inadequate commercial and other resources to deliver robust design and evaluation, and changes of personnel during the procurement.
- Tenderers changing their constitution, which might affect the assessment of parts of their bid.
- The inclusion of new areas of evaluation where there is less experience/established practice (carbon impacts during construction was mentioned as an example).
- Tenderers seeking to contact senior managers outside the tender process to discuss the tender or tender decisions.

In addition we heard of factors that could be a direct cause of legal challenge aside from the evaluation. These were not issues in the two major procurements we have reviewed, and are not considered further in this report (though TfL may wish to consider them further).

They were:

- Conflicts of interest
- Non-competitive transactions
- Contract extensions

The issues that we have identified in our review echo some of the findings of the 2021 Holliday Report¹, which looked at the procurement process conducted by the Nuclear Decommissioning Agency (NDA) for the decommissioning of Magnox power stations. In that case the NDA had to pay £90m damages. Factors that contributed to this outcome included:

- Unclear governance, with a lack of clarity in the functions of multiple bodies and in the interrelationships between various boards and meetings
- Lack of robustness and accuracy in contract information, especially regarding the assumed state of the sites set out in the baseline data
- The complexity of the evaluation and errors in the evaluation process, with insufficient checks and balances such as moderation
- Poor record keeping, and lack of transparency and audit trail of decisions

¹ Report of the Holliday Inquiry. Inquiry into the award of the Magnox decommissioning contract by the Nuclear Decommissioning Authority, related litigation and its subsequent termination. House of Commons 4 March 2021

- Underestimation and poor management of legal risk, with legal advisers having insufficient opportunity to challenge, and legal advice not being communicated to senior decision makers,
- Poor communication of award decisions including the response to a complaint
- Inadequate assurance, with many assurances being narrow in nature, and a lack of effective check and challenge.

3. Current Practice

Strategy, processes and guidance

TfL and the other organisations we spoke to have put in place systems and processes to minimise the risks of challenge. TfL has guidance for its procurement teams on all the main elements of the process to be followed. Much of the guidance has been updated in recent years. Topics covered in the guidance include:

- Tender Evaluation Strategy
- Evaluation Design
- Tendering Guidance

We have not undertaken a full study of the current guidance, but from our high level review it looks to us that the guidance covers most of the issues which are likely to raise challenge risks. For example, the guidance emphasises the importance of robust and sufficiently detailed requirements, describes approaches to evaluation criteria and scoring, and encourages sensitivity testing of evaluation models. It calls for full recording of rationales and scores, with more detail required for more contentious scores. The guidance provides templates for key documentation such as the Tender Evaluation Strategy.

Those we spoke to emphasised the importance of doing the early stages well – getting the requirements right, setting out in the ITT how the evaluation will be undertaken – and avoiding theoretically perfect but over-complex structures. The key message was ‘set out clearly what you will do, and then make sure you do it’. TfL’s systems and processes generally provide a framework for achieving this.

People and capability

All interviewees stressed the importance of ensuring that sufficient competent resource is made available, and that ideally there should be continuity through the life of a procurement, which for the bigger procurements can be several years. We heard that the commercial team needs to have an understanding of major capital projects and their commercial environment and supply chain. It is important that TfL’s Procurement and Supply Chain Directorate (P&SC) is able to retain or access people who have built up skill and experience of the more complex major procurements.

TfL P&SC is currently going through a transformation programme, which is addressing these and other capability issues. TfL is not alone in facing shortages in suitably qualified commercial resource. TfL uses consultants to supplement its in-house commercial team, and

we heard of examples where this works well. However it is recognised that in-house resource brings advantages in knowledge retention and also in bringing understanding of the TfL business and public sector procurement requirements.

Likewise TfL's engineering and legal teams need to be able to retain their experienced and specialist staff. One critical resource issue is ensuring sufficient quantity and capability of evaluators, including technical evaluators. TfL and other organisations suggest 2-3 evaluators per question. One organisation had a large team of 15-20 evaluators for its very largest projects. An inherent risk is that in some very specialised areas of technical evaluation the overall supply of potential evaluators may be very small.

Governance and Assurance

Whilst many decisions are necessarily delegated to the procurement team, there needs to be a mechanism for senior support and challenge at appropriate points, to help ensure that risks are identified and mitigated as far as possible. The governance mechanism needs to be clearly defined in the ITT to avoid opening an opportunity for challenge. One of the organisations we spoke to described its clear governance structure for consideration/escalation of procurement decisions.

TfL procurement guidance now includes creation of a Tender Review Panel (TRP), usually at Director level, and with representation from the project, Legal and P&SC. The TRP can support the more contentious decisions (such as exclusion of bidders). However it seemed to us that the role and practice of Tender Review Panels is not yet fully understood or established in TfL.

TfL has established the Commercial Approval Meeting (CAM) to review contracts at certain stages from a commercial perspective. CAM considers a high-level evaluation strategy prior to issue of tender documents, but does not review the detailed strategy which is where any problems are likely to arise. CAM also considers a tender evaluation report as part of the Contract Award Recommendation. For these contracts CAM requires an Independent Review Record Sheet to evidence that a Quality Management process has been followed. CAM is seen as a positive development, but questions were raised about whether sufficient scrutiny and challenge is applied at CAM, and whether there is sufficient input, for example from the project team, to decisions on contracts. This raises questions about how well integrated commercial approval is with Pathway project gate and wider decision making.

Roles and responsibilities of the different disciplines delivering a procurement are set out in TfL guidance, but some interviewees suggested there was a lack of clarity on who leads/holds the ring through the life of the procurement.

At present TfL does not have a clearly defined policy for assurance of procurements, though a new division titled Governance and Assurance has been set up within P&SC, with a remit to create this. Legal representatives are well integrated with procurement teams in TfL on large projects but cannot be expected to provide full assurance. CAM provides some assurance but as noted above it is not detailed or comprehensive. In other organisations we heard of a more formal 'three lines of defence' model, where commercial assurance is

integrated with project assurance and the second and third line are applied to the larger and more risky procurements.

Engagement/communications

In talking to TfL and other organisations, we heard of the importance of creating and maintaining a perception of a tightly controlled process. Bidders need to have confidence that TfL is doing what it said it would do in the ITT and is being open with bidders about progress and process. This can help reduce the inclination for bidders to go on a 'fishing expedition'.

The quality of feedback to losing bidders can also affect the likelihood of a challenge. The aim should be for clear and transparent feedback on why the bid has been unsuccessful, providing assurance to the bidder that their proposal has received proper consideration. One organisation we spoke to provided full verbatim feedback from the Award system to minimise risks of challenge (although this would consequently increase the focus on the quality and expertise of the evaluation).

Pre-market engagement is used by TfL and other organisations to build understanding of requirements and opportunities. For procurements where there is the prospect of future contracts, building effective long-term relationships with the supply chain may reduce the risk of challenge – though this may not prevent a challenge where final scores are close. Long term relationships will not significantly reduce challenge risk for very big one-off contracts such as rolling stock procurement.

Other

We heard that some organisations were developing more collaborative contracting models, for a range of reasons. However interviewees all took the view that a more collaborative form of contract did not, per se, lead to any material difference in the risk of challenge at the procurement stage. There was also a common view against payment of bidders' costs, except in exceptional circumstances.

4. Conclusions and opportunities

It is clear that challenges should be expected from time to time, particularly in the more litigious areas. The challenges that TfL has received recently do not represent material failings on TfL's part, and the general view we heard was that these major procurements had been well managed.

In general TfL has sound systems and processes, and in our view the most critical thing is applying these effectively, with rigour and with the right resource and experience, to 'do the basics well'. This is especially important when the project or procurement is complex. There are some areas where we consider that TfL's approach could be further enhanced, especially in tailoring the approach according to risk, governance, assurance, capability and preparedness for future challenges.

Tailoring according to risk

Whilst overall the systems and processes are sound, they are fairly generic. The guidance is quite high level and applies to a very wide range of types of procurement. In our view more could be done to tailor the procurement process for major capital projects to reflect the size, complexity and riskiness of the procurement in question. We see benefit in having a formal step at an early stage of the procurement to consider the particular areas of potential risk of challenge. This could take the form of a categorisation or characterisation of procurements, with a clear indication of how and when it would be appropriate to go beyond the 'normal' application of the processes for those that carry higher risk. TfL guidance could set out the additional measures appropriate to higher risk procurements, which in our view would include increasing the experience level of the personnel involved, and the addition of explicit governance and assurance steps.

Governance

We have not seen a clear and comprehensive representation of the governance and decision making framework for major procurements in TfL, including what should be escalated, to whom, and when. For example, we suggest that the escalation requirements for a decision to exclude a bidder should be codified, given the high challenge risk associated with exclusions.

As we have noted above CAM has a role in reviewing the high level Procurement Strategy and Contract Award stages, but it operates somewhat in isolation. For major capital projects ITT and Contract Award are frequently important decision stages in the development of the project itself, with Contract Award often coinciding with the 'go/no go' decision to proceed with a project. We believe that the procurement approvals process should be more closely integrated into the Pathway process and wider project governance so that these decisions are taken in the round. This would improve decision making more generally but could also reduce challenge risks by involving a wider range of perspectives and expertise than CAM's considerations.

This integrated governance framework should set out the role and scope of the Tender Review Panel. We have also noted that there is some lack of clarity about who 'holds the ring', and we would suggest that this is addressed in TfL's current consideration of the role of the Senior Responsible Owner (SRO), who is the guiding mind and key decision maker providing steer and direction on strategic issues..

Assurance

We consider that TfL should establish a clear assurance framework for procurements. This should be risk-based and proportionate to the size and complexity of the procurement in question.

At LOD1, given that we have noted that the systems and processes are in place, assurance would be mainly a matter of ensuring that there are competent people who put the systems and processes into practice.

For many smaller procurements LOD1 will be sufficient. For the larger and more complex projects TfL should establish a consistent framework for providing LOD2. The Project Assurance team's commercial lead is already providing LOD2 for some more high profile procurements but PA does not currently have the resource to do this on a wider scale. PA may need to increase its resources, or alternatively consideration could be given to peer reviews or identifying assurance resource from within P&SC Directorate, with oversight from PA.

There may be a few very exceptional procurements where TfL would benefit from external assurance (LOD3), but we think such cases should be rare. IIPAG does not currently have the specialist skill in this area to take this on, and since the need would be infrequent, a better model might be for specialist resource to be bought in when necessary, possibly under the oversight of IIPAG.

Capability

Given the current market we expect that building and retaining in-house capability will be a continuing challenge. TfL's guidance has a supporting role to play in building the knowledge and capability of existing and new staff. TfL should continue to update the guidance from time to time to reflect experience of areas of challenge and potential mitigations, including the lessons from the Holliday Report. During this review we noted a couple of areas which might benefit from enhanced guidance: feedback to losing bidders, and the role of the 'evaluation consultee'. There is probably more that TfL could do to ensure that existing and any new guidance remains fresh in the minds of TfL staff and bought-in labour, for example through training and refreshers.

We have not considered P&SC's Transformation Programme as part of this review, but the findings in this report reinforce IIPAG's earlier view of the importance of giving due consideration in that programme to the particular requirements of major capital projects. We will consider this further as part of IIPAG's separate review of progress on P&SC transformation.

Preparing for future challenges

Given the near-inevitability of some future challenges, and the large amount of work that they can impose, TfL should consider how it can best prepare itself for setting up and running a future challenge. As a first step we suggest that TfL undertakes an 'after-action' review on how it conducted and managed the Silvertown and Piccadilly Line challenges, recording for all those involved what went well and whether there are opportunities to make the response more effective or efficient.

Our Recommendations

We expect that most of these developments can be taken forward as part of continuous improvement and within existing improvement initiatives. We are making only one specific recommendation:

We recommend that TfL should establish a ‘three lines of defence’ assurance framework for procurements, with the focus largely on LOD1 and LOD2. This framework should be risk-based with the level and detail of assurance being proportionate to the size, complexity and risk of the procurement in question.

Jonathan Simcock

Alison Munro

IIPAG

February 2022

Interviewees

Craig Keogh P&SC (Silvertown Tunnel)

Andrea Clarke Legal

Philip Hewson P&SC

Stuart Harvey MPD

Collan Murray P&SC (Piccadilly Line trains)

HS2 Procurement and Legal

HS2 LOD3

National Highways Procurement

We were assisted by the Commercial Lead from Project Assurance

Finance Committee



Date: 9 March 2022

Item: Funding Update on TTL Properties Limited

This paper will be considered in public

1. Summary

1.1. This paper provides a summary of the work undertaken since the meeting of the Committee on 6 October 2021 on the property workstream of the Financial Sustainability Plan (FSP) and the wider activity to operate TTL Properties Limited (TTLP) as a dedicated commercial property company within Transport for London (TfL). The paper will set out progress on:

- (a) The TTLP Business Plan;
- (b) funding negotiations with lenders;
- (c) governance; and
- (d) operating model.

1.2. A paper is included on Part 2 of the agenda which contains exempt supplemental information that is exempt from publication by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972, in that it contains information relating to the financial and business affairs of TfL. Any discussion of that exempt information must take place after the press and public have been excluded from this meeting.

2. Recommendation

2.1. The Committee is asked to note the paper and the exempt supplementary information on Part 2 of the agenda.

3. Background

3.1. The update to the Committee on 6 October 2021 stated that, subject to ongoing discussions with HM Government, agreement had been reached on the housing target. This agreement allowed TTLP to move from three potential business plan scenarios to a single plan that had been developed into a robust commercial plan following engagement with leading property advisor, Savills.

3.2. Similarly, soft market testing with UK and European banks and institutional investors had allowed TTLP to confirm a single preferred funding option of an unsecured revolving credit facility of up to £200m for the initial years of the plan.

3.3. The work undertaken since has been both to refine the TTLP Business Plan and funding, and to take forward the governance and operating model of the new

organisation that is assumed to be financially independent of TfL from 1 April 2022.

4. TTLP Investment Strategy and Business Plan

- 4.1. The TTLP Business Plan has been developed further and it will be brought to the proposed new Land and Property Committee.
- 4.2. The TTLP Business Plan includes the output of the work to date on the purpose of TTLP, which is consciously closely aligned with TfL's recent purpose work. TTLP's purpose sets out that TTLP will lead in shaping connected places that help London evolve safely, inclusively and sustainably to generate a growing endowment for future transport investment.
- 4.3. Summary information from the TTLP Business Plan has been provided to potential lenders. A high-level summary of the Business Plan outputs is provided in Appendix 1.
- 4.4. The Business Plan has been assessed against anticipated loan covenants (informed through engagement with lenders), demonstrating healthy performance. In addition, independent financial stress testing of the TTLP Business Plan has been undertaken by TfL's Corporate Finance team. An Affordability Report is currently in production and this will be shared with the Committee in due course. The report identifies a series of mitigations that can be undertaken if required. The combination of these mitigations provides assurance that the debt requirement and profile is affordable even should significant future downside scenarios impact TTLP.

5. Funding Negotiations with Lenders

- 5.1. We previously informed the Committee that initial indications suggested it could be practical to cover the first few years of TTLP's funding requirement via a committed bank facility that can be drawn as and when the funds are required.
- 5.2. Discussions have continued with potential lenders in relation to such a facility and we are now working with them to set up an unsecured revolving credit facility of up to £200m to cover the first three years of TTLP's capital requirements.
- 5.3. We have signed non-disclosure agreements with a number of prospective lenders and provided them with more detailed information around TTLP's performance and plans. The lenders remain interested in providing a facility to TTLP at competitive credit margins and we are discussing the key terms and covenants that TTLP will be required to adhere to under the facility. Crucially, the facility would be non-recourse to TfL.
- 5.4. To date all discussions with prospective lenders have been on a bilateral basis, however any facility will involve multiple lenders and common terms will need to be agreed. We expect to begin the process to appoint a coordinating agent to act for the lending group once we have received and agreed key terms with each lender. Overall, discussions have been positive, and we anticipate having the facility in place early next financial year, subject to approval.

- 5.5. We are currently expecting to request approval from the Committee for the new TTLP financing in the weeks ahead. This will be accompanied by a summary of the TTLP Business Plan and the finalised Affordability Report.

6. Governance

- 6.1. At its meeting on 8 December 2021, the Board noted the proposed creation of a Land and Property Committee. A paper outlining the proposed membership and remit of the Land and Property Committee will be submitted to the meeting of the Board on 23 March 2022 for approval. Subject to that approval, the intention is that the Land and Property Committee will be in place from April 2022.
- 6.2. In parallel, work is underway to review the wider governance for TTPL as well as the planned assurance and reporting requirements, which will be commensurate with a major commercial property vehicle.

7. Operating Model

- 7.1. Work has also begun on the development of the operating model and structure for TTLP. This work is part of the programme of activity overseen by the TfL Change Steering Group and is utilising expertise from the TfL People and Change team.
- 7.2. As part of the operating model exercise, current activity analysis and value chain development are underway – and again these will leverage the work recently undertaken across TfL. The activity analysis and value chain work will be used to assess where any changes could be made to the future model to ensure the Investment Strategy and Business Plan are delivered in the most effective way and that the maximum value is achieved from the asset portfolio. Further details will be provided as this work progresses.

List of appendices to this report:

Appendix 1: High-level summary of the Business Plan outputs.

Exempt supplementary information is included in a paper on Part 2 of the agenda.

List of Background Papers:

None

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Appendix 1

High-level summary of the Business Plan outputs.

(£'000s)	FY22/23	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31
TTLP Asset Value	2,131,700	2,235,449	2,457,849	2,729,519	3,070,768	3,345,597	3,544,868	3,655,140	3,957,333
Total Operating Income	95,492	91,430	101,279	108,288	128,002	153,813	167,642	154,160	187,362
Net Debt	24,407	40,360	153,290	277,525	386,818	464,209	568,706	505,292	523,571
Total Returns to TfL	22,162	37,366	44,883	47,888	49,004	54,777	64,387	68,139	75,226

Finance Committee

Date: 9 March 2022

Item: Taxi Fares and Tariffs Update

This paper will be considered in public

1 Executive Summary

- 1.1 TfL is responsible for the licensing and regulation of London's taxi (black cab) and private hire services. TfL also regulates taxi fares and set the maximum taxi fares that can be charged. This paper asks the Committee to approve changes to the taxi fares and tariffs.
- 1.2 We had planned to review taxi fares and tariffs in 2020 and consult on potential changes but did not do so due to the coronavirus pandemic. The coronavirus pandemic has had a significant impact on taxi drivers and the taxi trade. Section 5 has more information about the impact of the coronavirus pandemic on London's taxi trade.
- 1.3 In December 2021 we consulted on London taxi fares and tariffs and asked respondents:
 - (a) for their views on the current minimum fare and tariffs, and value for money of taxi fares in London;
 - (b) if they supported or opposed three options on the minimum fare and tariffs;
 - (c) if they thought the Heathrow Extra should be frozen, removed or increased to cover the price increase for taxi drivers accessing the taxi ranks at Heathrow and if they considered an increase was appropriate then how much; and
 - (d) if they thought there should be an extra charge taxi passengers pay when being dropped off at one of the terminals at Heathrow Airport to help taxi drivers cover the cost of the Heathrow Terminal Drop-Off Charge (TDOC) recently introduced by Heathrow Airport Limited. If so, how much did they consider this should be increased by.
- 1.4 There are negative impacts if we increase taxi fares and tariffs, or increase taxi fares for journeys to or from Heathrow Airport. These include:
 - (a) taxi users paying higher fares, with increases potentially having a disproportionate impact on some disabled or elderly people who may use taxis more often or be more reliant on them; and

- (b) people using taxis less often and this resulting in taxi drivers' incomes declining or drivers having to work longer hours.
- 1.5 However, there are also potentially negative impacts if no increases are made including:
- (a) taxi drivers leaving the trade due to costs increasing and taxi driving being considered a less attractive career than it previously was;
 - (b) the number of people applying to become a taxi driver falling;
 - (c) the supply of available taxis declining or wait times increasing leading to:
 - i. some taxi users being unable to make a journey, with people who rely on taxis or use them more often being disproportionately affected; and
 - ii. some people choosing a less safe option (e.g. using an unlicensed vehicle or unbooked private hire vehicle (PHV), or walking when this could be less safe).
- 1.6 Our full impact assessments can be found in Appendices 6 and 7.
- 1.7 There were 1,949 responses to the consultation. This paper contains a full analysis of those responses including:
- (a) charts showing the responses to the closed questions – sections 13, 14, 18, 19 and 20;
 - (b) summaries of the stakeholder responses – Appendix 4; and
 - (c) the consultation analysis code frame – Appendix 5.
- 1.8 After considering all of the responses received, issues raised and the impacts identified we are recommending increases to taxi fares and tariffs. The full recommendations are set out in section 3.
- 1.9 The reasons for making these recommendations include:
- (a) taxi drivers' operating costs have significantly increased since fares and tariffs were last changed in January 2020 and we want to ensure taxi drivers can cover their operating costs and continue to earn a living;
 - (b) taxi drivers have been significantly impacted by the coronavirus pandemic and many have not been able to earn a living as a taxi driver or been eligible for financial support;
 - (c) it is important that there is a sufficient supply of licensed taxis and taxi drivers, and taxis are available for hire. This is particularly important for public safety and people travelling at night, and also for people who may

use taxis more often or be more reliant on them (e.g. some elderly or disabled people);

- (d) the cost for taxi drivers to access the taxi ranks at Heathrow Airport has doubled to £7.20;
- (e) from April 2022 taxi drivers will also have to pay the full Heathrow TDOC (£5.00) when dropping off passengers in the terminal drop-off zones at Heathrow Airport; and
- (f) overall, we think the recommendations help us strike an appropriate balance between taxi drivers being fairly paid and taxi users getting fair, reasonable and affordable fares.

2 Introduction

- 2.1 The purpose of this paper is to update the Committee on the taxi (black cab) fares and tariffs review and invite it to approve the recommendations in section 3. Any approved changes to the fares and tariffs as set out in this paper will come into effect on 30 April 2022.
- 2.2 This paper also contains an update on the impact of the coronavirus pandemic on London's taxi trade. We normally review taxi fares and tariffs annually but did not do so in 2020 and 2021 due to the coronavirus pandemic.

3 Recommendations

3.1 The Committee is asked to note the paper and approve:

- (a) increasing the minimum fare from £3.20 to £3.80;
- (b) increasing Tariffs 1 and 2 by 5.51 per cent;
- (c) freezing Tariffs 3 and 4;
- (d) increasing the maximum Heathrow Extra from £2.80 to £3.60; and
- (e) introducing a charge of up to £5.20 which taxi drivers can add when dropping off passengers in one of the terminal drop-off zones at Heathrow Airport unless their taxi has been registered for a Blue Badge concession.

4 Background

- 4.1 Taxi and private hire services in London are licensed and regulated by Transport for London (TfL). The Licensing, Regulation and Charging (LRC) Directorate within TfL has day to day responsibility for the delivery of taxi and private hire licensing services.
- 4.2 Taxi fares are calculated using a taximeter and the meter shows the **maximum fare** that can be charged at the end of a journey.

- 4.3 The fare is based upon the time of day, distance travelled and time taken. Once a journey reaches around six miles, a different tariff rate (sometimes called Tariff 4) applies.
- 4.4 There are four different taxi tariffs and the times at which these apply are shown below.

Tariff	When tariff applies
Tariff 1 (T1)	<ul style="list-style-type: none"> Monday to Friday between 05:00-20:00
Tariff 2 (T2)	<ul style="list-style-type: none"> Monday to Friday between 20:00-22:00 Saturday and Sunday between 05:00-22:00
Tariff 3 (T3)	<ul style="list-style-type: none"> Every night between 22:00-05:00 Public holidays
Tariff 4 (T4)	<ul style="list-style-type: none"> At all times for journeys over six miles

5 Impact of the coronavirus pandemic

- 5.1 The coronavirus pandemic has had a massive impact on taxi drivers and the taxi industry. Many taxi drivers have been unable to earn a living as a taxi driver during the pandemic and some have not been eligible for any of the Government financial support schemes.
- 5.2 As well the severe financial impacts, the health and wellbeing of individual taxi drivers has also suffered with figures published by the Office for National Statistics in 2020 showing that male taxi drivers and chauffeurs had a higher rate of deaths involving coronavirus than other professions.
- 5.3 The use of taxis fell dramatically as a result of coronavirus restrictions as there were fewer people travelling in London. The number of people in the capital from groups who might use taxis most often (e.g. commuters, office workers, business people visiting London for meetings, tourists, people going out at night or to events) has been significantly lower than normal for a sustained period.
- 5.4 During the pandemic some taxi drivers have gone to extraordinary lengths to support and assist local communities or key workers by offering free rides, delivering food and other essential supplies, or providing transport to vaccination centres. Some taxi drivers also changed jobs to help provide delivery services.
- 5.5 Some taxi drivers may have been eligible for the Government's Self-employment Income Support Scheme and so this has partly mitigated the impact on them. However, not all will have been eligible for this or other financial support.

- 5.6 The number of licensed taxi drivers and people applying to become a licensed taxi driver has declined significantly due to the pandemic – the table below shows the number of licensees in March 2020 and currently.¹

	15 March 2020	6 February 2022	Difference	%
Taxis	18961	14439	-4522	-23.85%
Taxi Drivers	22409	19716	-2693	-12.02%

- 5.7 A chart showing the trend in the number of licensed taxis and taxi drivers since 2000/01 is attached in Appendix 1 which shows that pre-pandemic there was a slow decline but this has accelerated significantly as a result of the pandemic.
- 5.8 Although the most recent update of the Cost Index shows that taxi drivers' operating costs have increased, concerns have been raised within TfL, by some disability and accessibility groups and also by some taxi drivers about increasing taxi fares and this potentially having a negative impact on the taxi trade or taxi passengers. Furthermore, there could be a disproportionate impact on people who are using taxis more often (e.g. the elderly, Taxicard² members, people who are vulnerable or were shielding) because they are still concerned about using buses, the Tube or trains.
- 5.9 At the same time concerns have been raised within TfL and by the taxi trade about taxi drivers leaving the trade due to costs increasing and taxi driving being considered a less attractive career than it previously was. There are also concerns about the decline in the number of people applying to become a licensed taxi driver and the number of newly licensed taxi drivers. These figures are significantly lower than they were previously.
- 5.10 For example in 2010/11 2,546 applications to become a taxi driver were received and 763 new taxi driver licences were issued.³ In the last full year before the pandemic (2019) these figures were 477 and 393 respectively. Taxi drivers leaving the trade, and declining numbers of new applicants and newly licensed taxi drivers can reduce the availability of taxis, increase wait times and mean people are unable to get a taxi.
- 5.11 We are currently undertaking a review of the Knowledge of London to consider ways to make it more attractive, accessible and relevant.

¹ TfL licensing data 15 March 2020 and 6 February 2022

² Disabled residents in London are eligible for subsidised taxi journeys under the Taxicard scheme which provides a door-to-door service. The scheme is funded by TfL and the London boroughs and taxis are used for the majority of Taxicard journeys.

³ TfL licensing data

6 Reviewing taxi fares and tariffs

- 6.1 When considering changes to taxi fares and tariffs, we aim to try to strike an appropriate balance between taxi drivers being fairly paid and taxi users getting fair, reasonable and affordable fares.
- 6.2 To help us achieve this we:
- (a) use the Cost Index (see section below) to inform any potential changes to taxi fares and tariffs, but we do not automatically increase or decrease fares or tariff rates by the total Cost Index figure;
 - (b) consider any changes to the costs of being a taxi driver in London along with the need for fares to be fair, reasonable and affordable for users;
 - (c) take into account the need to maintain reasonable and justifiable differences in the tariffs for journeys in the daytime, evening/weekend, late at night and on public holidays;
 - (d) take into account the need to maintain reasonable and justifiable differences in fares as the distance and duration of a taxi journey increases;
 - (e) recognise specific criteria regarding taxi licensing and services in London including the [Knowledge of London](#) and taxi vehicles having to meet the [Conditions of Fitness](#); and
 - (f) have due regard to the impact of changes to fares and tariffs on those sharing characteristics protected under the Equality Act 2010 including the impact on those who may use taxis more frequently or are more reliant on them compared to others because they are in a protected group.
- 6.3 Information about changes to taxi fares and tariffs since 2010 is provided in Appendix 2.

7 Cost Index

- 7.1 The Cost Index is maintained by TfL and it provides a way to track changes to:
- (a) the costs related to being a taxi driver; and
 - (b) average national earnings.
- 7.2 The Cost Index includes a number of different components covering drivers' operating costs (e.g. vehicle costs, parts, tyres, servicing, fuel and insurance). We update the figures for these components when we review taxi fares and tariffs. Sometimes we also add, remove or amend components in the Cost Index.

- 7.3 When we update the figures for the different components in the Cost Index it provides us with a single figure for changes to taxi drivers' operating costs and average national earnings. We use this figure when considering potential changes to taxi fares and tariffs.
- 7.4 It is important to note that the Cost Index and the total figure produced when this is updated are independent of the taxi fares and tariffs.
- 7.5 Although some taxi users may consider taxi fares to be too high this does not necessarily mean that there is a problem with the Cost Index. Other factors such as congestion, delays, increased journey times, increased journey lengths and restrictions on where taxis can go, may have a greater impact on taxi fares and passengers paying more or regarding taxi fares as too expensive.
- 7.6 When it is updated the Cost Index produces one single figure and this is normally used when changes are made to the tariffs. For several years Tariffs 1, 2 and 3 were increased by the total Cost Index figure. A different approach has been taken in the most recent reviews but the total Cost Index figure has still been taken into account and used. A summary of the changes made to the minimum fare and tariffs since 2010 is enclosed in Appendix 2.

Cost Index review

- 7.7 We see the Cost Index as an essential tool to enable us to track changes to costs related to being a taxi driver and average national earnings. We remain fully committed to updating the Cost Index when we review taxi fares and tariffs, and considering changes to it when appropriate. The taxi trade associations have also expressed their strong support for continuing to use the Cost Index.
- 7.8 In 2016 an independent review of the Cost Index was carried out following feedback from the Committee as members were keen to explore whether this remained the most appropriate way of calculating taxi fares.
- 7.9 The 2016 review found that "the current method of applying annual uplifts to various components differentially remains the best way of ensuring that year-to-year cost variations are dealt with in a fair and economic manner. This 'variable weight methodology', whereby weights change from year to year in accordance with changes in expenditure, seems to us to be preferable to fixing weights until the next full recalibration/reconstruction. This is, after all, the fundamental basis of RPI and CPI. That said, periodic reconstruction of the whole index should be undertaken as a revalidation exercise to ensure ongoing fitness for purpose. This has the advantage of also allowing new cost categories or changes in practice to be readily incorporated."

Zero emission capable taxis

- 7.10 Since 1 January 2018 it has been a requirement for all newly licensed taxis to be zero emission capable (ZEC). There are currently two vehicles that can be newly licensed as taxis:

- (a) London Electric Vehicle Company (LEVC) TX⁴; and
- (b) Dynamo Taxi.⁵

7.11 As of 6 February 2022 there were 5,124 licensed ZEC taxis, which represents 35 per cent of the total London taxi fleet. Although since the start of the coronavirus pandemic the total number of licensed taxis has fallen by almost 25 per cent.⁶

7.12 In 2019 we reviewed the Cost Index and updated it to include costs for the LEVC TX, the Dynamo Taxi and also charging/electricity costs. No further changes to the Cost Index are currently planned.

2019, 2020 and 2021 Cost Index figures

7.13 The 2018 Cost Index figure informed the proposals consulted on in 2019 and which were implemented in January 2020.

7.14 The 2019, 2020 and 2021 Cost Index figures were used in the current review of taxi fares and tariffs.

Date	Total Cost Index figure	Notes
November 2019	+4.16%	<ul style="list-style-type: none"> • This update brought the ZEC taxi costs into the index • The operating costs include a +1.24% vehicle cost component • Charging/electricity costs for the ZEC taxis were also introduced in this Cost Index update
October 2020	-0.01%	<ul style="list-style-type: none"> • The increase in operating costs was cancelled out by the decrease in average national earnings
September 2021	+5.80%	<ul style="list-style-type: none"> • Both taxi driver operating costs and average national earnings have increased

7.15 The table below shows the figures for taxi drivers' operating costs and average national earnings for the 2019, 2020 and 2021 Cost Index updates.

	2019	2020	2021
Operating costs	+2.00%	+0.58%	+1.00%
Average national earnings	+2.15%	-0.58%	+4.80%
Total Cost Index figure	+4.16%	-0.01%	+5.80%

Combined sum of the 2019, 2020 and 2021 total Cost Index figures	+9.95%
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⁴ LEVC TX, <https://www.levc.com/tx-electric-taxi/>

⁵ Dynamo Taxi, <https://www.dynamotaxi.com/>

⁶ TfL licensing data, the number of licensed taxis has fallen from 18,961 in March 2020 to 14,439 in February 2022

- 7.16 The figures for each component of the 2019, 2020 and 2021 Cost Index are enclosed in Appendix 3.
- 7.17 For several years, average fares across Tariffs 1, 2 and 3 were increased by the total Cost Index figure. Tariff 3 applies to taxi journeys at night. It is the highest rate and was introduced to encourage taxi drivers to work at night and increase the supply of available taxis at night. Previously increasing Tariff 3 by the total Cost Index figure may have contributed to a perception amongst some people that taxi fares are too expensive late at night.
- 7.18 The options in the consultation that involved increases to the fares and tariffs were both informed by the exact combined sum of the 2019, 2020, and 2021 total Cost Index figures (+9.95 per cent).

8 Review of taxi fares and tariffs

- 8.1 Taxi fares and tariffs were last updated by TfL in January 2020 using the Cost Index calculation from 2018. We had planned to carry out a new review in 2020 and consult on potential changes but did not due to the coronavirus pandemic. We thought it would not be appropriate to consider potential changes to taxi fares and tariffs during a public health emergency, when the demand for taxis reduced so significantly, and whilst demand for taxi journeys fell by approximately 95 per cent. It was also felt that we should concentrate on helping the taxi trade play an essential role in helping London through the pandemic.
- 8.2 We now believe it is the right time to consider changes to taxi fares and tariffs as part of the overall recovery of the trade in London.
- 8.3 The taxi fares and tariffs review takes into consideration that:
- (a) taxi drivers' operating costs have increased significantly since fares and tariffs were last changed in January 2020;
 - (b) we need to decide how we use the Cost Index figures from 2019, 2020 and 2021 as these have not been used in any review of taxi fares and tariffs to date;
 - (c) the 2019 Cost Index figure is particularly important as this was the first time the cost of the new ZEC taxis was included in the Cost Index. ZEC taxis are more expensive than diesel taxis and the 2019 update captures for the first time the increase in vehicle costs and the switch from the taxi fleet being almost all diesel to ZEC taxis being part of the fleet. The total Cost Index figure for 2019 was +4.16 per cent. The taxi vehicle component of this was +1.24 per cent and second largest component in the update;
 - (d) the cost of working at Heathrow Airport has doubled for taxi drivers – fees to access the taxi feeder park and taxi ranks at the airport increased in July 2021;

- (e) it is expected that from April 2022 taxi drivers will have to pay a new charge when dropping off passengers at one of the terminals at Heathrow Airport – the Heathrow (TDOC); and
- (f) if the supply of available taxis declines or wait times increase then:
 - (i) some users may not be able to make a journey, and people who rely on taxis or use them more often may be disproportionately affected including those who share protected characteristics under the Equality Act 2010; and
 - (ii) some people may choose a less safe option (e.g. using an unlicensed vehicle or unbooked private hire vehicle (PHV), or walking when this could be less safe).

8.4 It is also important that taxi drivers are fairly paid to ensure that:

- (a) taxi driving remains a viable career and licensed taxi drivers do not stop being a taxi driver as this could affect the supply of taxis and mean taxi users are unable to get a taxi or have to wait longer for a taxi;
- (b) taxi drivers can cover their operating costs;
- (c) people will consider applying to become a licensed taxi driver. If the number of newly licensed taxi drivers falls then this could also affect the supply of taxis and increase the risk that taxi users are unable to get a taxi or have to wait longer for a taxi.

8.5 These points are always considered as part of any review of taxi fares and tariffs. However, they are particularly relevant given the impact that the coronavirus pandemic has had on London's taxi trade.

8.6 At this time it is clear that the number of licensed taxi drivers has decreased and some licensed taxi drivers have yet to return to work. A reduction in the number of licensed taxi drivers potentially has an impact on the overall viability of the taxi service in London.

8.7 It is also important that taxis remain affordable for users because:

- (a) taxis may be particularly important for some people who require an accessible vehicle or a door to door service;
- (b) taxis provide an important service late at night and if taxis are considered too expensive people may be more likely to use an unlicensed vehicle or unbooked PHV, or walk when this is a less safe option; and
- (c) if taxis are considered unaffordable and the number of people using taxis or taxi journeys declines this could reduce the availability of taxis or increase taxi wait times, as existing taxi drivers may leave the trade and people may be deterred from applying to become a taxi driver.

9 Heathrow Airport

- 9.1 Taxis are an important part of the transport arrangements at Heathrow Airport, with taxi ranks serving the terminals and a large taxi feeder park providing space for taxis to wait.
- 9.2 The coronavirus pandemic had a massive impact on Heathrow Airport with most passenger carrying flights stopped at certain times during the pandemic. As a result of the pandemic Heathrow Airport Limited (HAL) has been reviewing their fees and charges and looking to increase these to recover income lost during the pandemic.
- 9.3 The pandemic has had a huge impact on taxi drivers who work at the airport with drivers waiting several hours for a fare. It's important that taxi drivers continue to work at Heathrow Airport and a taxi service is provided.

Heathrow Extra

- 9.4 Taxi drivers must pay a fee to enter the taxi feeder park at Heathrow Airport and access the taxi ranks at the airport terminals. HAL sets the fee taxi drivers must pay to use the taxi ranks and it is calculated so as to cover HAL's costs as opposed to make a profit. HAL decide whether to increase or reduce the fee and in July 2021 they increased it from £3.60 to £7.20 owing to losses incurred during the coronavirus pandemic when demand for taxis at the airport was massively reduced. HAL was originally going to increase the fee to £10 but following discussions with the taxi trade they agreed to a slightly lower increase of £7.20 but there is no guarantee that this won't be further increased in 2022.
- 9.5 In recognition of taxi drivers having to pay a fee to enter the taxi feeder park at Heathrow Airport and access the taxi ranks, we introduced the Heathrow Extra in April 2004. Taxi drivers are allowed to charge a Heathrow "Extra" to help them cover part of the cost of the taxi feeder park fee. It has normally covered around 50 per cent of the taxi feeder park fee.
- 9.6 The Heathrow Extra is currently £2.80. Taxi drivers can add this to the fare for taxi journeys that start from one of the taxi ranks at the airport.
- 9.7 In 2014 the Finance Committee and TfL Board expressed opposition to the Heathrow Extra. However, after further consideration in a later meeting the TfL Board agreed that it should be retained.⁷

⁷ TfL Board minutes of 24 September 2014 meeting, <https://content.tfl.gov.uk/board-20141105-part-1-item03-minutes-20140924.pdf> ,

Heathrow Terminal Drop-Off Charge (TDOC)

- 9.8 In November 2021, HAL introduced a TDOC, which is currently set at £5.00 for all vehicles when dropping off people at one of the terminal drop-off zones at Heathrow Airport.⁸ This brings Heathrow into line with some other airports, such as Gatwick Airport⁹, where drivers are already charged for dropping off passengers at terminals.
- 9.9 Vehicle owners have until midnight on the following day after they have dropped off to pay the £5.00 charge. Automatic number plate recognition (ANPR) is used to manage the TDOC and if a vehicle owner does not pay the £5.00 charge in time they will be sent a parking charge notice and will have to pay £80 within 28 days, or £40 if paid within 14 days. Passengers can be dropped off in the long stay car parks at Heathrow Airport at no charge and then use the free shuttle bus to travel to the terminals.
- 9.10 Following discussion with TfL, HAL introduced a 100 per cent discount for London taxis from the TDOC. This is a discretionary discount which is valid until April 2022 and HAL has made it clear that they intend to remove the discount in April 2022 and it will not be extended. HAL intended to charge taxi drivers the TDOC from November 2021. However, the temporary discount for London taxis was introduced to recognise the fact that taxi drivers could not pass the charge onto passengers without it first being considered by the Committee. Private hire vehicles (PHVs) have not been granted this discount and many private hire operators who accept bookings to drop off at one of the Heathrow terminals now pass this fee directly onto passengers.
- 9.11 HAL introduced the taxi discount for a limited period but have not confirmed the exact date when it will end. There is a risk that if a new charge is approved to help taxi drivers cover the cost of the TDOC there could be a short period between the taxi discount ending and a new charge coming into effect on 30 April 2022. During this period taxi drivers would have to pay the TDOC but would not be able to add the new charge, if approved, on to the fare.
- 9.12 HAL has introduced a 100 per cent discount for Blue Badge holders. The discount is issued for an individual journey and to the vehicle the Blue Badge holder is travelling in and which will drop them off, so a Blue badge holder can apply for a discount for a private vehicle and also for a taxi or PHV.
- 9.13 Blue Badge holders being dropped off by taxis can apply for the discount two days after they were dropped off or up to three months in advance if they know the vehicle registration number (VRN) of the taxi they will be travelling in. When they apply for a discount the Blue Badge holder must provide the VRN of the taxi, the date of the drop off, their flight number, their Blue Badge number, a photo of the front and rear of their Blue Badge, and an email

⁸ Heathrow Terminal Drop-Off Charge, <https://www.heathrow.com/transport-and-directions/terminal-drop-off-charge>

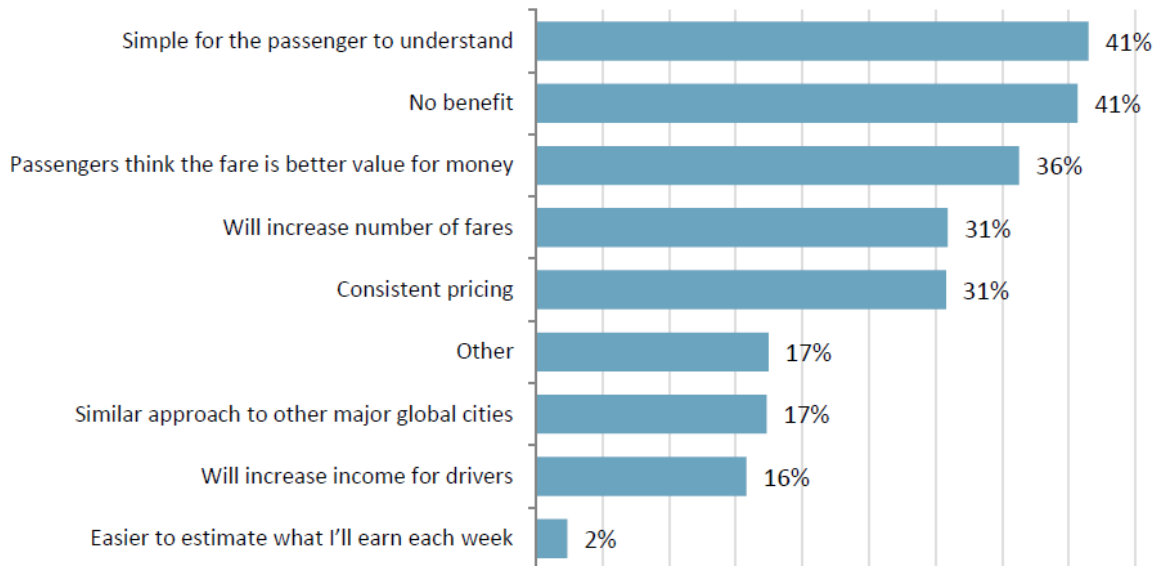
⁹ Gatwick Airport, there is a minimum £5.00 to use the designated drop off zone in the North and South Terminals, <https://www.gatwickairport.com/to-and-from/picking-up-dropping-off/>

address. A Blue Badge holder can apply for a discount for any taxi journey (e.g. booked through an app, Taxicard journey, taxi hailed on the street or at a rank). When a discount is granted an email confirming this is sent to the email address provided.

- 9.14 HAL encourage taxi drivers to have a business account and if they do they can check this to see what discounts have been granted for their taxi.
- 9.15 Given that the TDOC is something taxi drivers will have to pay we have given due consideration to whether this should be passed on to the passenger to pay.

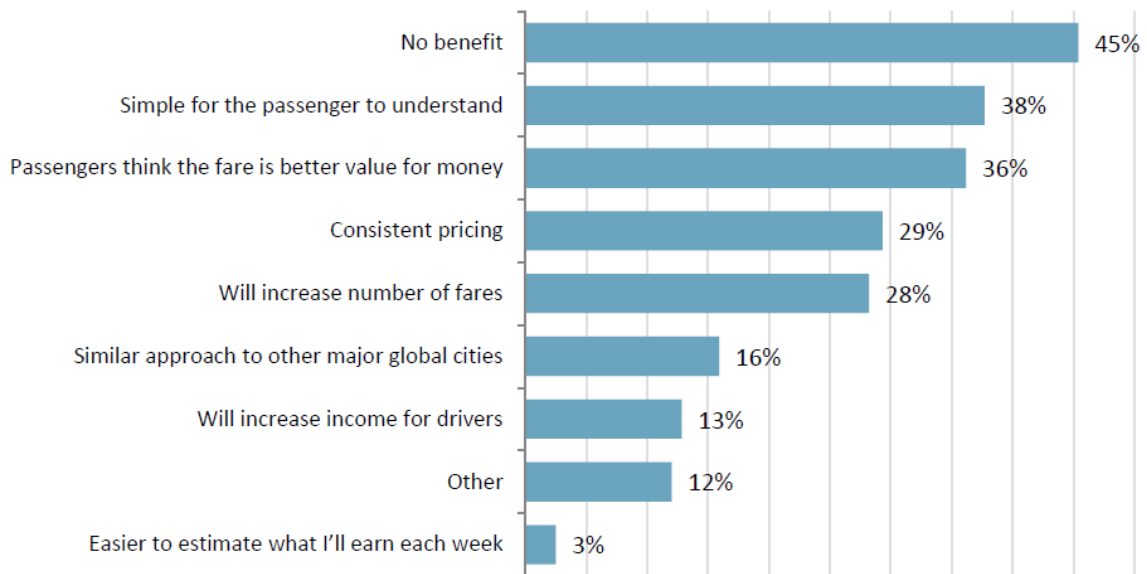
Fixed and capped fares to and from Heathrow Airport

- 9.16 We have previously explored fixed and capped fares for taxi journeys from and to Heathrow Airport. Information about this has been included in some of the previous taxi fares and tariffs consultations. In 2018 the Committee approved further work and research being conducted to look at fixed and capped fare schemes to and from Heathrow Airport.
- 9.17 Independent research on fixed and capped fares from Heathrow Airport to central London was commissioned.¹⁰ The research asked taxi drivers for their views on fixed and capped fares to and from Heathrow Airport.
- 9.18 The chart below shows what taxi drivers thought the benefits of fixed fares from the ranks at Heathrow Airport would be.



¹⁰ Heathrow Fixed/Capped Taxi Fares Survey, Steer Davies Gleave, April 2018

9.19 The chart below shows what taxi drivers thought the benefits of capped fares from the ranks at Heathrow Airport would be.



Just over half (52 per cent) of taxi drivers thought fixed fares from the airport would reduce income for taxi drivers. Around half (54 per cent) also thought the same for capped fares from the airport.

9.20 Fixed and capped fares to and from Heathrow Airport were asked about in the 2018 taxi fares and tariffs consultation. Below is a summary of some of the views of taxi users who responded to the consultation:

- (a) Sixty per cent of taxi users supported a fixed fare scheme from Heathrow Airport to central London;
- (b) Fifty-nine per cent of taxi users supported a fixed fare scheme from central London to Heathrow Airport;
- (c) Fifty-one per cent of taxi users supported a capped fare scheme from Heathrow Airport to Central London; and
- (d) Fifty-one per cent of taxi users supported a capped fare scheme from Central London to Heathrow Airport.

9.21 Fixed and capped fares were also discussed with the taxi trade associations and they spoke to their members about these. There were mixed views and overall a lack of support for introducing fixed or capped fares to or from the airport as there were too many variables that could affect fares (e.g. time of day, congestion). This was partly due to being able to set a capped or fixed fare price to strike the balance between being affordable for the passenger while still attractive to the driver regardless of time of day, road conditions, or congestion. For example:

- (a) a lower than metered fare would be attractive to passengers but taxi drivers might lose out and therefore decide not to offer fares to and from Heathrow resulting in a lack of supply; or
- (b) a higher than metered fare would be more attractive to some taxi drivers but would not strike the balance for passengers meaning a likely drop in demand.

9.22 There were also questions about whether any fixed or capped fare scheme would encourage the use of taxis when travelling to or from the airport, or would encourage the use of other modes and discourage the use of taxis for journeys to or from the airport.

9.23 Given the lack of support and agreement on how to fix a fare that strikes the balance for taxi passengers and taxi drivers we did not include any proposals around this in the most recent consultation.

9.24 It remains the case that the metered fare (plus any agreed extras) is the maximum fare that can be charged by drivers for a taxi journey. However, while not obliged to, taxi drivers can, and often do, accept a lower fare, if agreed in advance with taxi passengers. This provides drivers with the flexibility of understanding the local conditions (e.g. time of day, congestion) and agreeing to a suitable fare.

10 Arrangements covering significant increases or decreases in diesel prices

10.1 Since July 2008 arrangements have been in place under which we would approve 40 pence being added to each taxi fare if the price of diesel reached a certain level. Arrangements have also been in place since 2016 for taxi fares to be reduced by 40 pence if diesel prices fell below a certain level, which ensures that taxi users would benefit if diesel prices reduced.

10.2 In 2019 we proposed to continue these arrangements for one final year but not to extend them as part of the next taxi fares and tariffs review as our focus is on supporting the transition from diesel taxis to ZEC taxis.

10.3 In November 2019 the Committee approved extending the fuel charge arrangements for a further year.

10.4 We are not proposing any extension to these arrangements as our focus remains on supporting the transition from diesel taxis to ZEC taxis. All newly licensed taxis must be ZEC and around 35 per cent of the taxi fleet are now ZEC.

11 Taxi Fares and Tariffs Consultation

11.1 The 2021 taxi fares and tariffs consultation launched on 8 December 2021 and closed on 2 February 2022.¹¹

Consultation material

11.2 The following documents were published in the documents section of the consultation webpage:

- (a) Our role in licensing and regulating taxi services;
- (b) Why we are reviewing taxi fares and tariffs;
- (c) The options we are consulting on;
- (d) Other options considered;
- (e) Current taxi fares and tariffs;
- (f) Previous taxi fares and tariffs changes;
- (g) The Cost Index;
- (h) Taxi users' and drivers' views on fares and tariffs;
- (i) Other factors to consider;
- (j) Taxicard scheme;
- (k) Impact assessments; and
- (l) Equality impact assessment (EqIA).

11.3 All of these documents are still available on the TfL consultation portal.¹²

11.4 We produced an Easy Read version of the consultation material and consultation questions.¹³

11.5 British Sign Language (BSL) videos¹⁴ of the consultation material and consultation questions were produced and associations who support deaf people were advised of this.

Consultation promotion

11.6 There have been some comments from the taxi trade saying we should not consult publicly or with users on taxi fares. We do not agree with this and think it is important that we consult with a wide range of stakeholders, including taxi users.

11.7 For this consultation we sought views from a wide range of stakeholders including:

¹¹ TfL 2021 Review of taxi (black cab) fares and tariffs in London consultation, <https://haveyoursay.tfl.gov.uk/taxi-fares-2021>

¹² TfL 2021 Review of taxi (black cab) fares and tariffs in London, consultation documents, <https://haveyoursay.tfl.gov.uk/taxi-fares-2021/widgets/37158/documents>

¹³ TfL 2021 Review of taxi (black cab) fares and tariffs in London, Easy Read documents, <https://haveyoursay.tfl.gov.uk/taxi-fares-2021/widgets/39174/documents>

¹⁴ TfL 2021 Review of taxi (black cab) fares and tariffs in London, BSL videos, <https://haveyoursay.tfl.gov.uk/taxi-fares-2021/widgets/39967/videos/2795> and <https://haveyoursay.tfl.gov.uk/taxi-fares-2021/widgets/39967/videos/2796>

- (a) Taxi users;
- (b) Taxi drivers;
- (c) Taxi vehicle owners;
- (d) Taxi trade associations;
- (e) London boroughs;
- (f) London MPs and GLA Assembly Members; and
- (g) stakeholder organisations representing the following groups/interests:
- (h) accessibility and disability;
- (i) age/elderly people;
- (j) Women;
- (k) Lesbian, gay, bisexual and transgender (LGBT+) community;
- (l) Youth;
- (m) Health; and
- (n) Commerce, local traders and the night-time economy.

11.8 The consultation was promoted using a range of methods including:

- (a) emails to taxi licensees;
- (b) emails to other stakeholders;
- (c) an article on the TfL page in the Metro;
- (d) featuring on the homepage of the TfL website;
- (e) inclusion in the TfL accessibility newsletter for local accessibility groups and organisations in London;
- (f) at the Inclusive Transport Forum;
- (g) through London Councils; and
- (h) the TfL Taxi and Private Hire (TPH) Twitter account.

Consultation questions

11.9 The consultation asked respondents:

- (a) for their views on the current minimum fare and tariffs;
- (b) for their views on the value for money of taxi fares in London;
- (c) if they supported or opposed each of the three options on the minimum fare and tariffs;
- (d) if they thought the Heathrow Extra should be frozen, removed or increased;
- (e) if they thought the Heathrow Extra should be increased what they thought it should be;
- (f) if they thought there should be an extra charge taxi passengers pay when being dropped off at one of the terminals at Heathrow Airport to help taxi drivers cover the cost of the TDOC introduced by HAL;
- (g) if they thought there should be an extra charge to cover the cost of the TDOC what this should be; and
- (h) if they had any other comments.

12 Consultation responses and recommendations

12.1 We received 1,949 responses to the consultation. The table below shows who the responses were from:

Respondent type	Number of responses	%
Taxi user	791	40.58%
Taxicard member	31	1.59%
Taxi driver	744	38.17%
Non-taxi user	182	9.34%
PHV operator	6	0.31%
PHV driver	17	0.87%
A representative of an organisation	19	0.97%
Not known	159	8.16%
Total	1949	100.00%

12.2 A summary of responses is enclosed in Appendix 4.

12.3 The consultation responses were analysed and reported on by an external consultant. The free text 'open' questions in the consultation allow us to capture qualitative views of respondents. This feedback is then quantified through thematic analysis and a 'code frame' of themes and topics created. The full code frame is enclosed in Appendix 5.

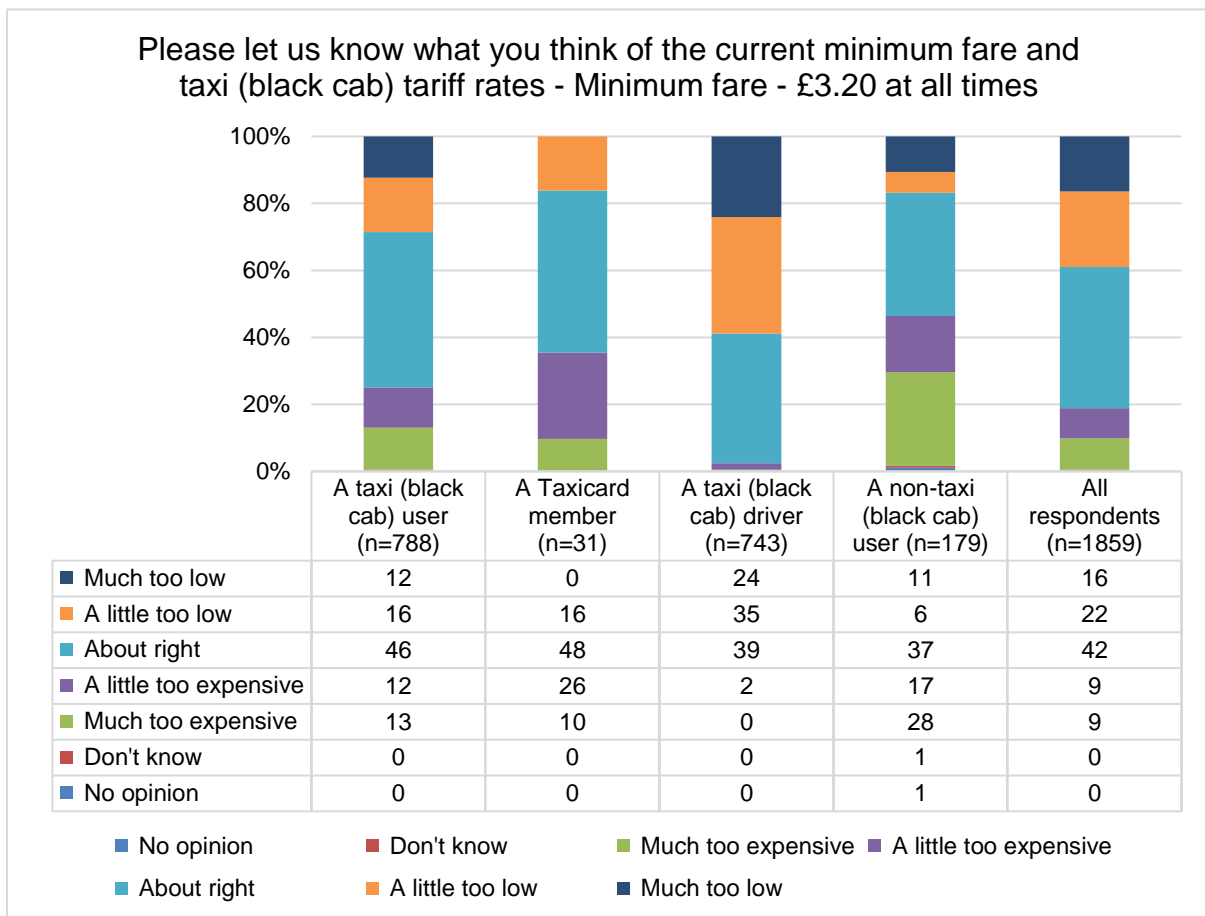
13 Current minimum fare and tariffs

Consultation responses

13.1 The charts below show the responses to the questions seeking views on the current minimum fare and tariffs.

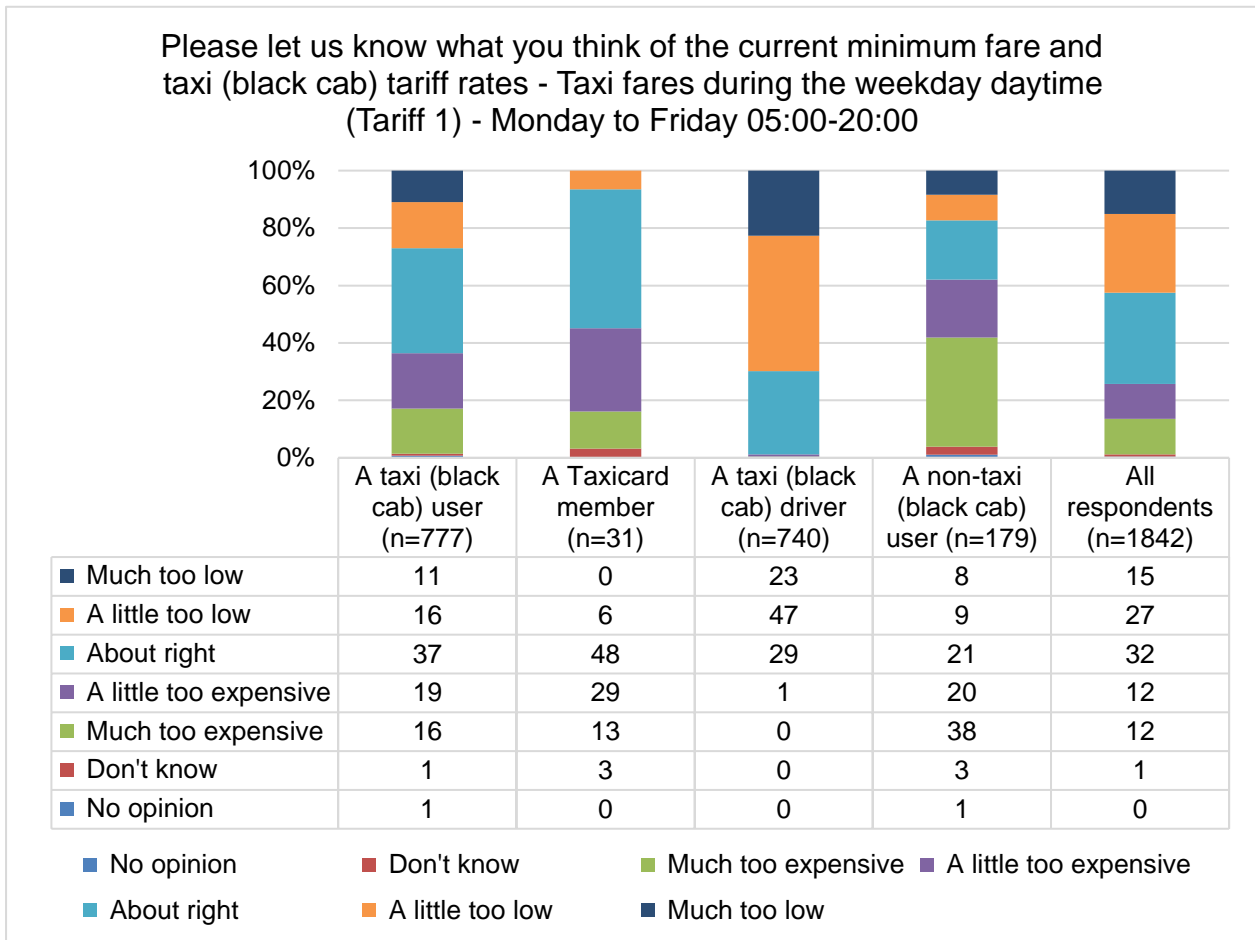
13.2 Views on the current minimum fare and tariffs are provided in Appendix 4.

Minimum fare



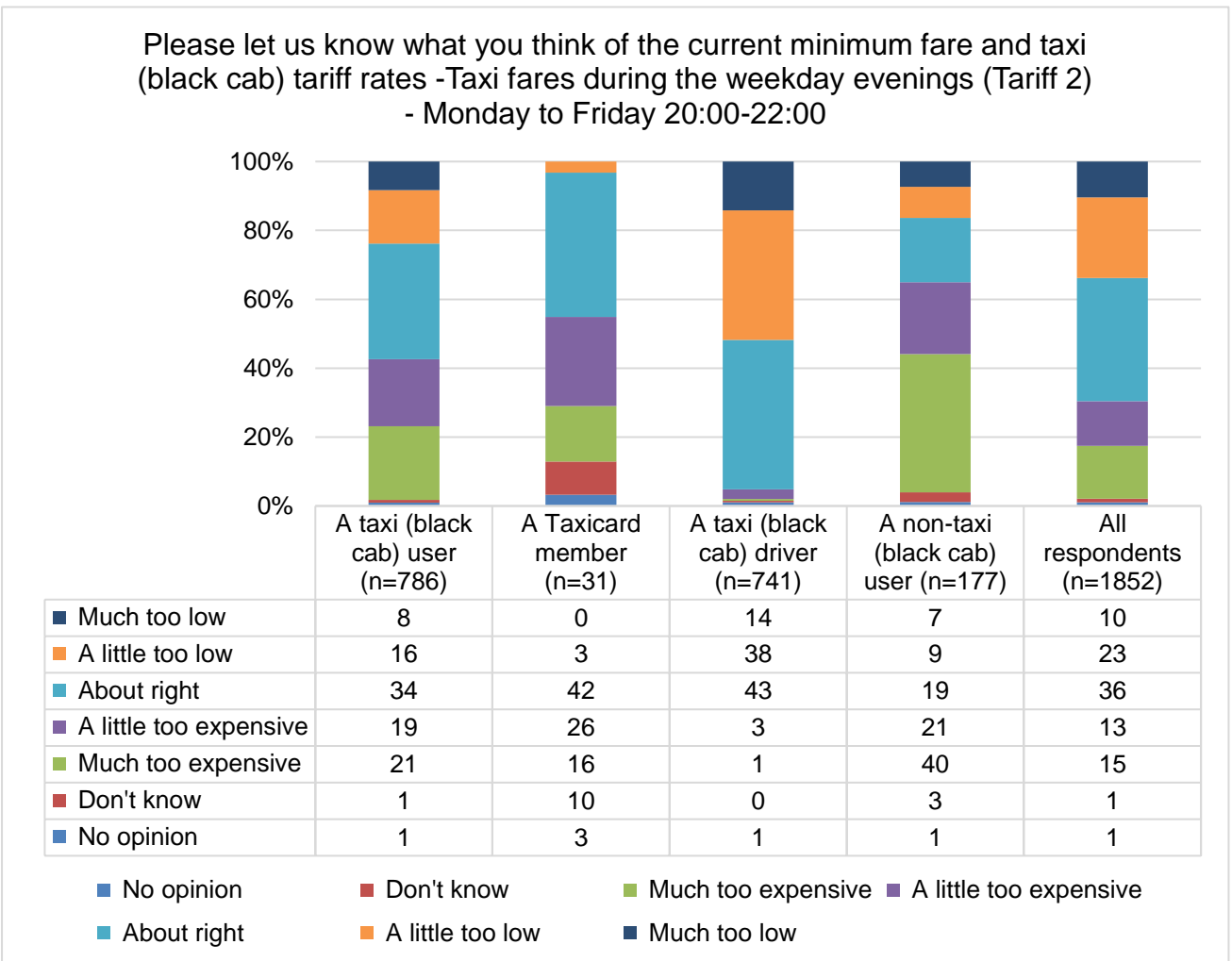
- 13.3 Twenty-eight per cent of taxi users, 16 per cent of Taxicard members and 59 per cent of taxi drivers thought the minimum fare was too low.
- 13.4 Forty-six per cent of taxi users, 48 per cent of Taxicard members and 39 per cent of taxi drivers thought the minimum fare was about right.
- 13.5 Twenty-five per cent of taxi users, 36 per cent of Taxicard members and two per cent of taxi drivers thought it was too expensive.

Taxi fares during the weekday daytime (Tariff 1) – Monday to Friday 05:00-20:00



- 13.6 Twenty-seven per cent of taxi users, six per cent of Taxicard members and 70 per cent of taxi drivers thought taxi fares during the weekday daytime (Tariff 1) – Monday to Friday 05:00-20:00 were too low.
- 13.7 Thirty-seven per cent of taxi users, 48 per cent of Taxicard members and 29 per cent of taxi drivers thought they were about right.
- 13.8 Thirty-five per cent of taxi users, 42 per cent of Taxicard members and one per cent of taxi drivers thought they were too expensive.

Taxi fares during the weekday evenings (Tariff 2) – Monday to Friday 20:00-22:00

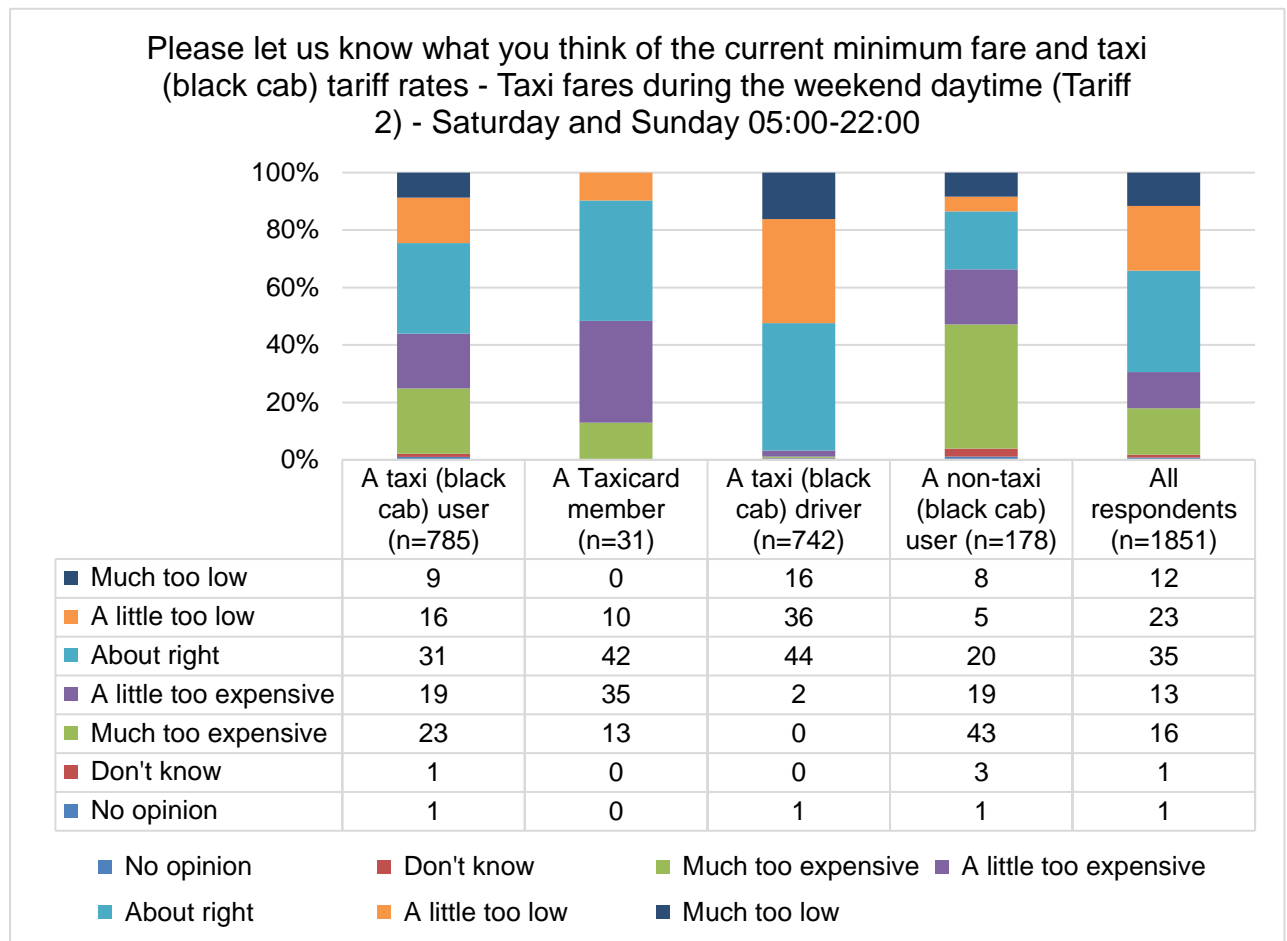


13.9 Twenty-four per cent of taxi users, three per cent of Taxicard members and 52 per cent of taxi drivers thought taxi fares during the weekday evenings (Tariff 2) – Monday to Friday 20:00-22:00 were too low.

13.10 Thirty-four per cent of taxi users, 42 per cent of Taxicard members and 43 per cent of taxi drivers thought they were about right.

13.11 Forty per cent of taxi users, 42 per cent of Taxicard members and four per cent of taxi drivers thought they were too expensive.

Taxi fares during the weekend daytime (Tariff 2) – Saturday and Sunday 05:00-22:00



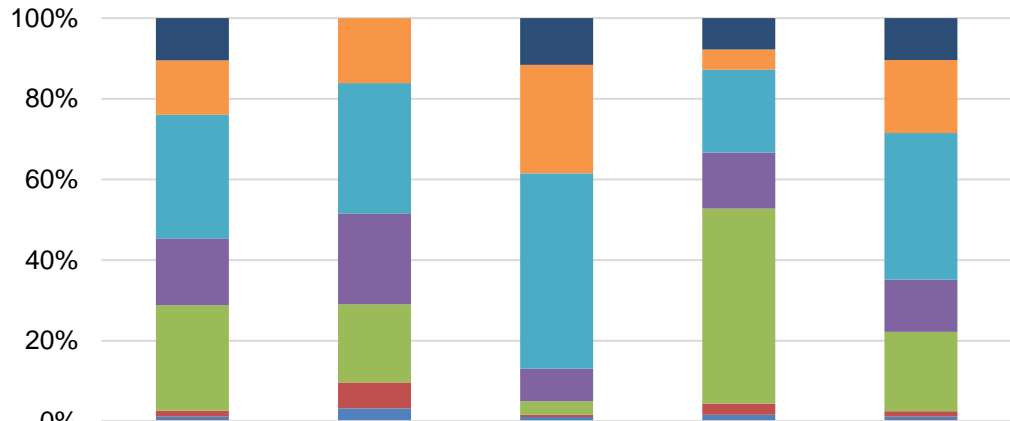
13.12 Twenty-five per cent of taxi users, 10 per cent of Taxicard members and 52 per cent of taxi drivers thought taxi fares during the weekend daytime (Tariff 2) – Saturday and Sunday 05:00-22:00 were too low.

13.13 Thirty-one per cent of taxi users, 42 per cent of Taxicard members and 44 per cent of taxi drivers thought they were about right.

13.14 Forty-two per cent of taxi users, 48 per cent of Taxicard members and two per cent of taxi drivers thought they were too expensive.

Taxi fares late at night (Tariff 3) – Every night 22:00-05:00

Please let us know what you think of the current minimum fare and taxi (black cab) tariff rates - Taxi fares late at night (Tariff 3) - Every night 22:00-05:00



	A taxi (black cab) user (n=784)	A Taxicard member (n=31)	A taxi (black cab) driver (n=743)	A non-taxi (black cab) user (n=180)	All respondents (n=1854)
■ Much too low	10	0	12	8	10
■ A little too low	14	16	27	5	18
■ About right	31	32	48	21	36
■ A little too expensive	17	23	8	14	13
■ Much too expensive	26	19	3	48	20
■ Don't know	2	6	1	3	1
■ No opinion	1	3	1	2	1

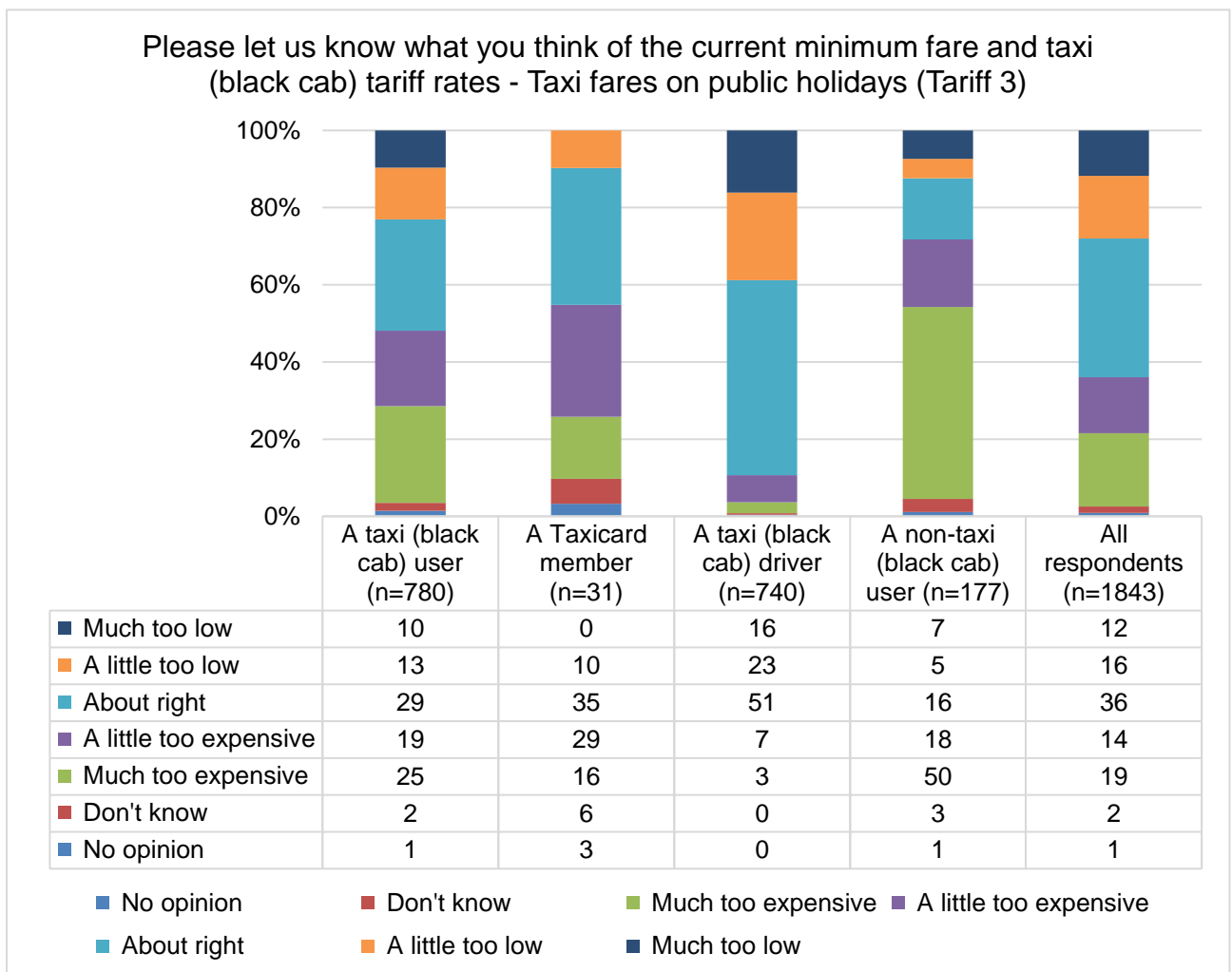
■ No opinion ■ Don't know ■ Much too expensive ■ A little too expensive
 ■ About right ■ A little too low ■ Much too low

13.15 Twenty-four per cent of taxi users, 16 per cent of Taxicard members and 39 per cent of taxi drivers thought taxi fares late at night (Tariff 3) – every night 22:00-05:00 were too low.

13.16 Thirty-one per cent of taxi users, 32 per cent of Taxicard members and 48 per cent of taxi drivers thought they were about right.

13.17 Forty-three per cent of taxi users, 42 per cent of Taxicard members and 11 per cent of taxi drivers thought they were too expensive.

Taxi fares on public holidays (Tariff 3)

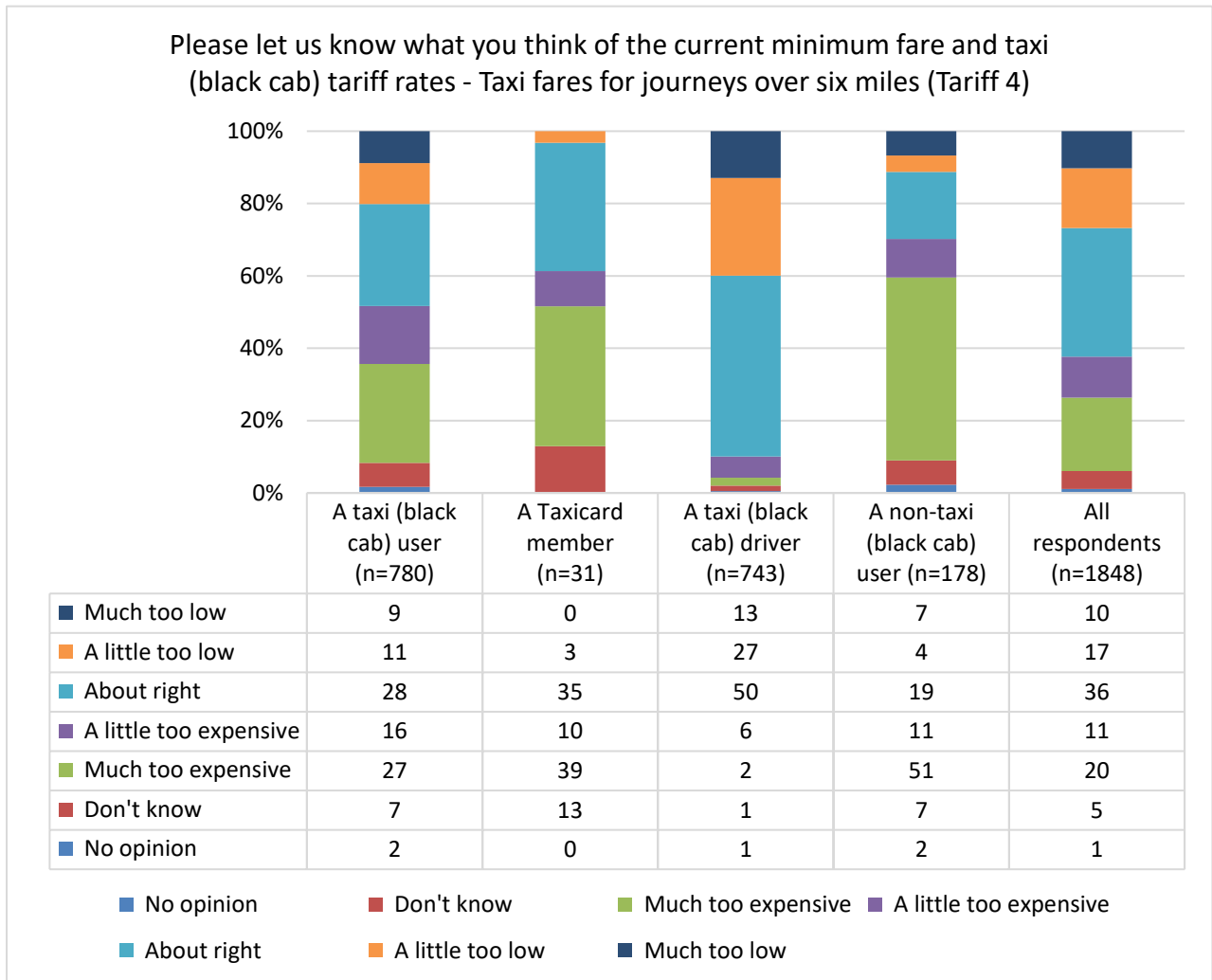


13.18 Twenty-three per cent of taxi users, 10 per cent of Taxicard members and 39 per cent of taxi drivers thought taxi fares on public holidays (Tariff 3) were too low.

13.19 Twenty-nine per cent of taxi users, 35 per cent of Taxicard members and 51 per cent of taxi drivers thought they were about right.

13.20 Forty-four per cent of taxi users, 45 per cent of Taxicard members and 10 per cent of taxi drivers thought they were too expensive.

Taxi fares for journeys over six miles (Tariff 4)



13.21 Twenty per cent of taxi users, three per cent of Taxicard members and 40 per cent of taxi drivers thought taxi fares for journeys over six miles (Tariff 4) were too low.

13.22 Twenty-eight per cent of taxi users, 35 per cent of Taxicard members and 50 per cent of taxi drivers thought they were about right.

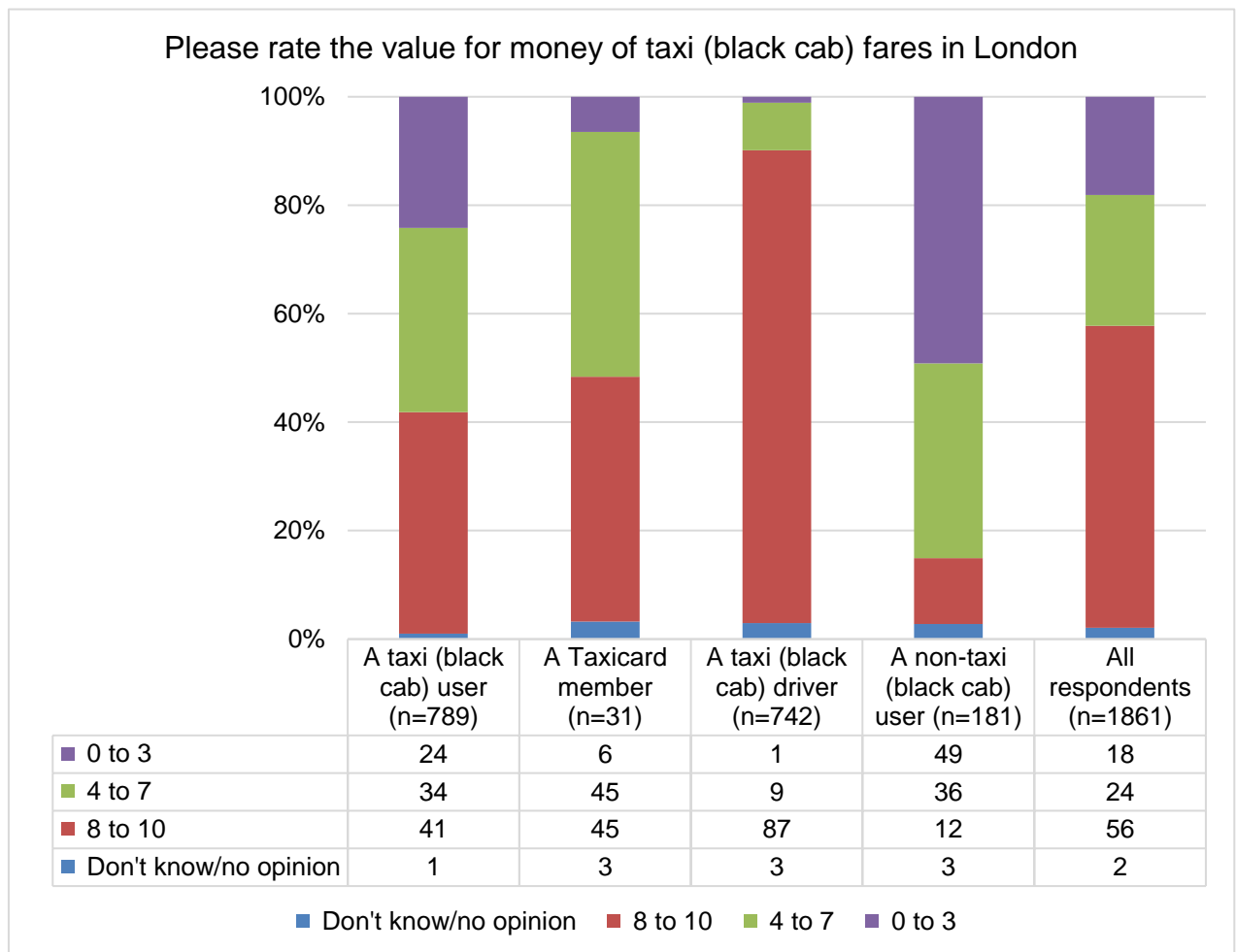
13.23 Forty-three per cent of taxi users, 49 per cent of Taxicard members and eight per cent of taxi drivers thought they were too expensive.

14 Value for money of taxi fares in London

Consultation responses

14.1 The chart below shows the responses to the question asking respondents to rate the value for money of taxi fares in London.

14.2 The stakeholders' ratings for the value for money of taxi fares in London are enclosed in Appendix 4.



14.3 Respondents were asked to rate the value for money of taxi fares in London on a scale of zero (extremely poor value for money) to 10 (extremely good value for money).

14.4 Twenty-four per cent of taxi users, six per cent of Taxicard members and one per cent of taxi drivers gave a rating between zero to three.

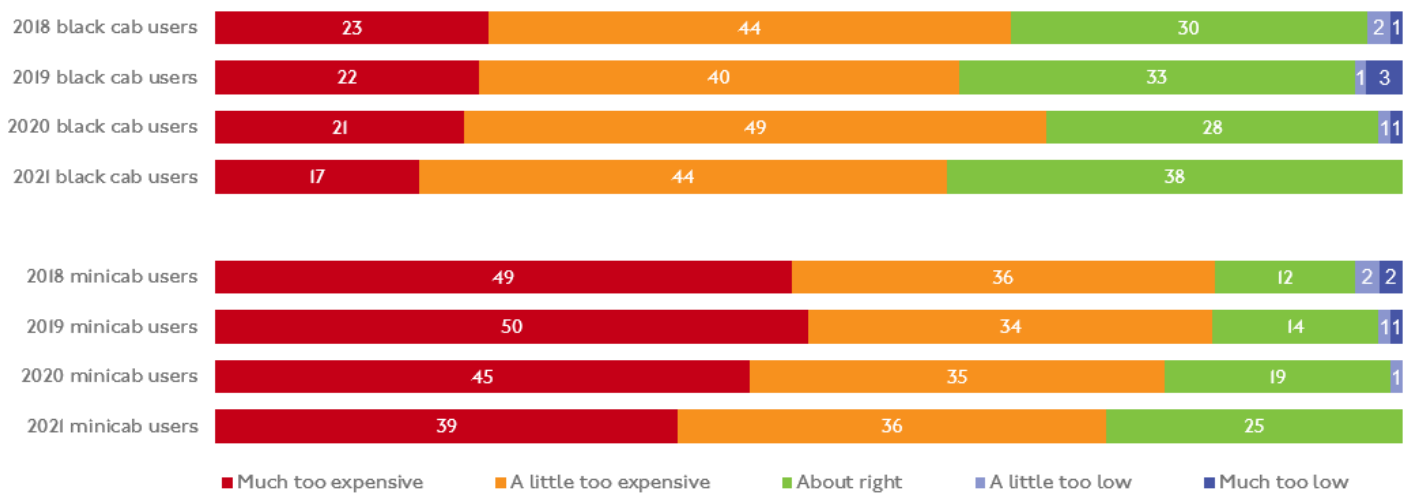
14.5 Thirty-four per cent of taxi users, 45 per cent of Taxicard members and nine per cent of taxi drivers gave a rating of four to seven.

14.6 Forty-one per cent of taxi users, 45 per cent of Taxicard members and 87 per cent of taxi drivers gave a rating of eight to 10.

Taxi and private hire customer satisfaction surveys

14.7 We carry out annual customer satisfaction surveys (CSS) amongst taxi and private hire drivers, and taxi and minicab users.

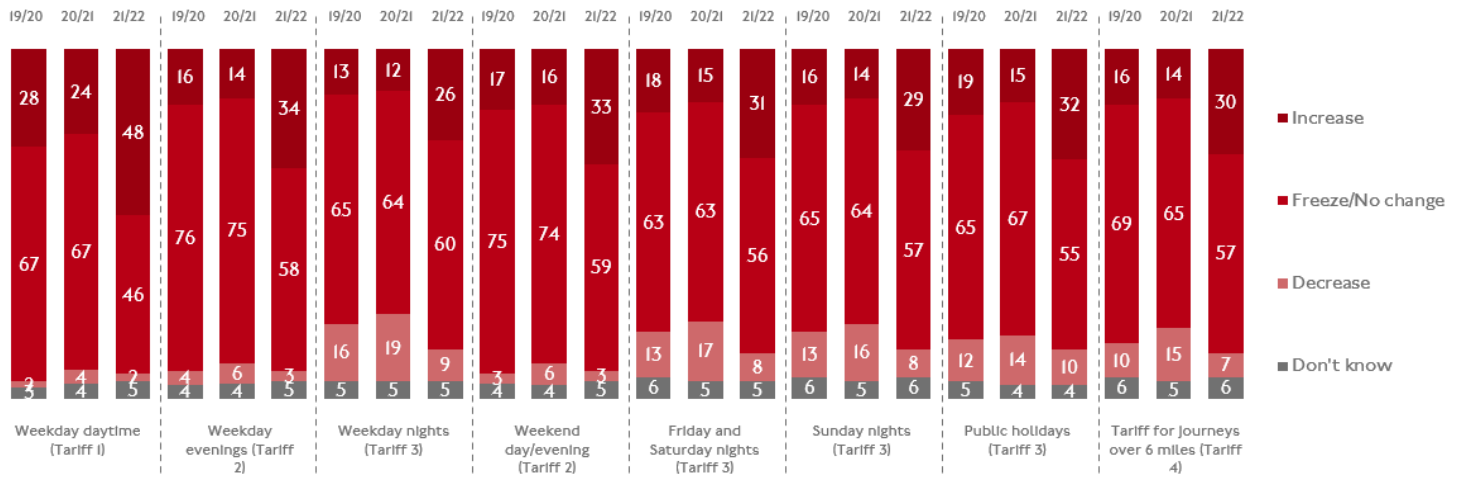
14.8 The chart below shows taxi and minicab users' general opinion of taxi fares.¹⁵ In the most recent survey 61 per cent of taxi users thought taxi fares were a little or much too expensive, down from 70 per cent in the previous survey. Thirty-eight per cent thought taxi fares were about right, up from 28 per cent in the previous survey.



14.9 The chart below shows taxi drivers' views of the tariffs.¹⁶ In the 2021/22 survey the majority of taxi drivers surveyed said the tariffs should be frozen/there should be no change. The exception was for the weekday daytime tariff (Tariff 1) and forty-eight per cent of taxi drivers thought this should be increased.

¹⁵ Black cab and Minicab CSS, Kantar, 2021/22

¹⁶ Taxi and Private Hire Licensee CSS, Kantar, 2021/22



14.10 In the 2021/22 survey 48 per cent of taxi drivers thought the minimum fare should be increased, with 46 per cent saying it should be frozen/there should be no change.

15 Other factors

15.1 For this review of taxi fares and tariffs a number of other factors were considered and information about these was published with the consultation.¹⁷ The other factors were:

- (a) congestion, delays, increased journey times and restrictions;
- (b) competitiveness and fares for other services;
- (c) impact of the coronavirus pandemic (see section 4); and
- (d) demand for taxis.

Congestion, delays, increased journey times and restrictions

15.2 The taxi trade associations, some taxi drivers and some taxi users have said that the problem of fares being considered too expensive is partly a result of:

- (a) increased congestion and delays;
- (b) increased journey times;
- (c) a reduction in road space capacity;
- (d) the reallocation of road space;
- (e) restrictions on access for taxis; or
- (f) increased journey distances.

15.3 The taxi trade associations and some taxi drivers have also said that these factors have had a significant negative impact on taxi drivers and their income, as some people have been deterred from using taxis after having a negative experience where their journey took longer and the fare was higher.

15.4 The taxi driver associations have said that if taxis were allowed access to certain bus lanes or roads they cannot currently use then this would help reduce journey times and fares for passengers. They have suggested that this should be one of the priorities for TfL when considering options for making taxi fares more competitive and less expensive for users.

15.5 In their joint response to the consultation the taxi trade associations commented on the ability of disabled and elderly people to afford taxis and said:

¹⁷ TfL 2021 Review of taxi (black cab) fares and tariffs in London, Other factors to consider, https://ehq-production-europe.s3.eu-west-1.amazonaws.com/26204ebbc28a297f00168b61e326462aac54936e/original/1638869411/d71302dc16f8e84755bd087929115d4b_other-factors-to-consider_%281%29.pdf?X-Amz-Algorithm=AWS4-HMAC-SHA256&X-Amz-Credential=AKIAIBJCUK4ZO4WUUA%2F20220124%2F%2F%2Fs3%2Faws4_request&X-Amz-Date=20220124T095452Z&X-Amz-Expires=300&X-Amz-SignedHeaders=host&X-Amz-Signature=ffe7dc535e3e740d778332fca7783805c4608969059baa527211b2f32c138040

“In any case, perhaps access may be a more important factor in making fares unaffordable to the elderly, infirm and disabled than a tariff increase. Due to LTNs [low traffic neighbourhoods], schemes such as bank junction, certain bus lanes, etc, that restrict taxi access and otherwise increase journey times and by doing so, increase fares.

As an example, a trip from Moorfields Eye Hospital to the nearby Islington LTN could easily more than double the fare to a disabled passenger that needs a door to door service as opposed to an able-bodied passenger able to be set down at a barrier a few metres from their destination.”

- 15.6 Some taxi users also commented on these issues when responding to the consultation. Comments included:

“When stuck in traffic, black cabs are horrendously expensive. I once paid £40 for what was usually a £10 journey due to bad traffic. There is no way to plan for this, and you are essentially trapped inside a cabin with a meter ticking into unaffordable territory and nothing you can do about it.”

“I think the current fares are fair, but general traffic congestion is making any trip very expensive, especially for a commuter.”

Competitiveness and fares for other services

- 15.7 The consultation asked respondents for their views on the:

- (a) current minimum fare and tariffs rates; and
- (b) value for money of taxi fares in London.

- 15.8 The responses to these questions are enclosed in sections 12 and 13.

- 15.9 Following feedback from the Committee in 2018, the issue of competition has been given greater consideration in taxi fares and tariffs reviews.

- 15.10 The taxi trade associations and some taxi drivers have previously questioned the greater focus on competition. Feedback received has included:

- (a) it is unfair to try and compare taxi services with private hire services as differences (e.g. the wide range of cheaper vehicles private hire drivers can use) mean that this is an unfair comparison;
- (b) private hire operators are able to set their own fares and increase or decrease fares at any time and in response to varying factors, and this was seen as another reason for comparisons and focussing on competition being unfair;
- (c) comparing taxi fares with fares for some private hire operators is an unfair comparison as some operators are heavily subsidised by investors and may be keeping their fares artificially low;

- (d) some operators' fares are automatically increased during periods of high demand and this can actually make taxis much more competitive and cheaper than booking a PHV with some operators; and
- (e) taxi drivers are competing with each other for taxi journeys and are increasingly being asked for quotes or if they will accept a fixed fare before being hired, with more taxi drivers offering fixed fares.

15.11 Questions have previously been asked about what services we should be comparing taxis to and if taxi fares should be compared to fares for:

- (a) minicabs;
- (b) minicab and all other private hire services (e.g. executive/chauffeur services);
- (c) specific private hire operators; or
- (d) all modes including buses and the Tube.

15.12 The aim and desired outcome of considering competition has also been questioned and whether we are trying to make taxis cheaper than these other services, around the same price or if we accept that they will be more expensive because of certain factors (e.g. taxi drivers must undertake the Knowledge of London or the requirements that vehicles must meet).

15.13 In their joint response to the consultation the taxi trade associations said that there had been several factors that had levelled the playing field between taxi and PHV services. They said these included PHVs having to pay the Congestion Charge, the recent Supreme court ruling classing some PHV drivers as workers, and some PHV operators increasing their fares by 10 per cent.

Demand for taxis

15.14 When reviewing taxi fares and tariffs, we consider the impact of potential changes on both taxi users and drivers, and if fare increases will lead to fewer people using taxis and result in reduced income for taxi drivers.

15.15 Previous research has shown that the number of taxi journeys in a typical day has been falling. In 2009¹⁸ there were around 185,000 taxi journeys in a typical day but in 2016/17¹⁹ this figure had fallen to around 109,000. The coronavirus pandemic will also have had a very significant impact on the number of taxi journeys since March 2020.

15.16 The Committee has previously commented on the use of 'big data' to inform decisions on taxi fares and tariffs. We continue to carry out annual passenger and licensee satisfaction surveys in which we asked taxi drivers, taxi users and also minicab users for their views on taxi fares and tariffs. However, we

¹⁸ Taxi & PHV Driver Diary Survey, GfK NOP, 2009

¹⁹ Taxi and Private Hire Driver Diary Survey 2016/17, Steer Davies Gleave, October 2017

are not in a position to update the 2016/17 research as funding is not available for this. Using data from the taxi booking companies has been considered in the past but this has limitations as it only covers booked taxi journeys, not those hailed on the street or taken from taxi ranks, and there are commercial sensitivity issues which mean the companies can be understandably reluctant to share data.

- 15.17 It's possible that some of the measures put in place during the coronavirus pandemic may have a long term impact on demand for taxis. For example people may continue to work from home more often, and the number of people travelling for work or meetings may remain lower. This would mean the demand for taxis from commuters and office workers continues to be below pre-pandemic levels. Increases in inflation and the cost of living, and low or no wage increases for some people could also have a negative impact on taxi drivers and result in demand for taxis falling or being suppressed.
- 15.18 Other sources of work for taxi drivers may take some time to recover to pre-pandemic levels. As an example, HAL's forecasting suggests passenger numbers at the airport may not reach pre-pandemic levels until 2025.

16 Impacts

- 16.1 For this review of taxi fares and tariffs we have considered and taken into account:
- (a) health and safety, including crime and disorder, impacts;
 - (b) economic impacts;
 - (c) environmental impacts; and
 - (d) impacts in relation to the protection of children and vulnerable adults.
- 16.2 Our impact assessments were published with the consultation material so as respondents could review and comment on these.²⁰

17 Equality impacts

- 17.1 Under section 149 of the Equality Act 2010, TfL is subject to the public sector equality duty which requires TfL to have '*due regard*' to the need to eliminate unlawful discrimination, harassment and victimisation as well as to advance equality of opportunity and foster good relations between people who share a protected characteristic and those who do not. This duty is a continuing one.
- 17.2 Our equality impact assessment (EqIA) was published with the consultation material so as respondents could review and comment on this.²¹

²⁰ TfL 2021 Review of taxi (black cab) fares and tariffs in London, consultation documents, <https://haveyoursay.tfl.gov.uk/taxi-fares-2021/widgets/37158/documents>

²¹ TfL 2021 Review of taxi (black cab) fares and tariffs in London, consultation documents, <https://haveyoursay.tfl.gov.uk/taxi-fares-2021/widgets/37158/documents>

- 17.3 Our EqIA and other impact assessment documents are enclosed in Appendix 6 and Appendix 7. These have been updated to include our recommendations.
- 17.4 The impact assessments identify negative and positive impacts from increasing fares and tariffs, increasing the Heathrow Extra and introducing a new Heathrow drop off charge. Negative impacts identified included:
- (a) taxi fares and tariffs increase and taxi users and Taxicard members pay higher fares or cannot travel as often as they want to;
 - (b) taxi fares and tariffs increase and there is a decline in the number of taxi journeys or people using taxis, drivers' incomes decline and they cannot cover their operating costs. This could lead to a decline in the number of licensed taxi drivers or people applying to become a taxi driver, and the availability of taxis reducing or wait times increasing;
 - (c) fares to and from and Heathrow Airport increase and taxi users and Taxicard members pay higher fares when travelling to or from the airport; and
 - (d) fares to and from and Heathrow Airport increase and there is a decline in the number of people travelling to or from the airport by taxi, and drivers' incomes reduce.
- 17.5 We understand that the majority of disabled Londoners (61 per cent) would travel more often than they currently do if they did not experience barriers such as access or cost constraints.²² The EqIA identified that the severity of negative impacts if fares and tariffs are increased may be greater for individuals with more than one protected characteristic (e.g. if someone is disabled and elderly).
- 17.6 The taxi trade associations proposed a modified version of one of the options we consulted on (option three). The table below shows the option we consulted on, the trade's modified proposal and the differences between these.

	Option Three	Modified Option Three (trade's proposal)
Minimum fare	Increase by 80 pence (£3.20 to £4.00)	Increase by 60 pence (£3.20 to £3.80)
Tariff 1	Increase by 4.03%	Increase by 5.51%
Tariff 2	Increase by 4.03%	Increase by 5.51%
Tariff 3	No change	No change
Tariff 4	No change	No change

²² Travel in London: Understanding our diverse communities 2019

- 17.7 Some elderly or disabled people may be reliant on taxis or use them more often, including for short journeys, or may find it more difficult to use alternative modes of transport. They may be disproportionately impacted by increases to the minimum fare. The impact from the increase to the minimum fare in the modified option three is considered to be less significant than the impact from the option consulted on as the increase is lower (60 pence instead of 80 pence).
- 17.8 The increase to Tariffs 1 and 2 is greater (5.51 per cent instead of 4.03 per cent) in the modified version of option three and the fares for some journeys will be higher, especially if there are delays or increases to journey times. However, Tariffs 3 and 4 are frozen under both options.
- 17.9 The EqIA identified a negative impact for taxi drivers, many of whom are in older age groups, if increases to the minimum fare or tariffs result in fewer people using taxis and drivers' incomes reducing. It was acknowledged that the impact on older taxi drivers may be greater if they are unable to respond to this impact or, work longer hours.
- 17.10 We have tried to mitigate the negative impacts by recommending:
- (a) no increase to the most expensive tariff rates (Tariffs 3 and 4);
 - (b) increases to Tariffs 1 and 2 that are less than the sum of the 2019, 2020 and 2021 total Cost Index figures (+9.95 per cent) and also less than the 2021 total Cost Index figure (+5.80 per cent);
 - (c) increases to Tariffs 1 and 2 that are only marginally more than the Consumer Prices Index (CPI) figure (5.4 per cent) and less than the Retail Prices Index (RPI) figure (7.5 per cent);²³ and
 - (d) reducing the increase to the minimum fare that was consulted on.
- 17.11 Although there could be a negative impact for taxi drivers from increases to the individual tariffs which are lower than the Cost Index figure and inflation, we believe that larger increases than those recommended would also have negative impacts, as this could mean fewer people using taxis with drivers' income falling or drivers having to work longer hours.

18 Taxi fares and tariffs options

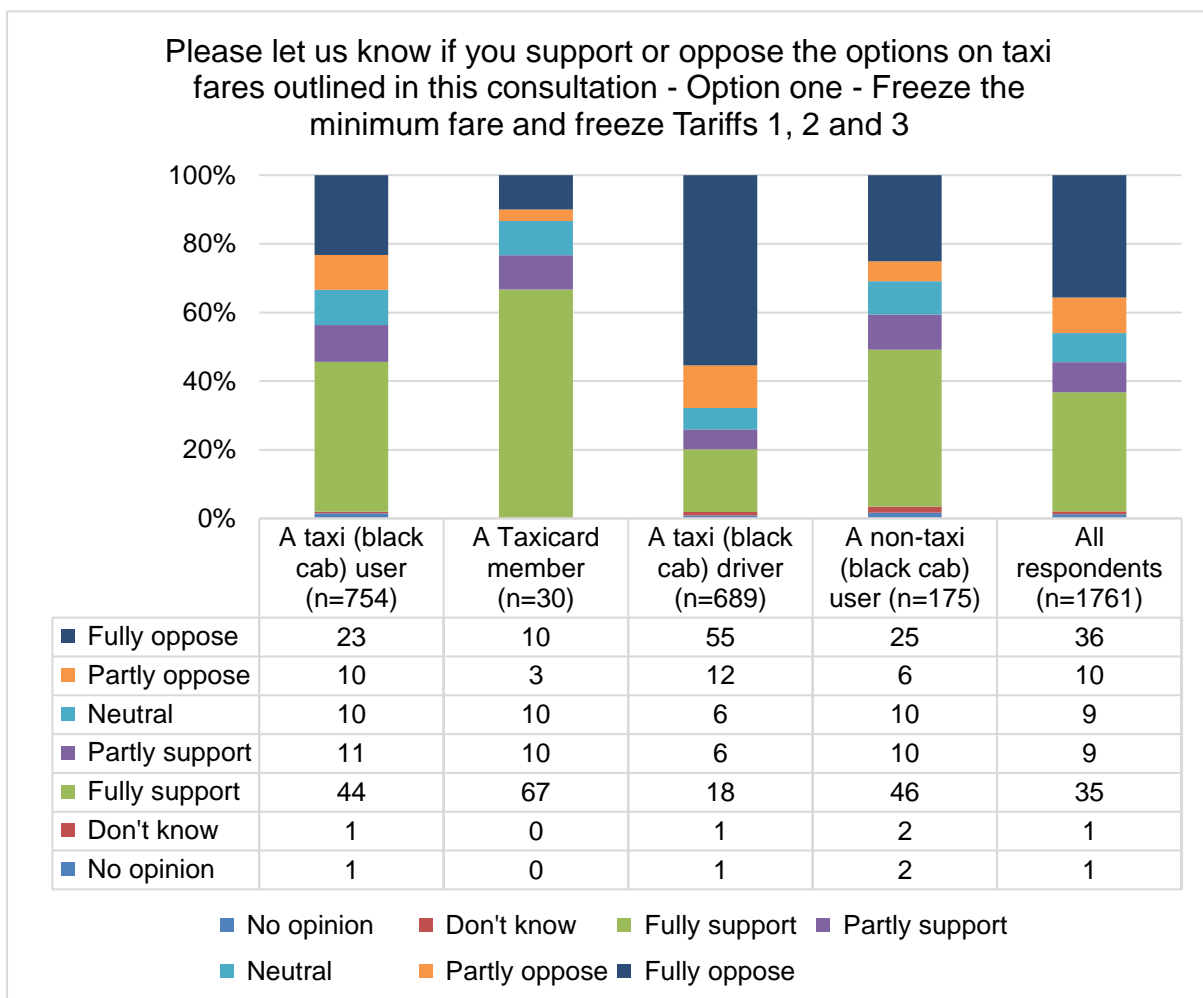
Consultation responses

- 18.1 The charts and tables below show the responses to the questions seeking views on the three taxi fares and tariffs options which were:

²³ CPI and RPI December 2021, <https://www.ons.gov.uk/economy/inflationandpriceindices>

Option one	No change to taxi fares and tariffs <ul style="list-style-type: none"> • Minimum fare frozen at £3.20 • Tariffs 1, 2 and 3 frozen
Option two	Increasing Tariffs 1, 2 and 3 by the combined total of the 2019, 2020 and 2021 Cost Index figures <ul style="list-style-type: none"> • Minimum fare frozen at £3.20 • Increasing Tariffs 1, 2 and 3 by 9.95%
Option three	Following a similar approach to that taken in the last two reviews <ul style="list-style-type: none"> • Increasing the minimum fare by 80 pence • Increasing Tariffs 1 and 2 by 4.03% • Freezing Tariffs 3 and 4

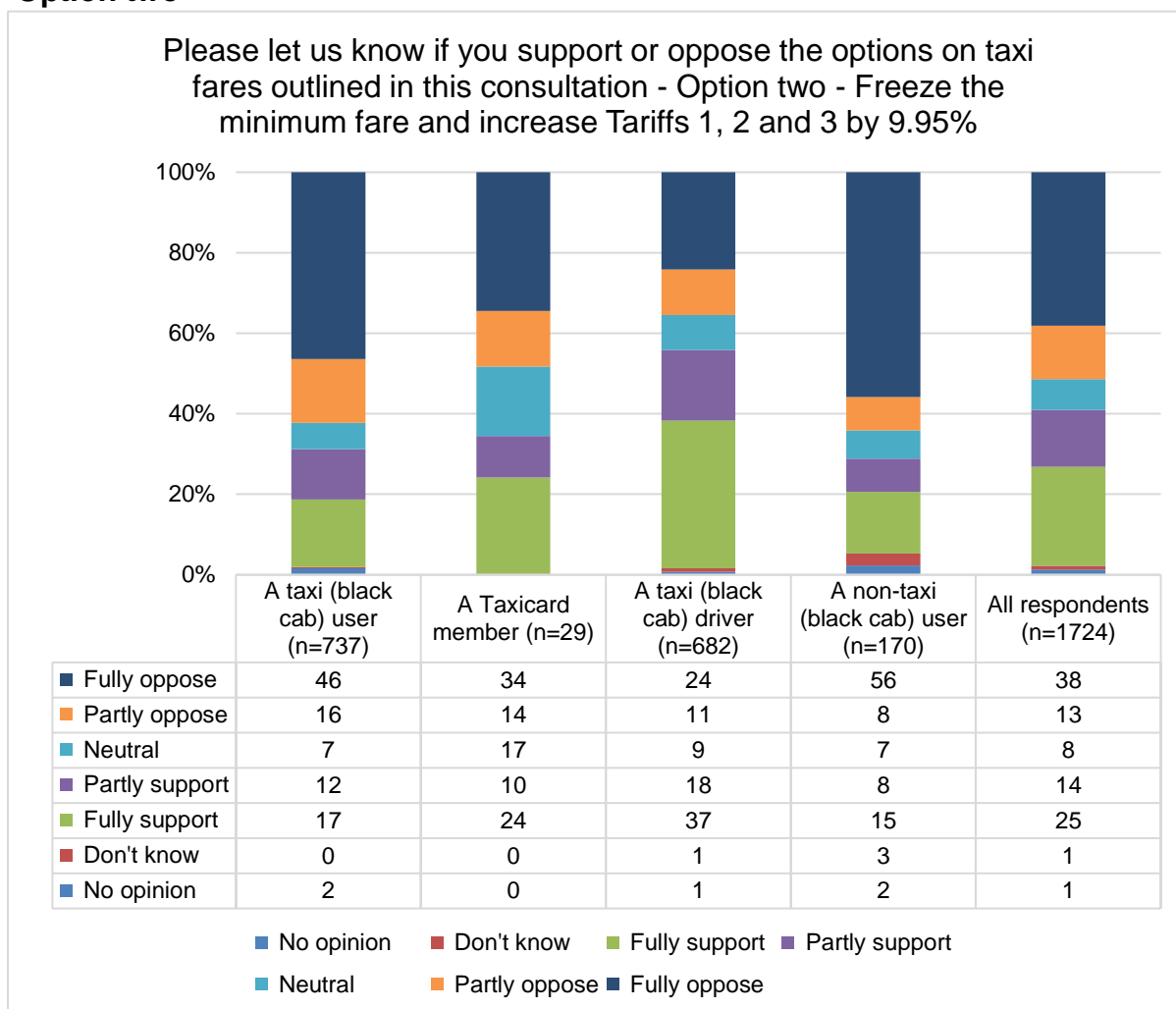
Option one



18.2 Thirty-three per cent of taxi users, 13 per cent of Taxicard members and 67 per cent of taxi drivers partly or fully opposed this option.

18.3 Fifty-five per cent of taxi users, 77 per cent of Taxicard members and 24 per cent of taxi drivers partly or fully supported this option.

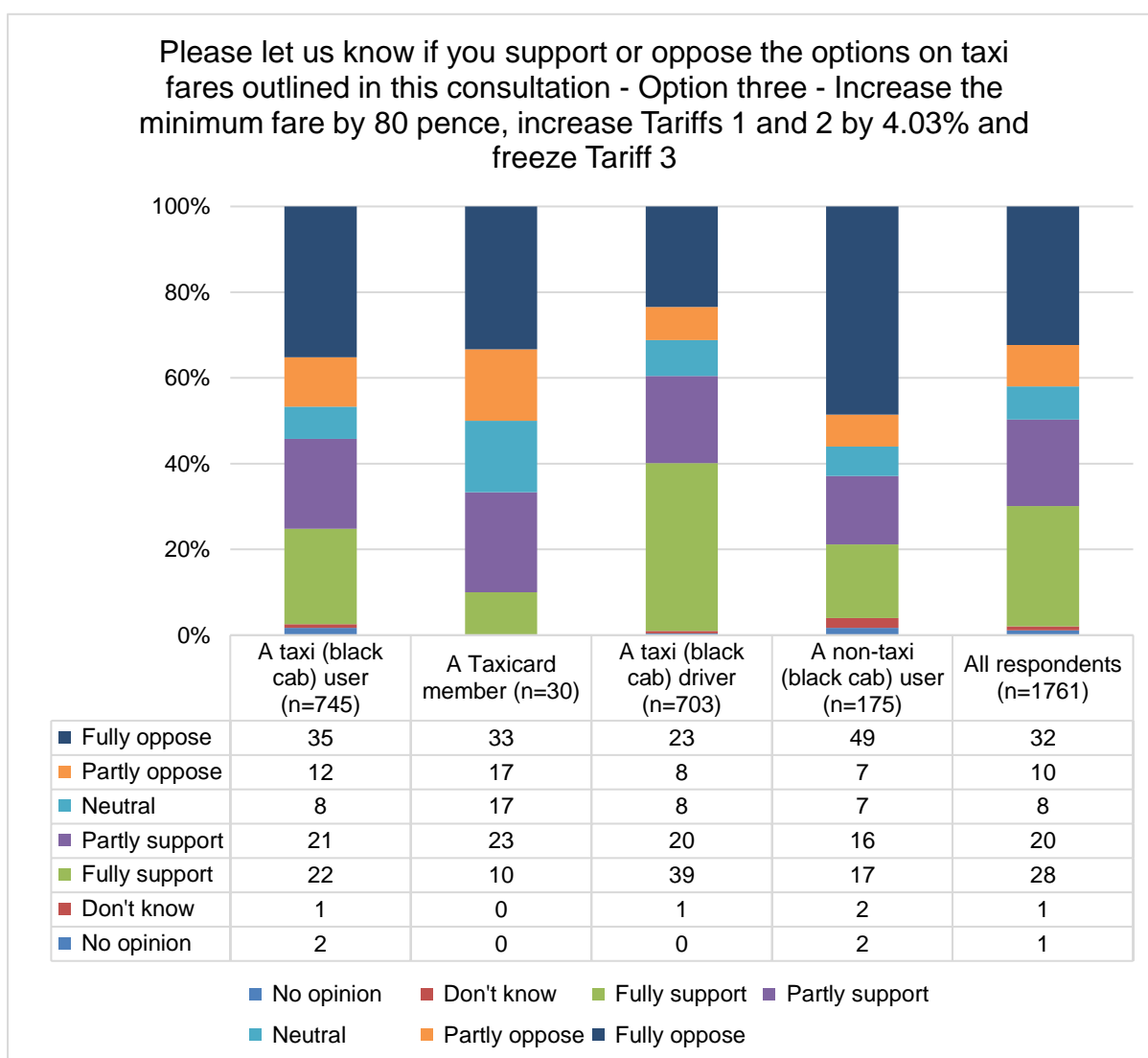
Option two



18.4 Sixty-two per cent of taxi users, 48 per cent of Taxicard members and 35 per cent of taxi drivers partly or fully opposed this option.

18.5 Twenty-nine per cent of taxi users, 34 per cent of Taxicard members and 55 per cent of taxi drivers partly or fully supported this option.

Option three



18.6 Forty-seven per cent of taxi users, 50 per cent of Taxicard members and 31 per cent of taxi drivers partly or fully opposed this option.

18.7 Forty-three per cent of taxi users, 33 per cent of Taxicard members and 59 per cent of taxi drivers partly or fully supported this option.

Stakeholder responses

18.8 Action Disability in Kensington and Chelsea (ADKC) provide a range of services, groups and support for disabled people with physical, sensory and hidden impairments, who live or work in Kensington and Chelsea. They asked about the Taxicard scheme and the impact on Taxicard members if taxi fares and tariffs were increased. Age UK (Hillingdon, Harrow and Brent) is a charity for older people and they fully supported option one and were fully opposed to the other option options; they thought that taxis were already too expensive. Speak Out in Hounslow work with adults with learning disabilities and autism

They said option one would be good but options two and three would be bad. They also said that the current taxi fares are quite high, especially for passengers who are disabled or on benefits, and the new fares are quite high.

- 18.9 The Brewery Logistics Group cover all of the main breweries who deliver in London. They said that congestion, poor traffic management and the removal of kerbside access was affecting taxi drivers being able to do their job. They fully opposed option one, and partly supported options two and three. The Cabman's Shelter Fund run the refreshment shelters for taxi drivers. They fully supported option three. They wanted taxis to be able to use the streets they do not have access to and asked why taxis are not classed as public transport.
- 18.10 Cabvision provide card payment devices, taximeters and taxis to taxi drivers. They fully opposed option one and partly supported options two and three. They also said Tariff 4 should fall to make taxis more competitive for longer journeys. Hale is a taximeter company and they partly supported option one, partly opposed option two and fully opposed option three.
- 18.11 FREE NOW are a taxi booking company and fully opposed option one and fully supported options two and three. They also suggested increasing the minimum fare to £5.00, increasing and extending Tariff 1, increasing but limiting Tariff 2, increasing Tariff 3 and removing Tariff 4. Gett are a taxi booking company and fully opposed option one, fully supported option two and partly opposed option three.
- 18.12 Islington Council mentioned the Taxicard scheme and said increasing taxi fares will negatively impact Taxicard members. Redbridge Council fully supported option one, partly opposed option two and fully opposed option three.
- 18.13 The London Cab Drivers Club (LCDC), Licensed Taxi Drivers Association (LTDA), RMT, Unite and the United Cabbies Group (UCG) submitted a joint response. They supported following the same approach as option three, and which was used in the last two reviews, and using the Cost Index, but wanted a slightly lower increase to the minimum fare (60 pence instead of 80 pence) and slightly higher increases to Tariffs 1 and 2 (5.51 per cent instead of 4.03 per cent). They also made a number of other points covering balance, the ability of disabled and elderly people to be able to afford taxis and competition that are enclosed in Appendix 4.

18.14 The table below shows the consultation option and the joint taxi trade associations proposal.

	Option Three	Modified Option Three (trade's proposal)	Difference
Approach	Takes the same approach as was taken in the last two reviews	Takes the same approach as was taken in the last two reviews	No difference
Cost Index	Uses the combined sum of the 2019, 2020 and 2021 total Cost Index figures (+9.95%) but does not increase Tariffs 1, 2 and 3 by 9.95%	Uses the combined sum of the 2019, 2020 and 2021 total Cost Index figures (+9.95%) but does not increase Tariffs 1, 2 and 3 by 9.95%	No difference
Minimum fare	Increase by 80 pence (£3.20 to £4.00)	Increase by 60 pence (£3.20 to £3.80)	20 pence
Tariff 1	Increase by 4.03%	Increase by 5.51%	1.48%
Tariff 2	Increase by 4.03%	Increase by 5.51%	1.48%
Tariff 3	No change	No change	No difference
Tariff 4	No change	No change	No difference

18.15 Below is a summary of the main reasons why in their joint response the taxi trade associations supported a modified version of option three:

- (a) the increase to the minimum fare is lower;
- (b) the minimum fare has been £3.00+ for a decade and it was uncertain what the reaction from passengers would be to breaking the £4.00 barrier;
- (c) an increase of 80 pence was twice as high as any previous minimum fare increase;
- (d) increasing the minimum fare to £3.80 would still leave potential scope in the next review to consider a further, smaller increase in the minimum fare in favour of keeping the tariff percentage increase lower;
- (e) they said there have been several occasions when the tariffs have increased by more than five per cent and this has done little damage to the trade. This would be especially so when other forms of public transport have been increasing by around five per cent or more in a single year; and
- (f) the trade associations said some PHV operators have increased their fares by 10 per cent and they thought they were likely to increase fares again by between 10 to 20 per cent in the near future to reflect the increased costs to the PHV industry.

18.16 Unite also submitted a separate response and fully supported option two but said that they would endorse the modified version of option three proposed in the joint response from the taxi trade associations. They also made a number of other points covering balance, the ability of disabled and elderly people to be able to afford taxis and competition that are set out in detail in Appendix 4.

18.17 The UCG also submitted a separate response and fully opposed option one, fully supported option two and partly supported option three. They mentioned other factors that affect taxi users and drivers including ensuring access to roads for taxis, taxis no longer being able to take the shortest route because of TfL and borough schemes, access needs of disabled and older people being set aside in favour of cycling, kerbside access, the increase in the number of app based PHV operators, and taxi booking platforms offering fixed prices instead of using the taximeter.

18.18 A summary of the stakeholder responses is included in Appendix 4.

Recommendation

18.19 The potential outcomes of the consultation were:

- (a) recommend one of the options proposing changes to taxi fares and tariffs as set out in the consultation (options two and three);
- (b) modify the options in the consultation and recommend this; or
- (c) recommend no changes (option one).

18.20 After reviewing all of the responses to the consultation and considering the issues raised, including the alternative proposal put forward by the taxi driver representatives, and the positive and negative impacts identified, we are making the following recommendations.

18.21 We are recommending increases to the fares and tariffs as:

- (a) there has been no increase to taxi fares and tariffs since January 2020;
- (b) taxi drivers' operating costs have significantly increased since fares and tariffs were last changed in January 2020 and we want to ensure taxi drivers can cover their operating costs and continue to earn a living;
- (c) taxi drivers have been significantly impacted by the coronavirus pandemic and many have not been able to earn a living as a taxi driver or been eligible for financial support;
- (d) it is important that there is a sufficient supply of licensed taxis and taxi drivers, and taxis are available for hire. This is particularly important for public safety and people travelling at night, and also for people who may use taxis more often or be more reliant on them (e.g. some elderly or disabled people);

- (e) diesel²⁴ and electricity/charging costs have further increased since the Cost Index was updated;
- (f) we want to support taxi drivers and the taxi vehicle owners with the transition from diesel to ZEC taxis;
- (g) we want to ensure that taxi driving remains a viable career and licensed taxi drivers do not stop being a taxi driver; and
- (h) we want to ensure that people will consider applying to become a licensed taxi driver.

18.22 Concerns have been raised previously about front loading increases to taxi fares and tariffs by increasing the minimum fare, and this having a negative impact on people who use taxis for short trips, Taxicard members and disabled taxi users who are not Taxicard members. Some disabled people may be reliant on taxis or use them more often, including for short journeys, or may find it more difficult to use alternative modes of transport. They may be disproportionately impacted by larger increases to the minimum fare.

18.23 Whilst we acknowledge, and take into account the concerns raised about the negative impacts on those sharing protected characteristics and about front loading increases to taxi fares and tariffs, increasing the minimum fare and the potential impact on people who use taxis for short trips, we still consider that the approach taken in the last two reviews and recommended in this review, which involved increases to the minimum fare, helps strike an appropriate balance between taxi drivers being fairly paid and taxi users getting fair, reasonable and affordable fares. We also think that for the two most recent reviews this approach was preferable to larger increases to Tariffs 1, 2 and 3.

18.24 After considering the reasons provided in the joint response from the taxi trade associations in support of the modified option three and the concerns previously raised about increases to the minimum fare we are recommending the following:

- (a) increasing the minimum fare from £3.20 to £3.80;
- (b) increasing Tariffs 1 and 2 by 5.51 per cent; and
- (c) freezing Tariffs 3 and 4;

18.25 We are making this recommendation for the following reasons:

- (a) we consider that following the approach taken in the last two reviews helps us strike an appropriate balance between drivers being fairly paid and taxi users getting fair, reasonable and affordable fares for this review of taxi fares and tariffs;

²⁴ Petrol and diesel prices reach new record high, BBC, 14 February 2022, <https://www.bbc.co.uk/news/business-60375568>

- (b) taxi drivers have been massively impacted by the coronavirus pandemic and this recommendation is considered appropriate to help support the taxi industry with the recovery as restrictions are lifted;
- (c) these increases are based on the combined total Cost Index figures for 2019, 2020 and 2021 and so take into account changes in taxi drivers' operating costs and average national earnings;
- (d) these increases will take into account the 2019 Cost Index figure which brought the cost of the ZEC taxis and electricity/charging into the Cost Index;
- (e) we consider the modified version of option three a better choice than option two as the increases to Tariffs 1 and 2 are lower;
- (f) we consider the modified version of option three a better choice than option two as Tariffs 3 and 4 do not increase;
- (g) Tariff 3 is frozen and concerns have been raised about Tariff 3 being too high and this negatively impacting people travelling late at night or deterring them from using a taxi;
- (h) Tariff 4 is frozen and concerns have also been raised about Tariff 4 being too high and this negatively impacting people making long journeys;
- (i) increasing the minimum fare means that taxi drivers who work when Tariff 3 applies will still see an increase in fares;
- (j) the table below shows the total opposition and total support for each option. Of the two options that involved increases to the taxi fares and tariffs, option three has the highest level of support from taxi users (43 per cent), taxi drivers (59 per cent) and all respondents (48 per cent). The support for options two and three from Taxicard members is almost equal (34 per cent and 33 per cent respectively);

	Option One		Option Two		Option Three	
	Total opposition	Total support	Total opposition	Total support	Total opposition	Total support
Taxi users	33%	55%	62%	29%	47%	43%
Taxicard members	13%	77%	48%	34%	50%	33%
Taxi drivers	67%	24%	35%	55%	31%	59%
All respondents	46%	44%	51%	39%	42%	48%

- (k) although concerns have been raised about the impact on fares for short journeys if the minimum fare is increased it is not our aim to discourage short journeys or other types of journeys in taxis, or to make these prohibitively expensive. Increasing the minimum fare is one part of a

package that involves using the total Cost Index figures, increases to Tariffs 1 and 2 that are lower than the sum of the 2019, 2020 and 2021 total Cost Index figures, freezing Tariffs 3 and 4, and avoids the relatively large increases to the tariffs proposed in option two;

- (l) our recommendation involves increasing the minimum fare, which can affect people making short journeys. However, the increase to the minimum fare is lower and so the impact may be less severe than it would have been in the unmodified version of option three;
- (m) we acknowledge the concerns raised about front loading increases to taxi fares and tariffs, increasing the minimum fare and the potential impact on people who use taxis for short trips. However, for this review of taxi fares and tariffs we think this approach helps us better strike an appropriate balance between taxi drivers being fairly paid and taxi users getting fair, reasonable and affordable fares. We also think that for this review this approach is preferable to larger increases to Tariffs 1, 2 and 3; and
- (n) we have given due consideration to the modified version of option three and have weighed up the impacts and benefits of this. Having taken into account the impacts on users of taxis, including those who share protected characteristics, we consider the proposed changes are proportionate and justified for the reasons set out above.

Card payments

18.26 Since October 2016 we have required all taxis to be fitted with a TfL approved card payment device. When we introduced this requirement the Committee approved the minimum fare being increased by 20 pence to help taxi drivers cover the costs of accepting card payments. Since 2016 there have been some requests to add costs for card payment devices and transactions to the Cost Index. This is not recommended as a change to the fares and tariffs (the 20 pence increase to the minimum fare) has already been made to support taxi drivers with covering the cost of card payment transactions.

Taxicard scheme

18.27 Issues raised during the consultation included what would be the impact on disabled people and the Taxicard scheme if fares and tariffs increase.

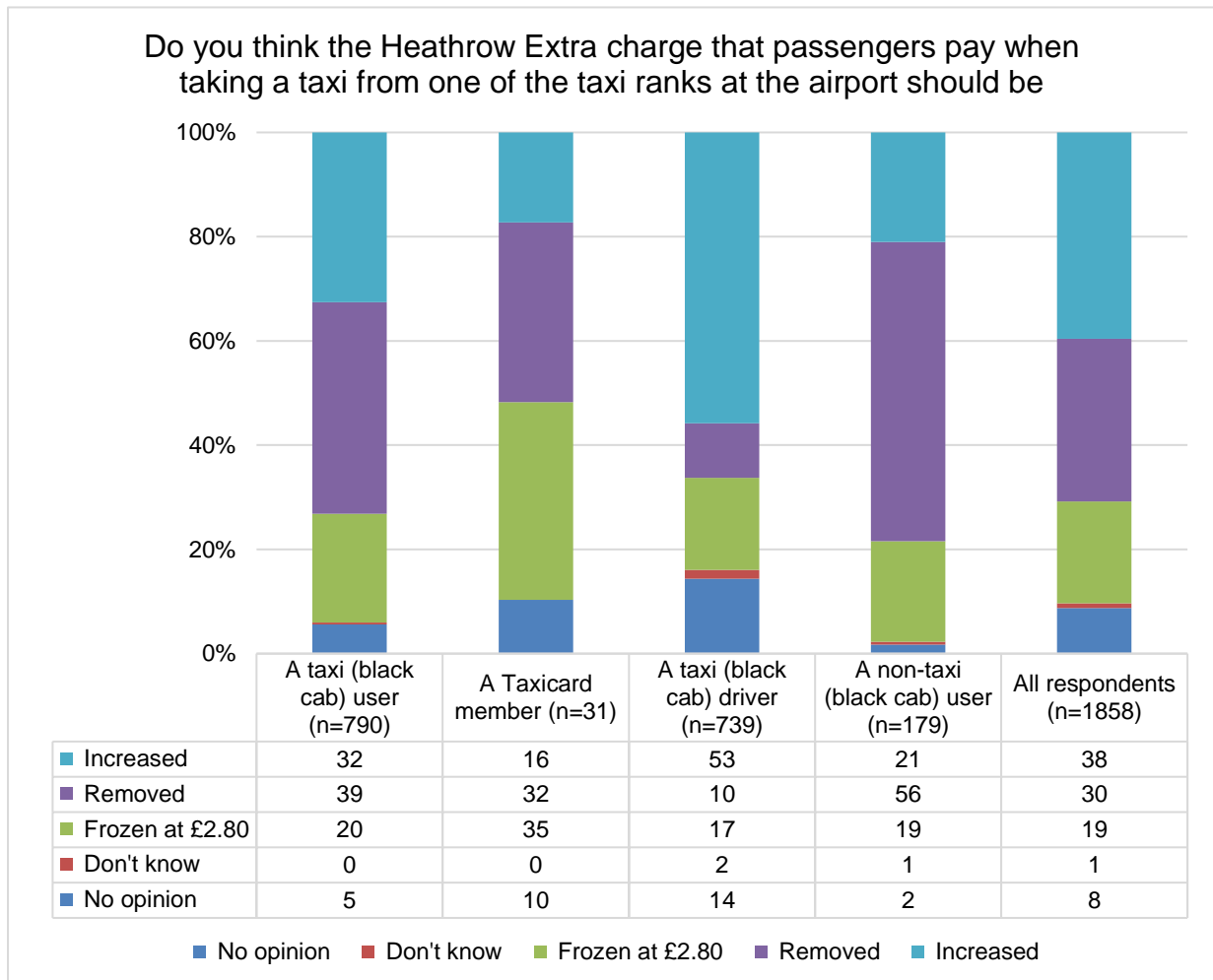
18.28 We think that the introduction of capped fares as part of the Taxicard scheme has limited the negative impacts of the increases for many disabled and elderly users but we continue to work with City Fleet and London Councils to see where changes can be made that will improve the service for Taxicard members.

18.29 TfL's Assisted Transport Services Team and London Councils will be advised of approved increases to the minimum fare and tariffs so as they can consider the impact this might have on the Taxicard service and members, and if any changes to the capped Taxicard fares are needed.

19 Heathrow Extra

Consultation responses

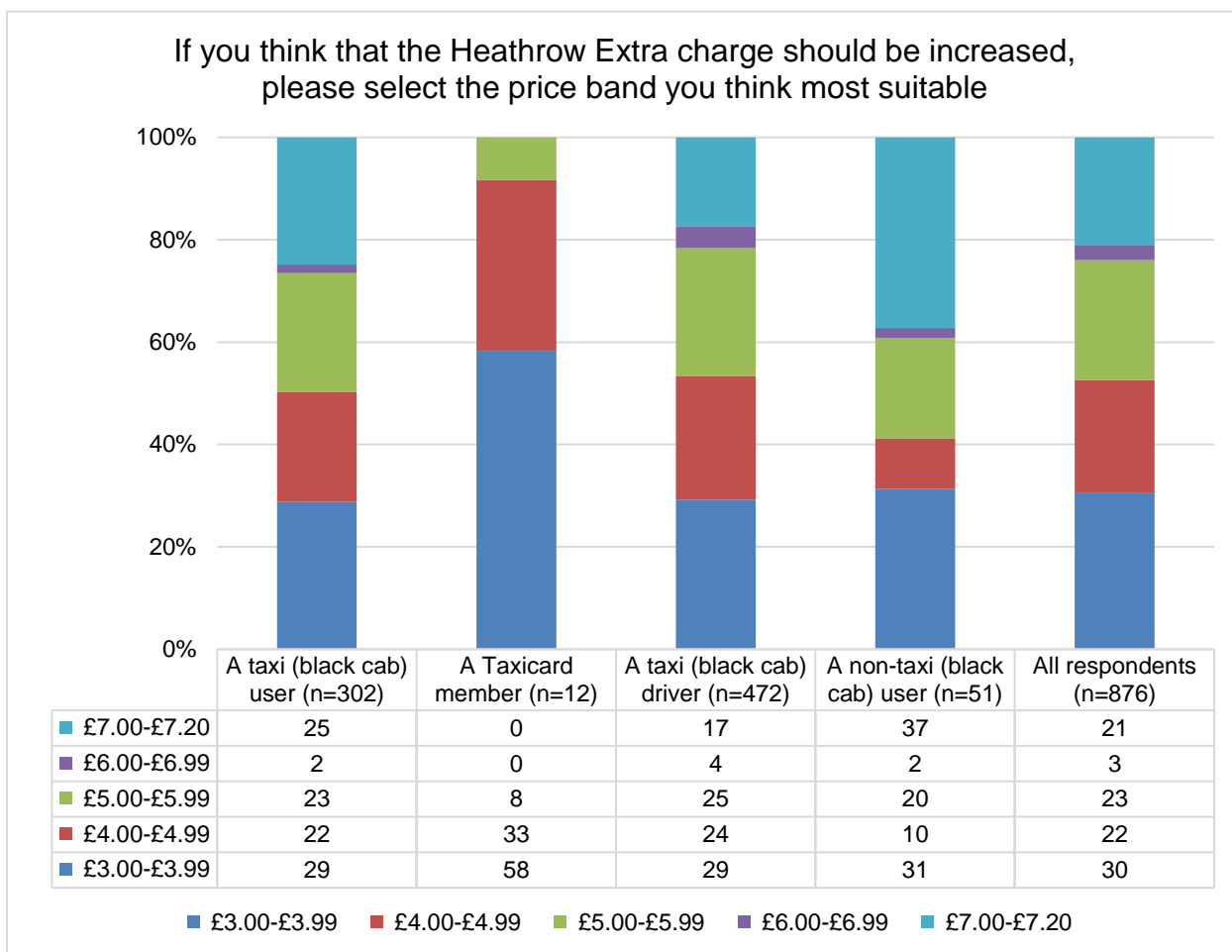
19.1 The charts below show the responses to the questions seeking views on the Heathrow Extra charge that passengers pay when taking a taxi from one of the taxi ranks at the airport.



19.2 Twenty per cent of taxi users, 35 per cent of Taxicard members and 17 per cent of taxi drivers thought the Heathrow Extra should be frozen at £2.80.

19.3 Thirty-nine per cent of taxi users, 32 per cent of Taxicard members and 10 per cent of taxi drivers thought the Heathrow Extra should be removed.

19.4 Thirty-two per cent of taxi users, 16 per cent of Taxicard members and 53 per cent of taxi drivers thought the Heathrow Extra should be increased.



19.5 Amongst respondents who thought the Heathrow Extra should be increased the most popular choice for taxi users (29 per cent), Taxicard members (58 per cent) and taxi drivers (29 per cent) was £3.00-£3.99.

19.6 Age UK (Hillingdon, Harrow and Brent) said the Heathrow Extra should be frozen. Speak Out in Hounslow said taxi drivers should not have to pay Heathrow charges.

19.7 The Brewery Logistics Group said the Heathrow Extra should be increased to £3.00-£3.99. The Cabmen’s Shelter Fund said the Heathrow Extra should be frozen but also said that if it is increased it should be £4.00-£4.99.

19.8 Cabvision said the Heathrow Extra should be increased to £5.00-£5.99. Hale said the Heathrow Extra should be removed.

19.9 FREE NOW and Gett both said the Heathrow Extra should be frozen.

19.10 HAL suggested increasing the Heathrow Extra to between £4.00- £5.00.

- 19.11 Redbridge Council said the Heathrow Extra should be increased to £7.00-£7.20.
- 19.12 A meeting between TfL and the Heathrow representatives from the LCDC, LTDA, RMT, UCG and Unite was held to discuss charges for taxi drivers at Heathrow Airport and authorised extras. Their position on the Heathrow Extra was that it should be increased by 80 pence (£2.80 to £3.60).
- 19.13 In their separate responses Unite and the UCG both said the Heathrow Extra should be increased to £3.00-£3.99.

Recommendation

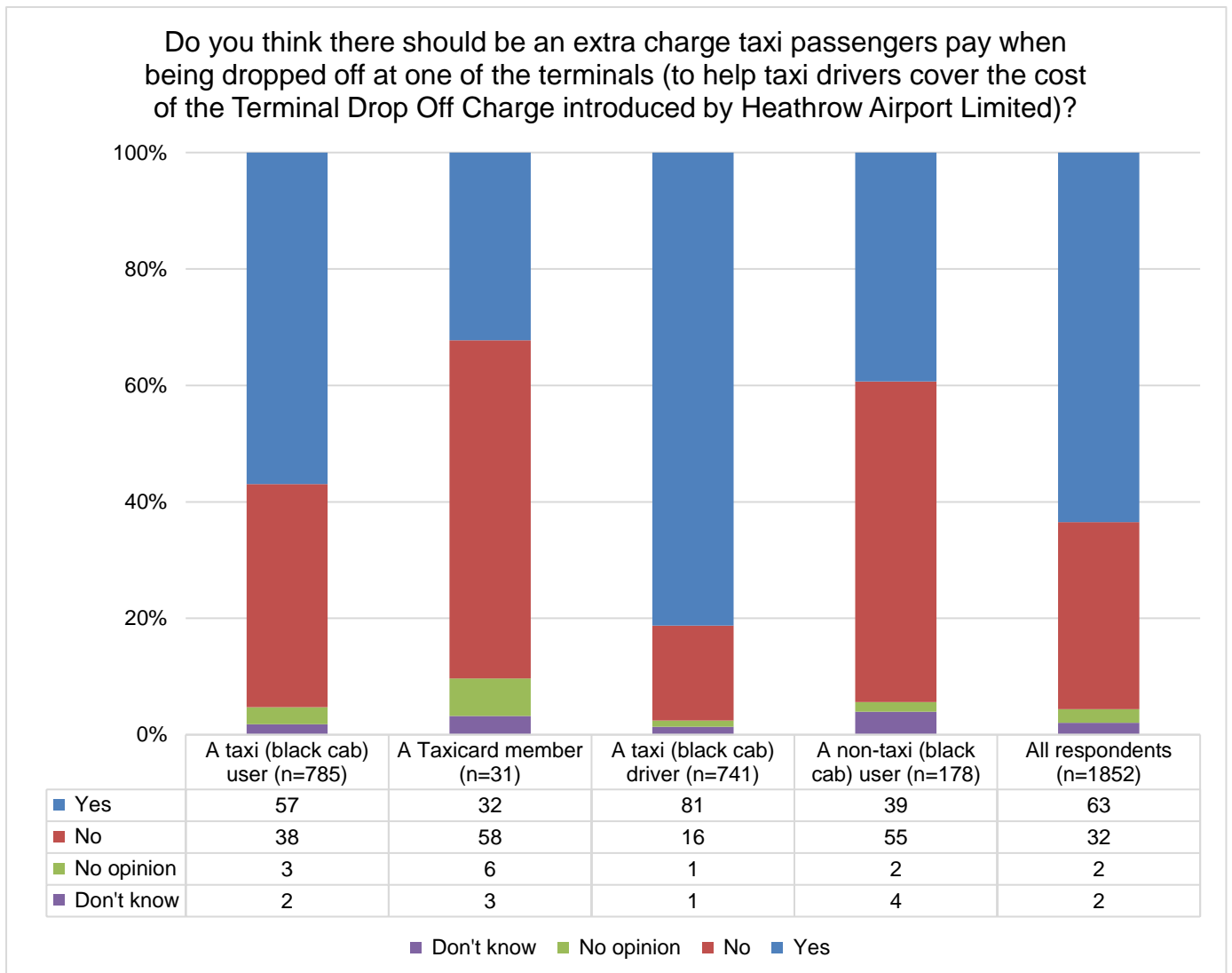
- 19.14 We are recommending that the maximum Heathrow Extra is increased from £2.80 to £3.60 as:
- (a) the cost for taxi drivers to access the taxi ranks at Heathrow Airport has doubled to £7.20. HAL was initially intending to set this at £10 but agreed to a lower increase following discussion with the trade. There is no guarantee this will not increase again later in 2022;
 - (b) the increase of 80 pence to the extra is considered reasonable given the increase to the fee taxi drivers pay to access the taxi ranks;
 - (c) this is in line with previous arrangements where taxi drivers were able to recover part of the fee they paid, rather than fully recover this, with the Heathrow Extra being around 50 per cent of the taxi feeder park fee;
 - (d) it is considered appropriate that taxi drivers pay part of the taxi feeder park fee and it is not fully passed on to passengers as the fee covers the costs of the facilities for taxi drivers at the airport, as well as services and infrastructure that support passengers;
 - (e) if the taxi feeder park fee is reduced or increased we will review the Heathrow Extra in the next fare revision and bring forward up to date proposals;
 - (f) taxi drivers who work at Heathrow Airport have been significantly impacted by the coronavirus pandemic, with demand for taxis greatly reduced and not forecast by HAL to return to pre-pandemic levels until 2025;
 - (g) the Heathrow Extra is added to the taximeter in increments of 40 pence and so the extra must be a whole number of 40 pence increments which £3.60 would be; and
 - (h) some passengers who do not want to pay the Heathrow Extra can choose an alternative form of transport instead of taking a taxi from one of the taxi ranks at Heathrow Airport. Alternatives include booking a taxi instead of using the taxi rank, booking a PHV, using the Tube or bus, if

they have access to a car driving, and from later in the year using the Elizabeth Line.

20 Heathrow TDOC

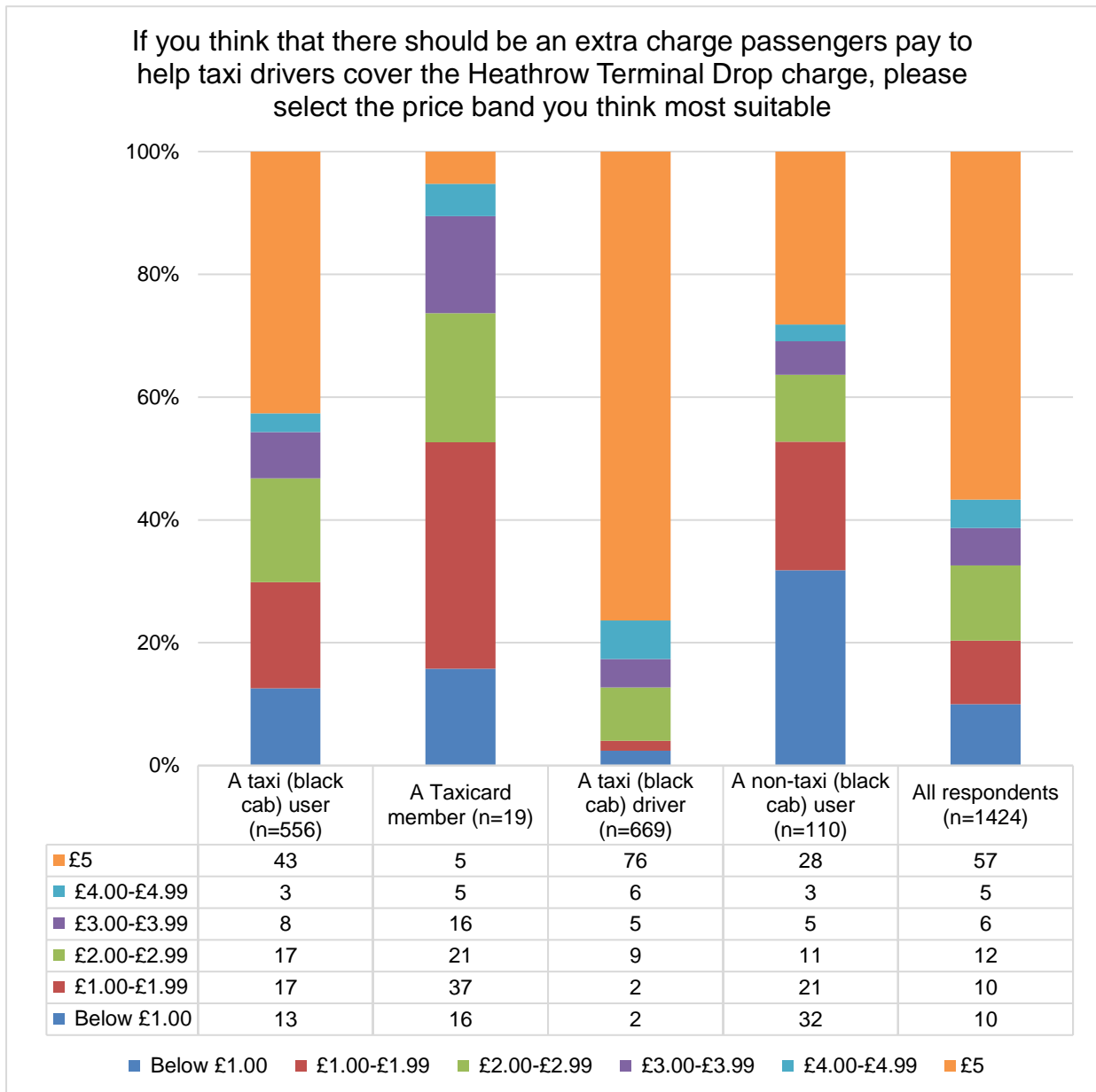
Consultation responses

- 20.1 The charts below show the responses to the questions seeking views on whether there should be an extra charge taxi passengers pay when being dropped off at one of the terminals to help taxi drivers cover the cost of the TDOC introduced by HAL.
- 20.2 These questions were included in the consultation because HAL had introduced the TDOC and we wanted to know if there was support for taxi drivers being able to recover part or all of this from passengers.



20.3 Fifty-seven per cent of taxi users, 32 per cent of Taxicard members and 81 per cent of taxi drivers thought there should be an extra charge taxi passengers pay when being dropped off at one of the terminals to help taxi drivers cover the cost of the TDOC introduced by HAL.

20.4 Thirty-eight per cent of taxi users, 58 per cent of Taxicard members and 16 per cent of taxi drivers said there should not be an extra charge.



20.5 Amongst respondents who thought there should be an extra charge taxi passengers pay when being dropped off at one of the terminals to help taxi drivers cover the cost of the TDOC introduced by HAL, the most popular choice amongst taxi users (43 per cent) and taxi drivers (76 cent) was £5.00. The most popular choice amongst Taxicard members (37 per cent) was £1.00-£1.99.

- 20.6 Age UK (Hillingdon, Harrow and Brent) and the Brewery logistics Group said there should not be an extra charge passengers pay when being dopped off at the airport. Speak Out in Hounslow said taxi drivers should not have to pay the Heathrow charges.
- 20.7 The Cabman's Shelter Fund said there should be an extra charge passengers pay when they are dropped off at the airport and it should be £5.00.
- 20.8 FREE NOW said there should not be an extra charge passengers pay when being dropped off at the airport. Gett said there should be an extra charge passengers pay when they are dropped off at the airport and it should be £5.00.
- 20.9 Cabvision and Hale both said there should be an extra charge passengers pay when they are dropped off at the airport and it should be £4.00-£4.99.
- 20.10 HAL's proposal was for the full TDOC to be passed on to passengers and added to the taxi meter.
- 20.11 Redbridge Council said there should be an extra charge passengers pay when they are dropped off at the airport and it should be £5.00.
- 20.12 A meeting between TfL and the Heathrow representatives from the LCDC, LTDA, RMT, Unite and the UCG was held to discuss charges for taxi drivers at Heathrow and authorised extras. Their position was that the 100 per cent discount for taxis should remain in place and not be removed in April 2022. They said that if taxi drivers have to pay the TDOC they want to be able to add the full charge (£5.00) to the taxi fare.
- 20.13 Unite said there should be an extra charge passengers pay when they are dropped off at the airport and it should be £5.00.
- 20.14 The UCG said there should not be an extra charge passengers pay when being dopped off at the airport, the TDOC should not be applied to publicly hired taxis, buses do not have to pay to drop off passengers and taxi passengers should not have to pay this charge.

Recommendation

- 20.15 HAL made the decision to introduce the TDOC and it is their decision to remove the discount for London taxis in April.
- 20.16 We are recommending that:
- (a) a new Heathrow drop off charge is introduced which taxi drivers can add to the fare when dropping off passengers in one of the terminal drop-off zones at Heathrow Airport;
 - (b) the charge not applying to taxi journeys when a Blue Badge concession has been granted by HAL to the taxi for that journey; and

- (c) the new Heathrow drop off charge being a maximum of £5.20.

20.17 We are recommending this for the following reasons:

- (a) the extra charge will have to be added to the taximeter in increments of 40 pence and so the extra must be a whole number of 40 pence increments. We considered making the extra charge either £4.80 or £5.20 and have recommended that it is a maximum of £5.20 so as taxi drivers can cover the full cost of the TDOC. Taxi drivers can use their discretion and still only add £4.80 to the fare or charge passengers less than the fare shown on the taximeter and some may choose to do this. Taxi drivers can also use their discretion not to charge any of the TDOC. We will work with the taximeter companies to review increments used when adding extras to the taximeter and if these should be amended so as the extra could be £5.00;
- (b) from April 2022 taxi drivers will have to pay the full TDOC (£5.00) when dropping off passengers in the terminal drop-off zones at Heathrow Airport;
- (c) taxi passengers have the option of not paying the extra by being asked to be dropped off in the long stay terminal car parks at the airport for free. Passengers can then take the free bus to the terminals;
- (d) we want to reduce the risk of passengers being dropped off in unsuitable locations because taxi drivers want to avoid paying the TDOC;
- (e) Blue Badge holders can receive a 100 per cent discount from the TDOC and taxi drivers will not be permitted to add the extra charge to the taxi fare for taxi journeys if their taxi was registered for a Blue Badge concession; and
- (f) if we receive requests to for the new extra charge to not apply to other taxi journeys where HAL may allow a discount or exemption then we will consider these.

21 Cryptocurrency

- 21.1 We have been approached by a company who is proposing that passengers should be able to pay for taxi journeys using Bitcoin.
- 21.2 Bitcoin is a cryptocurrency. Cryptocurrencies are digital currencies and do not exist in a physical form and are not issued or regulated by a central authority such as a bank or government.
- 21.3 Cryptocurrency is not accepted as payment on TfL services (bus, Tube, rail, etc.). Concerns have been raised about using cryptocurrency to pay for taxi journeys, and the potential risks for taxi drivers or passengers. In January

2021 the Government conducted a call for evidence on the UK regulatory approach to cryptoassets and stablecoins.²⁵

- 21.4 We are not currently proposing that taxi drivers must be able to accept cryptocurrency as payment for taxi journeys in London.

22 Next steps

- 22.1 If changes to taxi fares and tariffs are approved we will work with the taximeter companies to implement the changes and for these to come into effect on 30 April 2022.
- 22.2 We will also update the information on the TfL website²⁶ about taxi fares and tariffs and the information displayed in the passenger compartment of all taxis.

List of appendices to this report:

Appendix 1: Trend in the number of licensed taxis and taxi drivers
Appendix 2: Taxi fares and tariffs reviews since 2010
Appendix 3: 2019, 2020 and 2021 Cost Index components
Appendix 4: Summary of stakeholders' responses
Appendix 5: Consultation analysis code frame
Appendix 6: EqIA
Appendix 7: Other impact assessments

List of Background Papers:

The consultation webpage and accompanying documents are available here:
<https://haveyoursay.tfl.gov.uk/taxi-fares-2021>

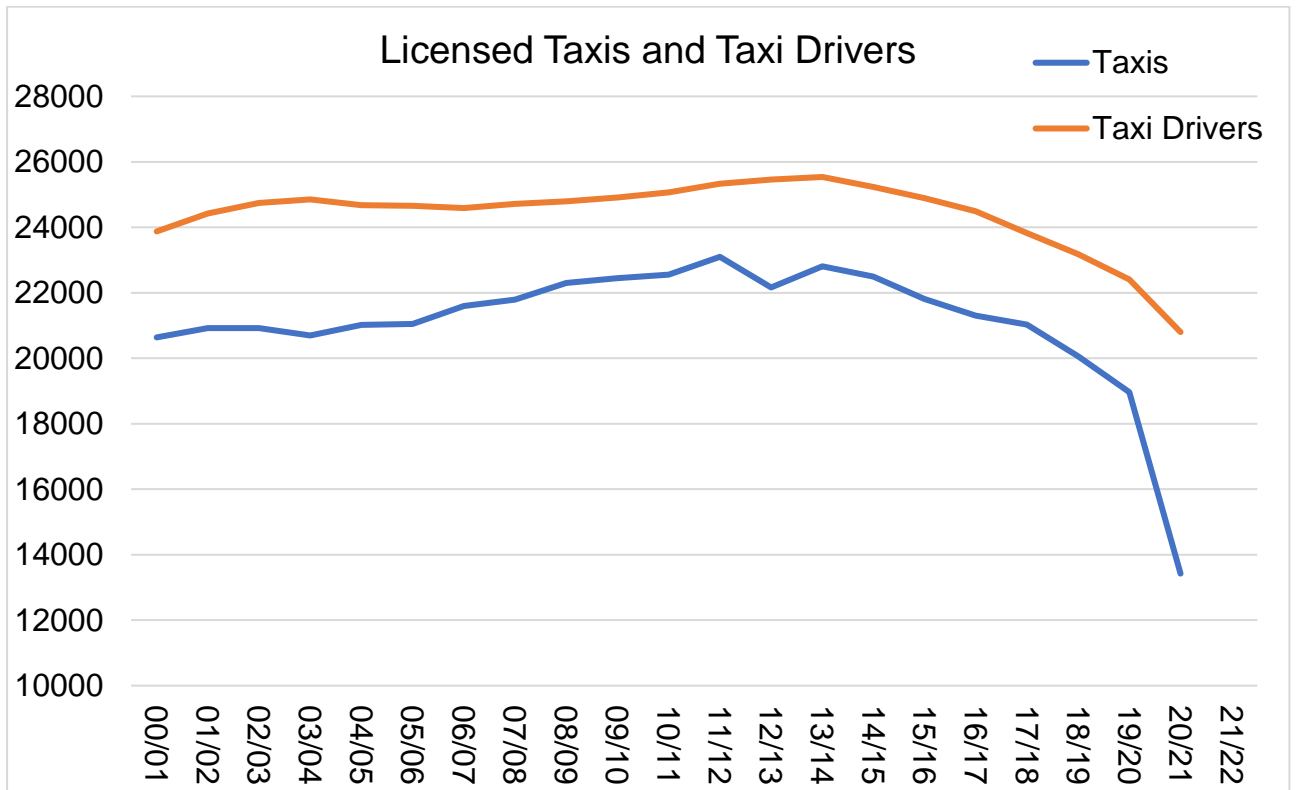
Contact Officer: Helen Chapman, Director – Licensing, Regulation & Charging
Email: HelenChapman@tfl.gov.uk

²⁵ HM Treasury, UK regulatory approach to cryptoassets and stablecoins: Consultation and call for evidence, January 2021,
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/950206/HM_Treasury_Cryptoasset_and_Stablecoin_consultation.pdf

²⁶ TfL website, www.tfl.gov.uk/taxifares

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Appendix 1 – Licensed Taxis and Taxi Drivers



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Appendix 2 – Taxi fares and tariffs reviews since 2010

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Cost Index figure	+1.90%	+2.70%	+5.30%	1.70%	+0.70%	-0.10%	+1.70%	+2.80%	+3.60%	+3.40%
Minimum fare change (%)	0.00%	0.00%	+9.10%	0.00%	0.00%	0.00%	+8.30%	0.00%	+15.40%	+6.70%
Minimum fare change (£)	£0.00	£0.00	£0.20	£0.00	£0.00	£0.00	£0.20	£0.00	£0.40	£0.20
Tariff 1 change	+2.30%	+2.70%	+5.30%	+1.70%	+0.70%	0.00%	+1.60%	+3.70%	+0.60%	+1.90%
Tariff 2 change	+2.30%	+2.70%	+5.30%	+1.70%	+0.70%	0.00%	+1.60%	+3.90%	+0.60%	+1.90%
Tariff 3 change	+2.30%	+2.70%	+5.30%	+1.70%	+0.70%	0.00%	+1.60%	0.00%	0.00%	0.00%
All week average	+2.30%	+2.70%	+5.30%	+1.70%	+0.70%	0.00%	+1.60%	+2.80%	+0.50%	+1.40%
Date implemented	10-Apr-10	02-Apr-11	14-Apr-12	06-Apr-13	05-Apr-14	--	02-Apr-16	03-Jun-17	06-Oct-18	11-Jan-20
Time between changes	1 year,0 months,6 days	0 years,11 months,23 days	1 year,0 months,12 days	0 years,11 months,23 days	0 years,11 months,30 days	--	1 year,11 months,28 days	1 year,2 months,1 day	1 year,4 months,3 days	1 year,3 months,5 days
Time between change and first available Saturday in April	0 years,0 months,0 days	0 years,0 months,0 days	0 years,0 months,0 days	0 years,0 months,0 days	0 years,0 months,0 days	--	0 years,0 months,0 days	0 years,2 months,2 days	0 years,5 months,29 days	0 years,9 months,5 days
RPI - April	+5.30%	+5.20%	+3.50%	+2.90%	+2.50%	+0.90%	+1.30%	+3.50%	+3.40%	+3.00%
CPI - April	+3.70%	+4.50%	+3.00%	+2.40%	+1.80%	-0.1	+0.30%	+2.70%	+2.40%	+2.10%

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Appendix 3 – 2019, 2020 and 2021 Cost Index Components

November 2019	Last Update	2019			2020			Change	
		p per Mile	% of Cost	£ Per Year	p per Mile	% of Cost	£ Per Year	Cost Inc.	Total Inc.
Vehicle Cost	November 2019	32.39	12.3%	7,124.76	35.64	13.0%	7,841.10	+ 10.05%	+ 1.24%
Parts	September 2019	10.57	4.0%	2,325.71	10.83	4.0%	2,381.53	+ 2.40%	+ 0.10%
Tyres	September 2019	1.57	0.6%	344.45	1.60	0.6%	352.71	+ 2.40%	+ 0.01%
Garage & Servicing – Premises	September 2019	1.43	0.5%	314.55	1.46	0.5%	322.10	+ 2.40%	+ 0.01%
Garage and servicing – Labour	September 2019	5.06	1.9%	1,114.18	5.19	1.9%	1,140.92	+ 2.40%	+ 0.05%
Fuel	Quarter to September 2019	9.41	3.6%	2,070.31	9.17	3.3%	2,018.01	- 2.53%	- 0.09%
Electricity	October 2019	14.12	5.4%	3,105.46	14.12	5.2%	3,105.46	-	-
Insurance	September 2019	16.31	6.2%	3,588.58	17.27	6.3%	3,800.31	+ 5.90%	+ 0.37%
Miscellaneous	September 2019	2.51	1.0%	551.87	2.57	0.9%	565.11	+ 2.40%	+ 0.02%
The Knowledge	Quarter to August 2019	13.54	5.2%	2,979.71	14.06	5.1%	3,092.94	+ 3.80%	+ 0.20%
Social Costs	Quarter to August 2019	6.95	2.6%	1,527.96	7.21	2.6%	1,586.03	+ 3.80%	+ 0.10%
Total Operating Costs		113.85	43.3%	25,047.52	119.12	43.5%	26,206.20	+ 4.63%	+ 2.00%
Average National Earnings	August 2019	149.08	56.7%	32,797.99	154.75	56.5%	34,044.32	+ 3.80%	+ 2.15%
Grand Total		262.93		57,845.51	273.87		60,250.51	+ 4.16%	

September 2020		2019			2020			Change	
	Last Update	£ Per Year	% of Cost	p per Mile	£ Per Year	% of Cost	p per Mile	Cost Inc.	Total Inc.
Vehicle Cost	September 2020	7,841.10	13.4%	35.64	7,848.66	13.5%	35.68	+ 0.10%	+ 0.01%
The Knowledge	September 2020	939.49	1.6%	4.27	934.64	1.6%	4.25	- 0.52%	- 0.01%
Vehicle License Fees	September 2020	219.70	0.4%	1.00	219.70	0.4%	1.00	-	-
Parts	August 2020	2,381.53	4.1%	10.83	2,436.30	4.2%	11.07	+ 2.30%	+ 0.09%
Tyres	August 2020	352.71	0.6%	1.60	360.82	0.6%	1.64	+ 2.30%	+ 0.01%
Garage and Servicing – Premises	August 2020	322.10	0.6%	1.46	329.51	0.6%	1.50	+ 2.30%	+ 0.01%
Garage and Servicing – Labour	August 2020	1,140.92	2.0%	5.19	1,167.16	2.0%	5.31	+ 2.30%	+ 0.04%
Fuel	Quarter to August 2020	2,018.01	3.5%	9.17	1,999.55	3.4%	9.09	- 0.91%	- 0.03%
Electricity	September 2020	3,105.46	5.3%	14.12	3,105.46	5.3%	14.12	-	-
Insurance	August 2020	3,800.31	6.5%	17.27	4,058.73	7.0%	18.45	+ 6.80%	+ 0.44%
Miscellaneous	August 2020	565.11	1.0%	2.57	578.11	1.0%	2.63	+ 2.30%	+ 0.02%
Social Costs	Quarter to July 2020	1,586.03	2.7%	7.21	1,570.16	2.7%	7.14	- 1.00%	- 0.03%
Total Operating Costs		24,272.45	41.6%	110.33	24,608.80	42.2%	111.86	+ 1.39%	+ 0.58%
Average National Earnings	July 2020	34,044.32	58.4%	154.75	33,703.87	57.8%	153.20	- 1.00%	- 0.58%
Grand Total		58,316.77		265.08	58,312.67		265.06		- 0.01%

September 2021	Last Update	2020			2021			Change	
		£ Per Year	% of Cost	p per Mile	£ Per Year	% of Cost	p per Mile	Cost Inc.	Total Inc.
Vehicle Cost	September 2021	7,848.66	13.5%	35.68	7,848.66	12.7%	35.68	-	-
The Knowledge	September 2021	934.64	1.6%	4.25	934.64	1.5%	4.25	-	-
Vehicle License Fees	September 2021	219.70	0.4%	1.00	219.70	0.4%	1.00	-	-
Parts	July 2021	2,436.30	4.2%	11.07	2,562.99	4.2%	11.65	+ 5.20%	+ 0.22%
Tyres	July 2021	360.82	0.6%	1.64	379.59	0.6%	1.73	+ 5.20%	+ 0.03%
Garage and Servicing – Premises	July 2021	329.51	0.6%	1.50	346.64	0.6%	1.58	+ 5.20%	+ 0.03%
Garage and Serving – Labour	July 2021	1,167.16	2.0%	5.31	1,227.85	2.0%	5.58	+ 5.20%	+ 0.10%
Fuel	Quarter to August 2021	1,999.55	3.4%	9.09	2,233.35	3.6%	10.15	+ 11.69%	+ 0.40%
Electricity	August 2021	3,105.46	5.3%	14.12	3,105.46	5.0%	14.12	-	-
Insurance	July 2021	4,058.73	7.0%	18.45	4,026.26	6.5%	18.30	- 0.80%	- 0.06%
Miscellaneous	July 2021	578.11	1.0%	2.63	608.17	1.0%	2.76	+ 5.20%	+ 0.05%
Social Costs	July 2021	1,570.16	2.7%	7.14	1,700.49	2.8%	7.73	+ 8.30%	+ 0.22%
Total Operating Costs	July 2021	24,608.80	42.2%	111.86	25,193.78	40.8%	114.52	+ 2.38%	+ 1.00%
Average National Earnings	July 2021	33,703.87	57.8%	153.20	36,501.30	59.2%	165.91	+ 8.30%	+ 4.80%
Grand Total		58,312.67		265.06	61,695.08		280.43		+ 5.80%

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Appendix 4 – Summary of the Stakeholders' Responses

Action Disability Kensington and Chelsea (ADKC)

TfL was invited to attend the ADKC meeting to discuss the taxi fares consultation, the consultation questions and the potential impacts of any changes. The meeting was also attended by Kensington and Chelsea Council.

Points raised during the meeting included:

- If taxi fares and tariffs are increased what will be the impact on Taxicard fares
- What do the different options mean in terms of actual fares paid
- Can drivers refuse certain fares
- Could a lower tariff rate be introduced for disabled people
- Could ADKC be advised of the proposed recommendations as soon as possible so as they can discuss these at their upcoming mobility forum meeting

Age UK (Hillingdon, Harrow and Brent)

Age UK (Hillingdon, Harrow and Brent) thought:

- The minimum fare was about right
- Taxi fares during the weekday daytime (Tariff 1) - Monday to Friday 05:00-20:00 were much too expensive
- Taxi fares during the weekday evenings (Tariff 2) - Monday to Friday 20:00-22:00 were much too expensive
- Taxi fares during the weekend daytime (Tariff 2) - Saturday and Sunday 05:00-22:00 were much too expensive
- Taxi fares late at night (Tariff 3) - Every night 22:00-05:00 were much too expensive
- Taxi fares on public holidays (Tariff 3) were much too expensive
- Taxi fares for journeys over six miles (Tariff 4) were much too expensive

When rating the value for money of taxi (black cab) fares in London on a scale of zero (extremely poor value for money) to 10 (extremely good value for money), Age UK (Hillingdon, Harrow and Brent) gave a rating of zero.

For the options on fares and tariffs, Age UK (Hillingdon, Harrow and Brent):

- Fully supported Option 1
- Fully opposed Option 2
- Fully opposed Option 3

Age UK (Hillingdon, Harrow and Brent) said the Heathrow Extra should be frozen.

Age UK (Hillingdon, Harrow and Brent) said there should not be an extra charge taxi passengers pay when being dropped off at one of the terminals (to help taxi drivers cover the cost of the Terminal Drop Off Charge introduced by Heathrow Airport Limited).

Age UK (Hillingdon, Harrow and Brent) said taxis are really the least value for money transport option available in London and they are far too expensive for the respondent. They were aware that many disabled people use taxis because of their

increased disability access. They did not however see how increasing the cost of an already very expensive service – for which the user does not know up front what the cost will be – will help.

The Brewery Logistics Group

The Brewery Logistics Group thought:

- The minimum fare was about right
- Taxi fares during the weekday daytime (Tariff 1) - Monday to Friday 05:00-20:00 were a little too low
- Taxi fares during the weekday evenings (Tariff 2) - Monday to Friday 20:00-22:00 were a little too low
- Taxi fares during the weekend daytime (Tariff 2) - Saturday and Sunday 05:00-22:00 were a little too low
- Taxi fares late at night (Tariff 3) - Every night 22:00-05:00 were about right
- Taxi fares on public holidays (Tariff 3) were a little too low
- Taxi fares for journeys over six miles (Tariff 4) were about right

When rating the value for money of taxi (black cab) fares in London on a scale of zero (extremely poor value for money) to 10 (extremely good value for money), the Brewery Logistics Group gave a rating of eight.

For the options on fares and tariffs, the Brewery Logistics Group:

- Fully opposed Option 1
- Partly supported Option 2
- Partly supported Option 3

The Brewery Logistics Group said the Heathrow Extra should be increased and it should be £3.00-£3.99.

The Brewery Logistics Group said there should not be an extra charge taxi passengers pay when being dropped off at one of the terminals (to help taxi drivers cover the cost of the Terminal Drop Off Charge introduced by Heathrow Airport Limited).

The Brewery Logistics Group said that they would look at increasing taxi drivers' earnings by addressing the real issue which is congestion in London.

They said that taxi drivers find it difficult to pick up as many fares because of the extreme congestion and this hampers their productivity, and in turn their ability to earn money. The Brewery Logistics Group added that if this was addressed they would suggest that fares could be frozen to give more value to Londoners, but there needs to be an increase due to the inability of TfL to address the issue of poor traffic management. They stated that the removal of kerbside access is also a factor, and that schemes such as Streetspace have hindered taxi drivers who are finding it difficult to find a safe place to let their customers out.

Cabmen's Shelter Fund

The Cabmen's Shelter Fund thought:

- The minimum fare was a little too low

- Taxi fares during the weekday daytime (Tariff 1) - Monday to Friday 05:00-20:00 were a little too low
- Taxi fares during the weekday evenings (Tariff 2) - Monday to Friday 20:00-22:00 were about right
- Taxi fares during the weekend daytime (Tariff 2) - Saturday and Sunday 05:00-22:00 were about right
- Taxi fares late at night (Tariff 3) - Every night 22:00-05:00 were about right
- Taxi fares on public holidays (Tariff 3) were about right
- Taxi fares for journeys over six miles (Tariff 4) were about right

When rating the value for money of taxi (black cab) fares in London on a scale of zero (extremely poor value for money) to 10 (extremely good value for money), the Cabmen's Shelter Fund gave a rating of 10.

For the options on fares and tariffs, the Cabmen's Shelter Fund:

- Fully supported Option 3

The Cabmen's Shelter Fund said the Heathrow Extra should be frozen at £2.80, although they also said that if it is increased it should be £4.00-£4.99.

The Cabmen's Shelter Fund said there should be an extra charge taxi passengers pay when being dropped off at one of the terminals (to help taxi drivers cover the cost of the Terminal Drop Off Charge introduced by Heathrow Airport Limited) and this should be £5.00.

The Cabmen's Shelter Fund said it would be helpful if all of the streets that taxis now cannot use were rescinded.

They also said they would like to know why taxis are not classed as public transport by TfL and the Mayor.

Cabvision

Cabvision thought:

- The minimum fare was much too low
- Taxi fares during the weekday daytime (Tariff 1) - Monday to Friday 05:00-20:00 were much too low
- Taxi fares during the weekday evenings (Tariff 2) - Monday to Friday 20:00-22:00 were about right
- Taxi fares during the weekend daytime (Tariff 2) - Saturday and Sunday 05:00-22:00 were about right
- Taxi fares late at night (Tariff 3) - Every night 22:00-05:00 were about right
- Taxi fares on public holidays (Tariff 3) were about right
- Taxi fares for journeys over six miles (Tariff 4) were a little too expensive

For the options on fares and tariffs, Cabvision:

- Fully opposed Option 1
- Partly supported Option 2
- Partly supported Option 3

Cabvision said the Heathrow Extra should be increased and it should be £5.00-£5.99.

Cabvision said there should be an extra charge taxi passengers pay when being dropped off at one of the terminals (to help taxi drivers cover the cost of the Terminal Drop Off Charge introduced by Heathrow Airport Limited) and this should be £4.00-£4.99.

Cabvision made the following comments:

- Tariff 4 should fall to make taxis more competitive on longer journeys. The flag could go up by a smaller amount, say 40 pence and Tariffs 1, 2 and 3 could rise to offset any impact of Tariff 4 falling
- Heathrow drop off fees and increases in feeder park costs must be offset against higher charges to passengers, drivers should not be forced to subsume those costs
- The Cost Index must be maintained, and credit card and app fees should be included
- The cost of new taxis and lack of finance has had a negative impact on wheelchair users, and the fleet has shrunk due to the Mayor's policies. The fleet has reduced by 33 per cent since the Mayor was elected
- There should have been a better explanation as to how TfL came up with the preferred options

FREE NOW

FREE NOW thought:

- The minimum fare was much too low
- Taxi fares during the weekday daytime (Tariff 1) - Monday to Friday 05:00-20:00 were about right
- Taxi fares during the weekday evenings (Tariff 2) - Monday to Friday 20:00-22:00 were about right
- Taxi fares during the weekend daytime (Tariff 2) - Saturday and Sunday 05:00-22:00 were a little too low
- Taxi fares late at night (Tariff 3) - Every night 22:00-05:00 were a little too low
- Taxi fares on public holidays (Tariff 3) were a little too low
- Taxi fares for journeys over six miles (Tariff 4) were a little too expensive

When rating the value for money of taxi (black cab) fares in London on a scale of zero (extremely poor value for money) to 10 (extremely good value for money), FREE NOW gave a rating of nine.

For the options on fares and tariffs, FREE NOW:

- Fully opposed Option 1
- Fully supported Option 2
- Fully supported Option 3

FREE NOW said the Heathrow Extra should be frozen at £2.80.

FREE NOW said there should not be an extra charge taxi passengers pay when being dropped off at one of the terminals (to help taxi drivers cover the cost of the

Terminal Drop Off Charge introduced by Heathrow Airport Limited), although they said if there was this should be £1.00-£1.99.

FREE NOW said they are one of the two largest black cab apps in London and completed the consultation survey based on their data. They said they would propose:

- The minimum fare be increased to £5
- Tariff 1 be increased by around four per cent and extended to 22:00 (i.e. decrease the price 20:00-22:00)
- Tariff 3 be increased by around 10 per cent
- Limit Tariff 2 just to the weekend considering how few drivers want to drive then and also increase it by around 10 per cent
- Remove Tariff 4 as higher rate per minute and mile above six miles leads to too high prices for long rides and between Monday to Friday, during the day, a lot of their customers complain about this

Gett

Gett thought:

- The minimum fare was about right
- Taxi fares during the weekday daytime (Tariff 1) - Monday to Friday 05:00-20:00 were much too low
- Taxi fares during the weekday evenings (Tariff 2) - Monday to Friday 20:00-22:00 were a little too low
- Taxi fares during the weekend daytime (Tariff 2) - Saturday and Sunday 05:00-22:00 were much too low
- Taxi fares late at night (Tariff 3) - Every night 22:00-05:00 were about right
- Taxi fares on public holidays (Tariff 3) were about right
- Taxi fares for journeys over six miles (Tariff 4) were about right

When rating the value for money of taxi (black cab) fares in London on a scale of zero (extremely poor value for money) to 10 (extremely good value for money), Gett gave a rating of eight.

For the options on fares and tariffs, Gett:

- Fully opposed Option 1
- Fully supported Option 2
- Partly opposed Option 3

Gett said the Heathrow Extra should be frozen at £2.80.

Gett said there should be an extra charge taxi passengers pay when being dropped off at one of the terminals (to help taxi drivers cover the cost of the Terminal Drop Off Charge introduced by Heathrow Airport Limited) and this should be £5.00.

Hale

Hale thought:

- The minimum fare was about right
- Taxi fares during the weekday daytime (Tariff 1) - Monday to Friday 05:00-20:00 were about right

- Taxi fares during the weekday evenings (Tariff 2) - Monday to Friday 20:00-22:00 were a little too low
- Taxi fares during the weekend daytime (Tariff 2) - Saturday and Sunday 05:00-22:00 were a little too low
- Taxi fares late at night (Tariff 3) - Every night 22:00-05:00 were a little too low
- Taxi fares on public holidays (Tariff 3) were about right
- Taxi fares for journeys over six miles (Tariff 4) were about right

When rating the value for money of taxi (black cab) fares in London on a scale of zero (extremely poor value for money) to 10 (extremely good value for money), Hale gave a rating of 10.

For the options on fares and tariffs, Hale:

- Partly supported Option 1
- Partly opposed Option 2
- Fully opposed Option 3

Hale said the Heathrow Extra should be removed.

Hale said there should be an extra charge taxi passengers pay when being dropped off at one of the terminals (to help taxi drivers cover the cost of the Terminal Drop Off Charge introduced by Heathrow Airport Limited) and this should be £4.00-£4.99.

Hale said the pence per mile cost has reduced for drivers with electric vehicles and if it stays as it is will incentivise other vehicle drivers to move to electric.

They suggested having sales and maintenance costs on vehicles over three years and savings using electric vehicles.

Heathrow Airport Limited (HAL)

HAL said that the coronavirus pandemic continues to pose significant challenges for the travel industry, with Heathrow welcoming only 19.4 million passengers last year – less than a quarter of our 2019 traffic and below even 2020 levels¹. HAL said that ongoing travel restrictions and uncertainty means that there remains doubt over the speed at which demand will recover, with forecasts suggesting passenger numbers may not reach pre-pandemic levels until 2025 and this reflects their new operating realities that they have based decisions on.

HAL said that like the airport, the Taxi Feeder Park (TFP) has been adversely impacted by the coronavirus pandemic. As a cost-recovery Other Regulated Charge (ORC), any revenue that is above or below the cost of operating the TFP is factored into the price for the following year. This is stipulated by the Civil Aviation Authority, as HAL's regulator, and like much of the airport's costs, these are fixed based on HAL's infrastructure and are reviewed on an annual basis. HAL stated that the airport does not make a profit or loss from the ORC.

¹ <https://mediacentre.heathrow.com/pressrelease/details/81/Corporate-operational-24/13655>

HAL said that following discussions with TfL and the industry last year, Heathrow implemented the trade's proposal for an initial increase of the TFP fee to £7.20 including VAT. This increase was put in place from 1 July 2021 and will be kept under review, subject to the airport's recovery from the pandemic.

HAL stated that they believe the Heathrow Extra charge should increase in line with changes to the ORC. As users of the TFP, the level of this charge should be agreed by the trade in conjunction with TfL, with the trade setting out what amounts are passed on to the consumer and to drivers. They believe it is right that both passengers and taxis pick up this cost on the following grounds:

- The passenger contribution to the TFP has not increased for several years, whilst the cost of using the TFP has gone up
- The TFP services include catering, toilets and other facilities used by drivers, and it is the driver's choice to pick up from Heathrow and attract this fare

HAL suggested increasing the Heathrow 'Extra' charge to between £4.00- £5.00. They said that this fee remains lower than the charge passed on by PHVs picking passengers up from Heathrow at the Multi-Storey Car Parks, which is a minimum of £5.30 and avoids creating a competitive disadvantage.

HAL added that as they recover from the pandemic, they expect ORC prices to eventually decrease as passengers return to the airport. They noted that in recent years, both the airport and taxi trade have seen record passenger numbers, in turn keeping the Taxi Feeder Park ORC at low-levels and with little change to gate increases – while the charge is reviewed annually based on their revenue and CAA regulation, TfL's review of taxi fares is less frequent, and this must be considered when reviewing the fares going forward.

HAL said it is the dramatic decrease in passenger numbers, as a result of the pandemic, that has led to this change in the ORC and while TFP costs are unlikely to return to pre-pandemic levels, this proposed new fee should balance the passenger and driver contribution.

HAL said that in November 2021, Heathrow introduced the TDOC for vehicles making drop-offs at the Heathrow terminal forecourts and following discussions with TfL and the trade, HAL agreed to implement a grace period so taxis would be exempt from the charge until 1 April 2022, following this consultation.

HAL's proposal is for the full cost to be passed on to the passenger with a 'flag' added to the taxi meter upon drop-off at the forecourts, rather than being covered by the taxi driver. HAL said doing so will help encourage modal shift while also not placing any undue burdens on the taxi driver themselves. They added that their proposals already apply equally to private hire drivers.

HAL said the TDOC was designed to be a passenger charge, based on the mode of transport chosen to travel to the airport and the scheme has brought them in line with every major airport in the UK and is aligned with their Surface Access goals: to encourage sustainable transport to the airport; improve air quality; reduce road congestion; support the business and prevent a car-led recovery from the pandemic. HAL added that passengers also have the alternative option of being dropped off in

the long stay car parks at no charge and travelling to the terminals via a free shuttle bus. Blue Badge holders also receive a 100 per cent discount from the charge, subject to registration.

HAL mentioned that they have also previously discussed taxi backfilling and electric vehicles (EVs) at the airport. Backfilling will be a useful tool in reducing unnecessary vehicle journeys at the airport and they are keen to develop proposals with TfL and the trade in the future. They also believe there may be an opportunity to incentivise EVs in the future through the fare structure, subject to this ensuring the right modal shift behaviours and benefits. HAL said they would welcome the opportunity to work together to consider any such proposals.

HAL said they appreciated that there will be great interest and feedback from industry and other stakeholders on these issues and are committed to working closely with TfL and the taxi trade. They added that they would be happy to meet with TfL following the end of the consultation to discuss the proposals and next steps as 1 April approached when the taxi exemption comes to an end.

Islington Council

Islington Council said increased black cab taxi tariffs and fares will negatively impact disabled Taxicard scheme users by increasing the total costs of their journeys. They added that the Taxicard scheme gives disabled people who are not able to easily and conveniently access public transport the much needed independence and mobility to get around the city, that the scheme is highly valued, and that last year an Islington user described the service as “a godsend.”

Islington Council said that the review does not mention how increased costs might be managed for disabled Taxicard Scheme users. They said Option 2 or Option 3 will cause negative impacts for Taxicard Scheme users who possess protected characteristics. They also said that Taxicard users will need to use more of their own funds to make longer trips, or choose destinations closer to home.

Islington Council stated that London Councils increased the cost of the Taxicard Scheme in Summer 2021, costing both Taxicard scheme users and the council 50 pence extra per journey. They said that increased costs proposed as part of Option 2 and Option 3 should consider this recent Taxicard scheme fee increase, how additional costs will affect disabled Taxicard Scheme users and how this can be mitigated.

Islington Council said the review is silent on the ability for Taxicard users to double-swipe so that users can apply two trip subsidies for one trip, and this was hard-lobbied for by Islington residents and disabled groups. Islington Council said they would like to reiterate that the practice of double-swiping should be safeguarded.

Redbridge Council

Redbridge Council thought:

- The minimum fare was about right
- Taxi fares during the weekday daytime (Tariff 1) - Monday to Friday 05:00-20:00 were a little too expensive

- Taxi fares during the weekday evenings (Tariff 2) - Monday to Friday 20:00-22:00 were much too expensive
- Taxi fares during the weekend daytime (Tariff 2) - Saturday and Sunday 05:00-22:00 were much too expensive
- Taxi fares late at night (Tariff 3) - Every night 22:00-05:00 were much too expensive
- Taxi fares on public holidays (Tariff 3) were much too expensive
- Taxi fares for journeys over six miles (Tariff 4) were much too expensive

When rating the value for money of taxi (black cab) fares in London on a scale of zero (extremely poor value for money) to 10 (extremely good value for money), Redbridge Council gave a rating of three.

For the options on fares and tariffs, Redbridge Council:

- Fully supported Option 1
- Partly opposed Option 2
- Fully opposed Option 3

Redbridge Council said the Heathrow Extra should be increased and it should be £7.00-£7.20.

Redbridge Council said there should be an extra charge taxi passengers pay when being dropped off at one of the terminals (to help taxi drivers cover the cost of the Terminal Drop Off Charge introduced by Heathrow Airport Limited) and this should be £5.00.

Redbridge Council said that increasing fares will reduce the attractiveness of this relatively expensive mode of travel and increase the attractiveness of PHVs/Uber.

Speak Out in Hounslow

Speak Out in Hounslow submitted a response on behalf of some of their members and said:

- The minimum fare was too much
- Tariff 1 (Monday to Friday 05:00-20:00) was fair
- Tariff 2 (Monday to Friday 20:00-22:00) was too much
- Tariff 2 (Saturday and Sunday 05:00-22:00) was too much
- Tariff 3 (Every night 22:00-05:00) was too much
- Tariff 3 (public holidays) was too much
- Tariff 4 (journeys over six miles) was too much

For the options on fares and tariffs, they thought:

- Option 1 would be good
- Option 2 would be bad
- Option 3 would be bad

They said the Heathrow Extra should be stopped and that passengers should not pay an extra charge when being dropped off at Heathrow Airport.

The also made the following comments:

- The current fares are quite high, especially for passengers who are disabled or on benefits
- The new fares are quite high
- Black cab drivers should not have to pay the Heathrow charges

Trade Tariff Team

The LTDA, LCDC, RMT, UCG and Unite submitted a joint response.

They supported increasing the minimum fare by 60 pence (£3.20 to £3.80) and increasing Tariffs 1 and 2 by 5.5 per cent, as opposed to the option involving increasing the minimum fare to £4.00 and Tariffs 1 and 2 by 4.03 per cent. They said that both produce an equal outcome but they felt that their proposal would be more readily accepted by their customers.

They said that if this could not be done then their preferred choice would be to increase the tariffs by 9.95 per cent.

They strongly objected to the introduction of multiple tariff adjustment choices. They believed the best way was for TfL and the trade to discuss options and then consult on one single agreed proposal. They felt that TfL was transferring the burden of decision making to the public by having options.

They said that they originally asked for the full 9.95 per cent to be applied across all the tariffs or an increase to Tariffs 1 and 2 above 9.95 per cent. Their final proposition was the minimum fare be increased to £3.80, Tariffs 1 and 2 increased by 5.5 per cent and Tariffs 3 and 4 frozen. They said that they were under the impression that this would be the only proposal going forward.

They were critical of the decision to include three options in the consultation and stated that their decision is based on business but TfL's appears to be political, and that there is no evidence to suggest that TfL's proposal is superior to the trade's proposal.

They said that the minimum fare has been £3.00 plus for a decade, and it is uncertain what the reaction from customers would be to breaking the £4.00 barrier and an increase twice as high as any previous minimum fare increase. The trade group said that restricting the minimum fare to £3.80 would leave scope in the next tariff revision for utilizing the minimum fare to keep the percentage increase lower.

They said that there have been several occasions in the past when the tariff has increased by more than five per cent and this has done little damage to the trade. They added that this would be especially so when other forms of public transport have been increasing by around five per cent or more in a single year.

The trade group said that PHV operators have recently increased fares by 10 per cent and due to the recent court ruling on VAT are likely to increase fares again by between 10 to 20 per cent in the near future.

They said that to say they are disappointed with the whole process was an understatement, that the process ran smoothly until 2015 but since 2017 the Cost

Index has been revised but the tariffs have not been adjusted on an annual twelve month basis. They said this has meant that drivers have had a real net income reduction for the last four years.

The trade group requested that the revision of the Cost Index should be changed from October to May to allow more time for fares to be reviewed and adjustments to be completed in April.

The trade group noted that the Finance Committee has voiced concern about the competitive effects of tariff increases and customers, particularly elderly and disabled customers, ability to pay. The trade group offered the following comments in response to this:

Balance

- The Cost Index produces an annual inflation figure for running a taxi, including driver earnings, it is designed to keep taxi fares and driver earnings at a constant real level, with fares only increasing nominally and as such having set a fair balance when it was introduced it maintains that same fair balance
- If the adjustment deviates from the Cost Index then either the customer or driver will gain at the expense of the other. The same applies if the adjustment is earlier or later than April
- The produces an imbalance and has been the case for the last four years where the real cost of fares have consistently fallen to the gain of the customer, at the expense of the driver. Whose real earnings have consistently fallen during this period
- The Cost Index figure could reduce as it has done in the past. This could happen in the next adjustment. Fuel prices are expected to fall and as more electric taxis replace diesel taxis this will reduce their weight in the Cost Index. The retendering of the administration of licensing and inspection fees may also reduce this element of the Cost Index
- If this were the case and other things remained equal the Cost Index would fall and the trade would expect and support a reduction in fares

Ability of the disabled and elderly to afford taxis

- If affordability is affected by rising taxi fares and is problematic then one way to solve this is to reduce regulatory cost. If some regulatory costs were reduced or removed and the Cost Index adhered to, taxi fares would reduce automatically for vulnerable groups and taxi users in general
- An example is the introduction of the TXe taxi. In the 2019 tariff adjustment alone this would add 1.24 per cent to taxi fares to maintain real fares at a constant level
- Alternatively, if it is only the ability to pay of vulnerable groups that are of concern then a subsidy is required. However, it would be unfair to place the burden of this subsidy on taxi drivers alone by restricting fare increases to below that indicated by the Cost Index
- A much fairer system would be to fund fare subsidies from the public purse or failing that pursue a way of increasing fares for the taxi travelling community and transfer that excess revenue to subsidise the fares of vulnerable taxi users

- Perhaps access may be a more important factor in making fares affordable for the elderly, infirm and disabled than a tariff increase. Schemes that restrict taxi access (e.g. low traffic neighbourhoods (LTNs), Bank Junction, certain bus lanes) increase journey times and by doing so increase taxi fares. An example is a trip from Moorfields Eye Hospital to the nearby Islington LTN, the fare could easily be doubled for someone who needs a door to door service as opposed to someone who can be set down at a barrier a few metres from their destination

Competition

- Normal goods and services will face an elastic demand curve, there are many factors that will affect an individual demand function but the primary factor, other than price itself, will be the availability of close substitutes
- If the taxi service faced such an elastic demand curve it would need to exercise caution when increasing prices due to the deleterious effect on demand. However, the trade has contended for many years that they face a largely inelastic demand curve, this has been borne out by the research by Steer Davies Gleave (SDG) on behalf of TfL and of 42 fare examples tested 30 proved to be inelastic
- There are no close substitutes facing the London taxi service other than private hire. Private hire should not be a close substitute as taxis provide an 'on-demand' service while PHVs are supposed to operate a 'pre-booked service', creating a clear distinction between the two services. However, in recent times private hire services have used GPS and apps to circumvent the law and provide PHVs to an effectively 'on-demand' market
- For seven years Uber have attempted to usurp the taxi service and create a monopoly by offering fares at less than cost and remunerating drivers at less than average minimum wages. While this has had an effect on taxi services it has had a greater effect on PHV services, this can be witnessed by the contraction of PHV operators while at the same time the number of PHV drivers has almost doubled since 2014
- The taxi service cannot compete with Uber or private hire in general on price as the regulatory costs for taxi drivers are approximately twice those for PHV drivers. The taxi service relies on competing on quality and product differentiation rather than price
- There have been several recent factors that have helped level the playing field in relation to the two services. One is that PHVs now have to pay the Congestion Charge but taxis do not, and this helps reduce the regulatory price disparity. Recent court decisions have continued to redress this disparity, specifically the ruling that a PHV driver is an employee of a PHV operator. This has contributed to a recent increase in fares by Uber of 10 per cent. A more recent ruling means that PHV fares will now be subject to VAT and this may result in a further increase of between 10 to 20 per cent. Should this be the case it is likely that the smaller difference between taxi and PHV fares will be easily negated by the superior quality of the former

A separate meeting between TfL and the Heathrow representatives from the LTDA, LCDC, RMT, UCG and Unite was held to discuss charges for taxi drivers at Heathrow and authorised extras. Their position was:

- The existing Heathrow Extra should be increased by 80 pence (£2.80 to £3.60)
- They were opposed to taxi drivers having to pay the TDOC, and said the 100 per cent discount should remain in place and not be removed in April 2022
- If taxi drivers have to pay the TDOC they should be able to add the full charge (£5.00) to taxi fares

Unite the Union Cab Section (Unite)

Unite thought:

- The minimum fare was a little too low
- Taxi fares during the weekday daytime (Tariff 1) - Monday to Friday 05:00-20:00 were about right
- Taxi fares during the weekday evenings (Tariff 2) - Monday to Friday 20:00-22:00 were about right
- Taxi fares during the weekend daytime (Tariff 2) - Saturday and Sunday 05:00-22:00 were about right
- Taxi fares late at night (Tariff 3) - Every night 22:00-05:00 were about right
- Taxi fares on public holidays (Tariff 3) were about right
- Taxi fares for journeys over six miles (Tariff 4) were a little too expensive

When rating the value for money of taxi (black cab) fares in London on a scale of zero (extremely poor value for money) to 10 (extremely good value for money), Unite gave a rating of 10.

For the options on fares and tariffs, Unite:

- Fully supported Option 2

Unite said the Heathrow Extra should be increased and it should be £3.00-£3.99.

Unite said there should be an extra charge taxi passengers pay when being dropped off at one of the terminals (to help taxi drivers cover the cost of the Terminal Drop Off Charge introduced by Heathrow Airport Limited) and this should be £5.00.

Unite said that if Option 2 could be revised to £3.80 minimum fare and 5.5 per cent increase to Tariffs 1 and 2, as opposed to £4.00 minimum fare and 4.03 per cent to Tariffs 1 and 2, they would endorse this option. They said both produce an equal outcome but they felt that the latter will be more readily accepted by their customers.

They said that if no such revision is able to be made, their preferred choice is Option 3 which is 9.95 per cent across the whole tariff.

They strongly objected to the introduction of multiple tariff adjustment choices and said that since 2015, the trade has worked with TfL representatives to find ways of revising the tariff in a way that is equitable to both customers and drivers. The discussion ranges from no increase to the full amount indicated by the tariff, across all four tariffs and has previously culminated in a single, agreed proposal put to consultation.

They believed this to be the best way to operate with the public offered a proposal that they can agree or disagree with. They felt that TfL were transferring the burden of decision-making to the public.

They said that the trade initially asked for the full 9.95 per cent across all tariffs or an increase on Tariffs 1 and 2 above 9.95 per cent to compensate for freezing Tariffs 3 and 4. They also said trade's final proposition was that the minimum fare be increased to £3.80 and Tariffs 1 and 2 increased by 5.5 per cent (9.95 per cent in total) and freeze Tariffs 3 and 4. They added that the trade were under the impression that this would be the only proposal going forward.

Unite said all three proposals have been included, except the minimum fare being £4.00 plus 4.03 per cent rather than the £3.80 and 5.5 per cent asked for.

They said that apparently, TfL know their business better than the trade do and considered that their business could better withstand this than an increase above 5 per cent. They said theirs was a business decision, while TfL's appears to be political. They said that there is no evidence to suggest the TfL proposal is superior to that of the trade, while both proposals are identical in terms of the total value of increase (9.95 per cent).

Unite said that the minimum fare range has been £3.00 plus for a decade and it is uncertain what the reaction to customers will be to breaking the £4 barrier, an increase twice as high as any previous minimum fare increase and that even if TfL are correct, by restricting the minimum fare to £3.80, this would leave scope in the next tariff revision for utilizing the minimum fare to keep the percentage increase lower.

They said that there have been several occasions in the past when the tariff has increased by more than five per cent and done little damage to trade and this would be especially so when other forms of public transport fares have been increasing by around five per cent plus in a single year, far less the three years for the taxi tariff.

They also said that PHV operators have recently increased their fares by 10 per cent and due to the recent court ruling on VAT are likely to increase fares again by between 10-20 per cent in the near future.

Unite said that to say they are disappointed with the whole process is an understatement. They said the process had run smoothly from the introduction of the Taxi Cost Index (TCI) until 2015 and it was a fairly simple process whereby the TCI was updated for inflation, the trade consulted and the tariff revision figure agreed during the last quarter of a year. The tariff adjustment was then put before the board and implemented annually on the first Sunday of April.

Unite said this was a fair and equitable system and the regulator could impose new, or increase existing regulatory cost, to benefit and safeguard passengers. These costs plus inflation were passed to the beneficiary of these costs, the customer. This in turn, meant that the driver was able to continue to recover costs and maintain, but not increase profit/earnings in real terms from a given number of hours worked.

They said that since 2017, the TCI has continued to be revised but the tariff has not been adjusted on an annual twelve month basis and this has meant that the driver has had a real net income reduction as a result for the last four years.

Unite said that this real income has been further reduced by the fact that the tariff has only been partially increased by the amount indicated by the TCI since 2018 and in practice, TfL have proven that they are unable to complete the process of tariff revision within six months but continue to refute this.

Unite said the situation has become so desperate that a special meeting was called with Helen Chapman to resolve the issue in September and even then, TfL have just managed, hopefully, to complete the process by April (seven months), after admitting that a third Chair Action in the last five years may have to be asked for.

Unite said that the trade has requested resolution of the situation on several occasions, by bringing the TCI revision back from October to May and this would mean the trade running almost eighteen months behind inflation, rather than twelve, in order to allow TfL a period of eleven months between revision and adjustment to complete by April. They said these requests have been ignored, rather than refused, with no justification offered.

Unite noted that the Finance Committee has voiced concern about the competitive effects of tariff increases and customers, particularly elderly and disabled customers, ability to pay. They offered the following comments in response to this:

Balance

- The Cost Index produces an annual inflation figure for running a taxi, including driver earnings, it is designed to keep taxi fares and driver earnings at a constant real level, with fares only increasing nominally and as such having set a fair balance when it was introduced it maintains that same fair balance
- If the adjustment deviates from the Cost Index then either the customer or driver will gain at the expense of the other. The same applies if the adjustment is earlier or later than April
- The produces an imbalance and has been the case for the last four years where the real cost of fares have consistently fallen to the gain of the customer, at the expense of the driver. Whose real earnings have consistently fallen during this period
- The Cost Index figure could reduce as it has done in the past. This could happen in the next adjustment. Fuel prices are expected to fall and as more electric taxis replace diesel taxis this will reduce their weight in the Cost Index. The retendering of the administration of licensing and inspection fees may also reduce this element of the Cost Index
- If this were the case and other things remained equal the Cost Index would fall and the trade would expect and support a reduction in fares

Ability of the disabled and elderly to afford taxis

- If affordability is affected by rising taxi fares and is problematic then one way to solve this is to reduce regulatory cost. If some regulatory costs were reduced or removed and the Cost Index adhered to, taxi fares would reduce automatically for vulnerable groups and taxi users in general

- An example is the introduction of the TXe taxi. In the 2019 tariff adjustment alone this would add 1.24 per cent to taxi fares to maintain real fares at a constant level
- Alternatively, if it is only the ability to pay of vulnerable groups that are of concern then a subsidy is required. However, it would be unfair to place the burden of this subsidy on taxi drivers alone by restricting fare increases to below that indicated by the Cost Index
- A much fairer system would be to fund fare subsidies from the public purse or failing that pursue a way of increasing fares for the taxi travelling community and transfer that excess revenue to subsidise the fares of vulnerable taxi users
- Perhaps access may be a more important factor in making fares affordable for the elderly, infirm and disabled than a tariff increase. Schemes that restrict taxi access (e.g. low traffic neighbourhoods (LTNs), Bank Junction, certain bus lanes) increase journey times and by doing so increase taxi fares. An example is a trip from Moorfields Eye Hospital to the nearby Islington LTN, the fare could easily be doubled for someone who needs a door to door service as opposed to someone who can be set down at a barrier a few metres from their destination

Competition

- Normal goods and services will face an elastic demand curve, there are many factors that will affect an individual demand function but the primary factor, other than price itself, will be the availability of close substitutes
- If the taxi service faced such an elastic demand curve it would need to exercise caution when increasing prices due to the deleterious effect on demand. However, the trade has contended for many years that they face a largely inelastic demand curve, this has been borne out by the research by SDG on behalf of TfL and of 42 fare examples tested 30 proved to be inelastic
- There are no close substitutes facing the London taxi service other than private hire. Private hire should not be a close substitute as taxis provide an 'on-demand' service while PHVs are supposed to operate a 'pre-booked service', creating a clear distinction between the two services. However, in recent times private hire services have used GPS and apps to circumvent the law and provide PHVs to an effectively 'on-demand' market
- For seven years Uber have attempted to usurp the taxi service and create a monopoly by offering fares at less than cost and remunerating drivers at less than average minimum wages. While this has had an effect on taxi services it has had a greater effect on PHV services, this can be witnessed by the contraction of PHV operators while at the same time the number of PHV drivers has almost doubled since 2014
- The taxi service cannot compete with Uber or private hire in general on price as the regulatory costs for taxi drivers are approximately twice those for PHV drivers. The taxi service relies on competing on quality and product differentiation rather than price
- There have been several recent factors that have helped level the playing field in relation to the two services. One is that PHVs now have to pay the Congestion Charge but taxis do not, and this helps reduce the regulatory price disparity. Recent court decisions have continued to redress this disparity, specifically the ruling that a PHV driver is an employee of a PHV operator.

This has contributed to a recent increase in fares by Uber of 10 per cent. A more recent ruling means that PHV fares will now be subject to VAT and this may result in a further increase of between 10 to 20 per cent. Should this be the case it is likely that the smaller difference between taxi and PHV fares will be easily negated by the superior quality of the former

United Cabbies Group (UCG)

The UCG also submitted a separate response and they thought:

- The minimum fare was a little too low
- Taxi fares during the weekday daytime (Tariff 1) - Monday to Friday 05:00-20:00 were a little too low
- Taxi fares during the weekday evenings (Tariff 2) - Monday to Friday 20:00-22:00 were about right
- Taxi fares during the weekend daytime (Tariff 2) - Saturday and Sunday 05:00-22:00 were about right
- Taxi fares late at night (Tariff 3) - Every night 22:00-05:00 were about right
- Taxi fares on public holidays (Tariff 3) were about right
- Taxi fares for journeys over six miles (Tariff 4) were about right

When rating the value for money of taxi (black cab) fares in London on a scale of zero (extremely poor value for money) to 10 (extremely good value for money), the UCG gave a rating of 10.

For the options on fares and tariffs, the UCG:

- Fully opposed Option 1
- Fully supported Option 2
- Partly supported Option 3

The UCG said the Heathrow Extra should be increased and it should be £3.00-£3.99.

The UCG said there should not be an extra charge taxi passengers pay when being dropped off at one of the terminals (to help taxi drivers cover the cost of the Terminal Drop Off Charge introduced by Heathrow Airport Limited).

They stated that the Heathrow drop off fee of £5 should not be applied to publicly hired London taxis, that publicly hired London buses do not have to pay to drop off their passengers and therefore taxi passengers should not have to pay this charge especially whilst perpetual plying for hire takes place in all short stay car parks which operate virtual PHV ranks. They said there is zero enforcement of this.

The UCG said there should be an option in the Heathrow section to add comments and they thought the options were limited.

The UCG said the key mitigation to limit negative impacts on taxi users and drivers is to ensure access is made for the publicly hired 100 per cent wheelchair taxi fleet to have access to roads. They said that TfL's own policies mean passenger fares are increasing because decisions have been taken to restrict taxis from going the shortest route from A to B. They added that many are TfL and borough schemes,

these include multiple low traffic neighbourhoods (LTNs) and schemes such as Tottenham Court Road (TCR) which attempt to safeguard TfL bus revenue, and are fully supported and sanctioned by TfL and increase passengers' costs.

The UCG stated that licensing excessive numbers of app based PHV operators and drivers increases traffic which also has a knock on in passenger fares due to the traffic and extra traffic they create.

They said that TfL and other highway authorities have in effect now set aside the access needs of older and disabled people in favour of all of those that might cycle or potentially cycle in the future. They also said that estimates of a 10-fold increase in cycling have not manifested.

The UCG said this has meant that instead of worrying about the access needs of older and disabled people getting on and off the bus, being able to access and safely enter or exit a taxi at the kerbside, TfL has been able to mix it up, and balance off the needs of any group that TfL views as under-represented in the demographics of cycling.

The UCG said that legislation such as the Equalities Act 2010 which was designed to advance the needs of all those with protected characteristics who use a publicly hired service such as a bus or taxi, has been manipulated as a TfL trade off. They said this is clearly wrong and has a detrimental impact on taxi passengers who are disproportionately impacted by surface transport decisions.

The UCG added that taxi booking platforms are not operating within the integrity and transparency, that the regulated meter is designed to ensure, visible and transparent pricing linked to driver compellability by offering fixed prices under the meter and then price gauging with tech fees and surges on par with PHV operators who are not publicly hired. They said this inconsistency needs to be stopped to mitigate the passenger being over charged.

Appendix 5 – Consultation analysis code frame

The consultation responses were analysed and reported on by an external consultant. The free text ‘open’ questions in the consultation allow us to capture qualitative views of respondents.

This feedback is then quantified through thematic analysis and a ‘code frame’ of themes and topics created. The full code frame is shown below.

Comments are assigned codes from the code frame. For example under General support:

- Eight taxi users made comments that were coded as ‘Support/agree with increasing the cost of fares/tariffs (general comment)’
- Twenty-one taxi drivers made comments that were coded as ‘There has not been a fare increase recently/in a while’

Code	Taxi (black cab) user	Taxicard member	Taxi (black cab) driver	A non-taxi (black cab) user	All respondents
General support					
Support/agree with increasing the cost of fares/tariffs (general comment)	8	1	9	8	29
Taxi drivers should be paid more	9	0	2	2	14
There has not been a fare increase recently/in a while	3	0	21	0	29
Taxi fares should be increased as previous fare rises were not enough	0	0	1	0	1
Taxi fares should be increased because of cost of running costs/overheads of taxi drivers (e.g. fuel, card processing)	25	0	57	5	99
Taxi fares should be increased due to the impact of the Coronavirus pandemic on taxi drivers/the taxi trade	4	0	2	0	7
Taxi fares should be increased/adjusted based on inflation	6	0	19	1	30

Code	Taxi (black cab) user	Taxicard member	Taxi (black cab) driver	A non-taxi (black cab) user	All respondents
Increase in fares will encourage more to become taxi drivers	1	0	2	0	3
General concerns					
Oppose/disagree with increasing the cost of fares/tariffs (general comment)	15	0	6	2	35
Taxi fares are already expensive/too high (general comments)	77	4	4	49	168
Taxi fares should be reduced (general comments)	16	0	1	10	34
Increasing taxi fares will reduce the number of people using taxis	18	2	3	2	32
Increasing taxi fares will push people to use PHVs more/instead	7	0	0	4	14
Increasing taxi fares will push people to use public transport more/instead	0	0	0	1	1
Increasing taxi fares will put me/taxi drivers out of business/ruin the taxi trade	3	0	5	3	19
Taxi fares should not be increased due to the impact of Coronavirus pandemic on taxi users	2	0	3	0	5
Taxi fare increases should be delayed (e.g. freeze the fares for another year)	8	0	7	1	19
Tariff 1					
Tariff 1 rates should remain as they are/should not change	13	1	15	2	43
Tariff 1 rates should be increased (general comments or other %)	8	0	14	2	29
Tariff 1 rates should be increased by 4.03%	3	0	2	0	8

Code	Taxi (black cab) user	Taxicard member	Taxi (black cab) driver	A non-taxi (black cab) user	All respondents
Tariff 1 rates should be increased by 9.95%	0	0	2	0	3
Tariff 1 rates should be reduced	1	0	0	0	1
Tariff 2					
Tariff 2 rates should remain as they are/should not change	13	1	16	2	44
Tariff 2 rates should be increased (general comments or other %)	4	0	10	2	21
Tariff 2 rates should be increased by 4.03%	3	0	1	0	7
Tariff 2 rates should be increased by 9.95%	0	0	2	0	3
Tariff 2 rates should be reduced	1	0	1	0	2
Tariff 3					
Tariff 3 rates should remain as they are/should not change	18	1	19	2	58
Tariff 3 rates should be increased (general comments or other %)	4	0	9	2	18
Tariff 3 rates should be increased by 9.95%	0	0	0	0	1
Tariff 3 rates should be reduced	1	0	2	1	4
Tariff for longer journeys/Tariff 4					
Tariff for longer journeys (Tariff 4) rates should remain as they are/should not change	16	1	16	2	50
Tariff for longer journeys (Tariff 4) rates should be increased	2	0	7	2	11
Tariff for longer journeys (Tariff 4) rates should be reduced	4	0	1	0	6
Other tariff comments					
Should increase the number of tariffs (e.g. should be five tariffs)	1	0	1	0	2

Code	Taxi (black cab) user	Taxicard member	Taxi (black cab) driver	A non-taxi (black cab) user	All respondents
Should decrease the number of tariffs (e.g. should only be two tariffs)	2	0	6	0	11
Suggest changes to the times the tariffs apply/cover	10	1	6	1	22
Should be extra charges for additional passengers/luggage for journeys	1	0	3	0	4
Minimum fare					
Minimum taxi fare is too low (general comments)	1	0	0	0	1
Minimum taxi fare should be increased to £4	2	0	2	0	7
Minimum taxi fare should be increased (general comments or other %)	5	0	18	0	30
Minimum taxi fare should remain the same/should not be increased	2	0	8	1	12
Minimum taxi fare is too high/should be reduced	2	0	0	0	3
There should be no minimum taxi fare	1	0	0	1	3
Heathrow Airport					
Charges at Heathrow Airport are high/unfair (general comments)	9	0	2	0	12
Taxis should not be charged for dropping off customers at Heathrow Airport	29	0	45	6	84
Taxis should be charged less for dropping off customers at Heathrow Airport	2	0	0	1	3
Charges for dropping off at Heathrow Airport should be paid by customers/should be an additional charge	14	0	21	2	42
Charges for using the taxi rank at Heathrow	4	0	4	0	8

Code	Taxi (black cab) user	Taxicard member	Taxi (black cab) driver	A non-taxi (black cab) user	All respondents
Airport should be reduced for taxi drivers					
Additional charges to cover taxi rank charge at Heathrow Airport should be increased	3	0	3	2	11
Experience with taxi drivers and users					
Criticism of taxi driver behaviour/have had issues with drivers (general comments)	27	4	0	12	49
Safety concerns with using taxis/do not feel safe to use	3	0	1	0	5
Taxis are safe to use/positive experience of using taxis	37	0	4	1	55
Taxis are safer to use than PHVs	5	0	0	5	8
Taxis are safer to use than other services/travel options (e.g. public transport, active travel)	4	0	0	0	5
Taxi drivers refuse to do short journeys/don't accept the fare if they will not make much money from it	3	0	0	1	4
Taxi drivers use longer routes to increase the fare cost/unfair to users	9	1	0	1	14
Environmental impact of taxis					
Need to encourage public transport use rather than taxi use	9	1	1	3	21
Diesel taxis are polluting/should be banned/restricted	5	1	0	8	14
Electric taxis are expensive to purchase/need to be more affordable/subsidised	4	0	7	6	13

Code	Taxi (black cab) user	Taxicard member	Taxi (black cab) driver	A non-taxi (black cab) user	All respondents
More taxis need to be electric/need to encourage more to switch	9	1	1	0	18
Other suggestions					
Other suggestions for reducing costs for taxi drivers (e.g. reducing operating and licence costs)	7	0	4	2	17
Disabled users need a discount for using taxis	4	0	1	0	11
Elderly users need a discount for using taxis	2	0	1	1	7
Other users/groups need discounts for using taxis	2	0	0	1	4
Should allow Oyster cards/similar system to be used for taxis	0	0	2	0	2
Taxi drivers should not incur charges for card processing/card transactions	1	0	4	0	5
Road space					
Congestion makes the taxi fare more expensive (general comments)	12	0	3	2	29
Suggestions to change road/lane accessibility (e.g. taxis should be allowed to use bus lanes)	13	0	22	2	43
Criticism of reduction of road space/impacts taxi drivers/users (e.g. bus lanes, cycle lanes)	14	0	20	2	42
Reduction of road space affects taxi fares/increases journey time and fare (e.g. bus lanes, cycle lanes)	16	1	13	4	39
Competitiveness					
Taxi fares are already competitive with other services	17	1	11	0	32

Code	Taxi (black cab) user	Taxicard member	Taxi (black cab) driver	A non-taxi (black cab) user	All respondents
Alternatives are cheaper/better value for money than taxis (general comments)	12	0	0	9	23
Fares should be competitive against public transport (Tube/buses)	3	0	0	4	7
Fares should be competitive against PHVs	51	1	6	18	95
Concerns/comments about PHVs negatively impacting taxi drivers/taxi trade	26	0	7	5	47
Concerns about impacts of taxi fare rises					
Concern that increasing taxi fares will have a negative impact on disabled users	2	0	3	3	16
Concern that increasing taxi fares will have a negative impact on elderly users	0	0	3	1	7
Concern that increasing taxi fares will have a negative impact on those financially struggling/low income households	1	0	0	0	1
Concern that increasing taxi fares will have a negative impact on travelling safely at night	7	0	0	0	7
Concern that increasing taxi fares will have a negative impact on travel for Taxicard members	0	2	1	1	5
Concern that increasing taxi fares will have a negative impact on other users/groups	2	0	0	0	3
Other comments					
Pricing for taxi journeys is complex/difficult to understand	7	2	2	0	11

Code	Taxi (black cab) user	Taxicard member	Taxi (black cab) driver	A non-taxi (black cab) user	All respondents
Criticism of the Mayor	4	0	2	4	13
Criticism of the Government	1	0	2	3	8
Criticism of TfL	18	0	19	4	49
Comparison made to another country/city	8	0	1	2	15
General negative comment about taxis/black cabs (e.g. they cause congestion, are not needed)	7	0	0	11	24
Comments/suggestions about the Taxicard scheme	2	10	4	2	19
Knowledge of black cab drivers is redundant/not as important now/technology and apps can be used instead	8	0	0	5	18
Out of scope comment/unrelated to taxis/taxi fares	11	1	2	9	28
Other (does not fit into codeframe)	36	0	10	11	67
Survey and questions					
Poor quality survey/design/presentation (general comments)	12	1	0	1	16
Survey/questions are biased/leading	6	0	2	1	10
Range of question response options were limited/should have been more response options	5	0	2	2	11
Survey/information is complicated/unclear/should be simpler (general comments)	5	0	2	0	8
Information about taxi fares is unclear/lacking (e.g. Tariff 4 not explained)	14	0	3	1	18
Lack of data/evidence to support the	8	0	2	1	12

Code	Taxi (black cab) user	Taxicard member	Taxi (black cab) driver	A non-taxi (black cab) user	All respondents
proposals/rationale for changes					
Survey length is too long/short be shorter	0	0	1	0	1
Survey/questions are limited/should cover more aspects related to taxis/fares (general comments)	4	3	3	2	13
Should have been questions around Heathrow Airport charges	5	0	1	0	7
Accessibility					
Oppose the need to register to access the consultation	4	1	2	0	10
Issues with registration to access consultation	2	1	1	1	7
Consultation/survey was difficult to access (e.g. issues opening the link to consultation)	12	0	3	4	22
Issues with the speed of the consultation platform/TfL website to complete survey	2	0	0	0	2
Consultation material not advertised or publicised enough/suggest further consultation	4	0	0	1	6
Other consultation comments					
No issues/general positive comment about consultation/consultation material	9	0	3	2	17
Criticism of publicly consulting about taxi fares	3	0	4	2	12
Taxi fare changes should not be influenced by public consultation	3	0	18	1	26
Concerns that consultation feedback	5	0	5	1	11

Code	Taxi (black cab) user	Taxicard member	Taxi (black cab) driver	A non-taxi (black cab) user	All respondents
will have no impact on decisions					
Other comment about the consultation/ consultation material	8	0	9	4	26
Total	369	14	257	120	892

Appendix 6

F1457 A1 Equality Impact Assessment (EqIA) form

N.B: the completed form should be emailed to the [Diversity and Inclusion team](#)

Project	Taxi Fares and Tariffs Review 2021
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Accountable		TfL Taxi and Private Hire
	Signature	Date 11/11/2021

Produced By		TfL Taxi and Private Hire
	Signature	Date 02/11/2021

Reviewed By		TfL's Independent Disability Advisory Group (IDAG)
	Signature	Date 12/11/2021
	Job Title	Name
	Signature	Date

Document History	Version	Date	Summary of changes
	1.0	02/11/2021	--
	2.0	15/11/2021	Summary added following IDAG review
	3.0	24/02/2022	Recommendations for the TfL Finance Committee added to Step 5: Informed Decision-Making
	4.0	01/03/22	Summary of stakeholder consultation responses regarding disabled or elderly taxi users, or Taxicard members added to Step 4: Consultation

* Delete as appropriate (the Accountable person should always be at least one management level higher than the Responsible person).

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To be used in conjunction with: G1060



Project Related Documents	Doc No.	Document title	Relevant Section(s) of this Document
	1.	DOC 1 taxi-conditions-of-fitness-update-2019	Conditions of Fitness This document sets out the requirements for vehicles to be licensed for use as a taxi in London
	2.	DOC 2 Cost Index Updates	This shows the changes to the taxi drivers' operating costs and average national earnings, and the latest Cost Index figure
	3.	DOC 3 IDAG Response_Taxi fares 220819	IDAG's response to the EqIA for the 2019 taxi fares and tariffs review
	4.	DOC 4 TaxiFaresElasticity_Report_Final	Taxi Fares Elasticity Report <ul style="list-style-type: none"> • Executive summary • Section 1: Introduction • Section 2: Survey methodology • Section 3: Survey descriptive results • Section 4: Demand elasticity to fare • Figures • Tables • Appendices



Step 1: Clarifying Aims

Q1. Outline the aims/objectives/scope of this piece of work

Summary

We are reviewing taxi fares and tariffs and considering the following:

- Whether taxi fares and tariffs should be increased
- If there should be any increase to the extra charge (£2.80) passengers pay to take a taxi from one of the taxi ranks at Heathrow Airport
- If there should be a new charge passengers pay when they are dropped off by taxi at one of the terminals at Heathrow Airport

The table below summaries the main impacts for the items being considered.

Type of impact	Impact
Negative	<ul style="list-style-type: none"> • Taxi fares and tariffs increase and: <ul style="list-style-type: none"> ○ Taxi users and Taxicard members pay higher fares or cannot travel as often as they want to ○ There is a decline in the number of taxi journeys or people using taxis, drivers' incomes decline and they cannot cover their operating costs. This could lead to a decline in the number of licensed taxi drivers or people applying to become a taxi driver, and the availability of taxis reducing or wait times increasing • Taxi fares and tariffs do not increase and: <ul style="list-style-type: none"> ○ Taxi drivers cannot cover increased operating costs ○ This could lead to a decline in the number of licensed taxi drivers or people applying to become a taxi driver, and the availability of taxis reducing or wait times increasing • Fares to and from and Heathrow Airport increase and: <ul style="list-style-type: none"> ○ Taxi users and Taxicard members pay higher fares when travelling to or from the airport ○ There is a decline in the number of people travelling to or from the airport by taxi, and drivers' incomes reduce • Fares to and from and Heathrow Airport do not increase and: <ul style="list-style-type: none"> ○ Taxi drivers cannot cover increased operating costs ○ There is a decline in the number of licensed taxi drivers or people applying to become a taxi driver ○ Taxi drivers are less likely to use the taxi ranks at the airport or accept fares to the airport
Positive	<ul style="list-style-type: none"> • Taxi fares and tariffs increase and: <ul style="list-style-type: none"> ○ Taxi drivers can cover their operating costs ○ The number of licensed taxi drivers or people applying to become a taxi driver stops decreasing, or even increases, and the availability of taxis increases and wait times reduce



Type of impact	Impact
	<ul style="list-style-type: none"> • Taxi fares and tariffs do not increase and: <ul style="list-style-type: none"> ○ There is an increase in the number of taxi journeys or people using taxis, and taxi drivers can cover increased operating costs ○ The number of licensed taxi drivers or people applying to become a taxi driver stops decreasing, or even increases, and the availability of taxis increases and wait times reduce • Fares to and from and Heathrow Airport increase and: <ul style="list-style-type: none"> ○ Taxi drivers can cover their operating costs ○ The number of licensed taxi drivers or people applying to become a taxi driver stops decreasing, or even increases ○ At the airport the availability of taxis increases and wait times reduce • Fares to and from and Heathrow Airport do not increase and: <ul style="list-style-type: none"> ○ There is an increase in the number of taxi journeys to or from the airport and taxi drivers can cover increased operating costs ○ The number of licensed taxi drivers or people applying to become a taxi driver stops decreasing, or even increases ○ At the airport the availability of taxis increases and wait times reduce

Overview of main stages of work

The aim of this work is to review taxi (black cab) fares and tariffs and consult on options for these. The main stages of the work involve:

- Updating the Cost Index, this tracks changes to:
 - Taxi drivers' operating costs
 - Average national earnings
- Publicly consulting on options
- Promoting the consultation to taxi users, taxi licensees and other relevant stakeholders
- Reviewing responses to the consultation and preparing recommendations
- If changes are recommended seeking approval from Transport for London's (TfL's) Finance Committee on changes to taxi fares and tariffs
- Implementing any approved changes to taxi fares and tariffs

Background

TfL licenses and regulates London taxi (black cab) and private hire services. We also regulate taxi fares and set the maximum fares that can be charged.

There are¹:

- 13,900 licensed taxis
- 20,108 licensed taxi drivers

¹ TfL licensing data, 17 October 2021



- 1,853 licensed private hire vehicle (PHV) operators
- 102,379 licensed PHV drivers
- 77,794 licensed PHVs

Taxi driver licences

There are two types of taxi driver's licence:

- All London (Green Badge): these taxi drivers can ply for hire anywhere in London and around 17,900 drivers hold this type of licence
- Suburban (Yellow Badge): these taxi drivers are licensed to ply for hire in suburban areas and around 2,300 drivers hold this type of licence. The current Suburban taxi driver sectors are shown on the map below



The Suburban sectors are:

- Sector 1: Enfield, Haringey and Waltham Forest
- Sector 2: Barking and Dagenham, Havering, Newham and Redbridge
- Sector 3: Bexley, Greenwich and Lewisham
- Sector 4: Bromley
- Sector 5: Croydon
- Sector 6: Merton and Sutton

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- Sector 7: Hounslow, Kingston upon Thames and Richmond upon Thames
- Sector 8: Ealing and Hillingdon
- Sector 9: Barnet, Brent and Harrow

Taxi services

London's taxis provide a reliable and trusted service to Londoners and visitors, offering users a safe and convenient service, aided by the drivers' extensive knowledge of the capital's streets.

The [Mayor's Transport Strategy \(MTS\)](#) recognises the important role taxis play in the capital's transport network. Policy 20 of the MTS seeks to "*ensure London has a safe, secure, accessible, world-class taxi and private hire service with opportunity for all providers to flourish.*"

Taxis are particularly important for anyone who experiences barriers when accessing other forms of transport. Taxi services provide an accessible door to door service which may be essential for some users and the MTS recognises that taxis "*can expand travel horizons for those requiring safe, accessible travel options.*"

Taxicard scheme

Disabled residents in London are eligible for subsidised taxi journeys under the [Taxicard scheme](#) which provides a door-to-door service. The scheme is funded by TfL and the London boroughs. Taxis are used for the majority of Taxicard journeys.

Taxi vehicles

For a vehicle to be licensed for use as a taxi in London it must comply with the requirements in the Conditions of Fitness. The Conditions of Fitness includes requirements covering:

- Passenger accessibility features
- Vehicle manoeuvrability
- Vehicle emission standards
- Vehicle age limit restrictions

The full Conditions of the Fitness is enclosed (DOC 1) and is also available [here](#).

Since 1 January 2018 it has been a requirement for all newly licensed taxis to be zero emission capable (ZEC). There are currently two vehicles that can be newly licensed as taxis:

- London Electric Vehicle Company (LEVC) TX²
- Dynamo Taxi³

The Cost Index includes costs for the LEVC TX, the Dynamo Taxi and also charging/electricity costs.

² LEVC TX, <https://www.levc.com/tx-electric-taxi/>

³ Dynamo Taxi, <https://www.dynamotaxi.com/>



Taxi fares and tariffs

When using a taxi the maximum taxi fare payable is displayed on the taximeter. Taxi fares are based upon the time of day, distance travelled and time taken.

“Taxi tariffs” – there are four different taxi tariffs and these are:

- **Tariff 1 (T1):** Monday to Friday, 05:00-20:00
- **Tariff 2 (T2):** Monday to Friday, 20:00-22:00 and Saturday and Sunday, 05:00-22:00
- **Tariff 3 (T3):** Every night 22:00-05:00 and public holidays
- Tariff for journeys over six miles which is sometimes referred to as **Tariff 4 (T4)**

There are no extra charges for luggage or additional passengers but the following extra charges can be added to the fare:

- Up to £2.00 for phone and online bookings
- £2.80 for journeys that start from one of the taxi ranks at Heathrow Airport
- £4.00 for journeys made between 20:00 on 24 December and 06:00 on 27 December or between 31 December and 06:00 on 2 January

The Cost Index

The Cost Index is maintained and updated by TfL and it provides a way for us to track changes to:

- Taxi drivers’ operating costs
- Average national earnings

The Cost Index includes a number of different components covering drivers’ operating costs (e.g. vehicle costs, parts, tyres, servicing, fuel and insurance). The most recent update was in September 2021.

The 2018 Cost Index figure informed the proposals consulted on in 2019 and which were implemented in January 2020.

The 2019, 2020 and 2021 Cost Index figures have yet to be used in a review of taxi fares and tariffs.

Date	Total Cost Index figure	Notes
November 2018	+3.40%	– This figure informed the changes implemented on 11 January 2020 which were: <ul style="list-style-type: none"> ○ Minimum fare increased by 20 pence from £3.00 to £3.20 ○ Tariff 1 increased by 1.90% ○ Tariff 2 increased by 1.90%
November 2019	+4.16%	– This update brought the zero emission capable (ZEC) taxi costs into the index – The operating costs include a +1.24% vehicle cost component

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Date	Total Cost Index figure	Notes
		– Charging/electricity costs for the ZEC taxis were also introduced in this Cost Index update
October 2020	-0.01%	– The increase in operating costs was cancelled out by the decrease in average national earnings
September 2021	+5.80	– Both taxi driver operating costs and average national earnings have increased

The table below shows taxi drivers' operating costs and average national earnings for the 2019, 2020 and 2021 Cost Index updates.

	2019	2020	2021
Operating costs	+2.00%	+0.58%	+1.00%
Average national earnings	+2.15%	-0.58%	+4.80%
Total	+4.16%	-0.01%	+5.80%

Combined total	+9.95%
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The figures for each component of the 2019, 2020 and 2021 Cost Index updates are enclosed in DOC2.

It is important to note that the Cost Index and the total figure produced when this is updated is independent of the taxi fares and tariffs.

The Cost Index provides us with a way to track changes to taxi drivers' operating costs and average national earnings but there is no obligation on us to increase or decrease taxi fares by the total Cost Index figure or to use this figure when considering changes to taxi fares and tariffs.

Although some stakeholders may consider taxi fares to be too high this does not necessarily mean that there is a problem with the Cost Index, and we do not have to use the total Cost Index figure when considering changes to the fares and tariffs or update the tariffs by this figure.

Other factors such as congestion, delays, increased journey times, increased journey lengths and restrictions on where taxis can go, may have a greater impact on taxi fares and users paying more or regarding taxi fares as too expensive.

Previous reviews of taxi fares and tariffs

For several years Tariffs 1, 2 and 3 were increased by the total Cost Index figure generated when the Cost Index was updated.



This meant increases to taxi fares at all times and we think that the historic use of the total Cost Index figure in this way has potentially resulted in some people using taxis less often and contributed to a perception amongst some people that taxi fares are too expensive, especially late at night and for long journeys. The perception that taxi fares are too expensive late at night may deter some people from using taxis at any time.

Therefore in recent years different approaches have been taken when reviewing taxi fares and tariffs. The table below shows the most recent total Cost Index figures and the main changes made.

Year	Total Cost Index figure	Changes	Changes implemented
2010	+1.9%	<ul style="list-style-type: none"> – Minimum fare frozen – Tariffs 1, 2 and 3 increased by 2.3% – The increase was a combination of the total Cost Index figure (1.9%) plus 0.4% in order to rectify an error from 2007 	10 April 2010
2011	+2.7%	<ul style="list-style-type: none"> – Minimum fare frozen – Tariffs 1, 2 and 3 increased by 2.7% 	2 April 2011
2012	+5.3%	<ul style="list-style-type: none"> – Minimum fare increased by 20 pence (9.1%) taking this from £2.20 to £2.40 – Tariffs 1, 2 and 3 increased by 5.3% 	14 April 2012
2013	+1.7%	<ul style="list-style-type: none"> – Minimum fare frozen – Tariffs 1, 2 and 3 increased by 1.7% 	6 April 2013
2014	+0.7%	<ul style="list-style-type: none"> – Minimum fare frozen – Tariffs 1, 2 and 3 increased by 0.7% 	5 April 2014
2015	-0.1%	<ul style="list-style-type: none"> – Minimum fare frozen – Tariffs 1, 2 and 3 – 0.1% decrease deferred until 2016 	--
2016	+1.7%	<ul style="list-style-type: none"> – Minimum fare increased by 20 pence (8.3%) taking this from £2.40 to £2.60 – A new requirement enabling passengers to pay by card in all taxis was introduced and the 20p increase to the minimum fare was intended to help drivers to cover the costs of accepting card payments – Tariffs 1, 2 and 3 increased by 1.6%, this incorporated the 0.1% decrease deferred from 2015 	2 April 2016
2017	+2.8%	<ul style="list-style-type: none"> – Minimum fare frozen – Tariff 1 increased by 3.7% – Tariff 2 increased by 3.9% – Tariffs 3 and 4 frozen 	3 June 2017
2018	+3.6%	<ul style="list-style-type: none"> – Minimum fare increased by 40 pence (15.4%) taking this from £2.60 to £3.00 	6 October 2018



Year	Total Cost Index figure	Changes	Changes implemented
		<ul style="list-style-type: none"> – Tariff 1 and 2 increased by 0.6% – Tariffs 3 and 4 frozen 	
2019	+3.4%	<ul style="list-style-type: none"> – Minimum fare increased by 20 pence (6.7%) taking this from £3.00 to £3.20 – Tariffs 1 and 2 increased by 1.9% – Tariffs 3 and 4 frozen – Information about the previous consultation, the consultation report and the recommendations paper considered by the Finance Committee is available here. 	11 January 2020
2020	--	<ul style="list-style-type: none"> – No change was made to taxi fares and tariffs 	--

2021 review of taxi fares and tariffs

For this year's review we will be consulting on three areas:

- Taxi fares and tariffs
- The existing Heathrow Extra
- A potential new extra for dropping off passengers at Heathrow Airport

Taxi fares and tariffs

For this consultation we will be seeking views on three options:

- No change
- Increasing fares and tariffs by the combined total of the 2019, 2020 and 2021 Cost Index figures (+9.95 per cent)
- Following a similar approach to that taken in the last two reviews and:
 - Increasing the minimum fare by £1.00
 - Increasing Tariff 1 and Tariff 2 by approximately 4.03 per cent (the figure for the increase is being finalised)
 - Freezing Tariff 3 and Tariff 4

The existing Heathrow Extra

Taxi drivers must pay a fee to enter the taxi feeder park at Heathrow Airport and access the taxi ranks at the terminals. We authorise a Heathrow Extra to help taxi drivers cover part of the cost of the taxi feeder park fee.

The Heathrow Extra is currently £2.80 and taxi drivers can add this to the fare for taxi journeys that start from one of the taxi ranks at the airport.

Heathrow Airport Limited (HAL) set the fee taxi drivers must pay to use the taxi ranks at the airport and in July 2021 they increased the fee from £3.60 to £7.20.



The taxi feeder park fee is classed as an Other Regulated Charge (ORC).⁴ Income from the fee should only cover the cost of managing and operating the taxi feeder parks at the airport and should not be used to generate additional income or a profit.

The amount of income received depends on the number of taxis passing through the feeder park, and so when demand for taxis falls, the number of taxi journeys and taxis passing through the feeder park falls and the income falls. HAL has said the large increase is needed due to losses incurred during the coronavirus pandemic when demand for taxis at the airport has been massively reduced.

In the consultation we will ask respondents:

- If the Heathrow Extra (£2.80) should be increased
- If respondents think it should be increased what it should be increased to

A potential new extra for dropping off at Heathrow Airport

HAL are introducing a Terminal Drop-Off Charge (TDOC) that drivers must pay when dropping off people at one of the terminal forecourts at the airport.⁵

The TDOC will be £5.00 and will be charged from 1 November 2021. London taxis will be eligible for a 100 per cent discount, so pay no charge, until April 2022 but HAL has said that from April 2022 taxi drivers will have to pay the full charge when dropping off passengers at one of the terminals.

In the consultation we will ask respondents:

- Whether a new Heathrow Extra should be introduced that taxi drivers can add to the taxi fare when dropping off passengers at one of the airport terminals
- If respondents think a new Heathrow Extra should be introduced what value they think this should be

Why we are considering changes

When considering changes to taxi fares and tariffs we try to strike an appropriate balance between drivers being fairly remunerated and taxi users getting fair, reasonable and affordable fares.

To help us achieve this we:

- Use the Cost Index to inform any potential changes to taxi fares and tariffs
- Consider changes to the costs of being a taxi driver in London along with the need for fares to be fair, reasonable and affordable for users

⁴ Heathrow Airport Other Regulated Charges, <https://www.heathrow.com/company/doing-business-with-heathrow/regulated-charges>

⁵ Heathrow Airport terminal Drop-Off Charge, <https://www.heathrow.com/transport-and-directions/terminal-drop-off-charge>



- Try to maintain reasonable and justifiable differences in the tariffs for journeys in the daytime, evening/weekend and late at night or on public holidays
- Try to maintain reasonable and justifiable differences in fares as the distance and duration of a taxi journey increases
- Recognise specific criteria regarding taxi licensing and services in London including the [Knowledge of London](#) and taxis having to meet the standards set out in the [Conditions of Fitness](#)
- Ensure due and careful regard to the impact of changes to fares and tariffs on those sharing characteristics protected under the Equality Act 2010 including those who may use taxis more frequently or place greater reliance on them compared to others

Since 1 January 2018 all newly licensed taxis must be zero emission capable (ZEC). The ZEC taxis are more expensive than diesel taxis and in 2019 the cost of the ZEC taxis, along with charging costs, were added to the Cost Index. However, the cost of the ZEC taxis has yet to be included in a review and update of taxi fares and tariffs.

There has been no change to taxi fares and tariffs since January 2020 but since then taxi drivers' operating costs have increased and therefore to ensure that drivers are fairly remunerated and can cover increased costs we are considering increases to taxi fares and tariffs.

The cost of working at Heathrow Airport has increased for taxi drivers, as the taxi feeder park fee increased in July 2021, and it is expected to increase further in April 2022 when taxi drivers will have to start paying the TDOC.

It is important that taxi drivers are fairly remunerated to ensure that:

- Taxi driving remains a viable career and drivers do not stop being a taxi driver as this could affect the supply of taxis and mean taxi users are unable to get a taxi or have to wait longer for a taxi
- People will consider applying to become a licensed taxi driver, if the number of newly licensed taxi drivers falls then this could also affect the supply of taxis and mean taxi users are unable to get a taxi or have to wait longer for a taxi
- If the supply of available taxis declines or wait times increase some users may not be able to make a journey, with people who rely on taxis or use them more often disproportionately affected
- Some people may also choose a less safe option (e.g. using an unlicensed vehicle or unbooked PHV, or walking when this is less safe) if the supply of available taxis declines or wait times increase
- Taxi drivers can cover their operating costs

IDAG's views

As part of the previous taxi fares and tariffs review, TfL's Independent Disability Advisory Group (IDAG) reviewed the EqIA and suggested where enhancements could be made to



the process in relation to disabled taxi passengers. A full copy of IDAG's response is available in DOC 3.

IDAG made the following recommendations:

- *“The complex correlations between different demographic groups should be explored further, because the cumulative impact on disabled passengers may well be greater than anticipated*
- *Considerations of impact should consider not just the quantitative scale of the impact but also the qualitative nature of the initial impact and its second order effects*
- *To identify or commission research into the price elasticity of taxi journeys by Londoners, broken down by trip purpose and demographics including age and disability”*

IDAG also made two observations:

- *“It is stated that the proposed rises in fares will have a positive impact on the quality of service to Taxicard users if it results in more taxis staying in business. However, due to other considerations influencing the taxi landscape, IDAG thinks the effect is likely to be small*
- *The fare rise is unlikely to offset other financial pressures on drivers sufficiently to have a major impact on their numbers and thus service quality”*

At present funding is not available to commission research exploring the complex correlations between different demographic groups but the observations made by IDAG have been noted. We are not able to quantify the other considerations that influence the taxi landscape or other financial pressures on taxi drivers. However, we acknowledge that other factors outside of the taxi fares and tariffs review will have a negative impact on taxi users, Taxicard members and taxis drivers and that these may be more significant than any tariff-related issues.

Research on the elasticity of taxi fares has been previously commissioned. The report from this research is enclosed in DOC 4. Key insights from the analysis of the elasticities were.

Tariffs 1 and 2

- Respondents on Business trips were less elastic, i.e. less reactive to moderate increases in price than respondents on leisure trips. This behaviour was expected.
- Respondents on leisure trips exhibited moderate elasticities around -1.0
- Tariff 2 users had, overall, slightly higher elasticities than respondents for Tariff 1

Tariffs 3 and 4

- Respondents were more sensitive to price decreases than increases. We believe this is due to the nature of the trips, which were either late at night (Tariff 3) or to/from a far-away destination with low public transport access (Tariff 4). In both cases, the availability of alternatives may be limited

Impact on taxi market revenues

- For Tariffs 1, 2 and 3, since the Business taxi users are inelastic, decreasing the fare would incur a decrease in revenue while an increase in fare would result in an increase in revenues
- For Tariffs 1, 2 and 3, Leisure users are almost unit elastic. This means that a variation in fare would result in almost no variation in revenue
- For Tariff 3 Leisure, and Tariff 4, the taxi users are elastic to the fare. Therefore, decreasing the fare would incur an increase in revenue (because of generated demand) while an increase in fare would result in a decrease in revenues

Q2. Does this work impact on staff or customers? Please provide details of how.

The main groups impacted by this work are:

- Taxi users
- Taxicard members
- Taxi drivers

Taxi users

- Taxi users will be impacted by any changes to taxi fares and tariffs
- The impacts will be negative if the changes result in fares increasing or the availability of taxis decreasing
- There will be a positive impact if users can continue to access taxi services and a certain level of taxi availability is maintained and taxi drivers can cover their operating costs, are fairly remunerated and continue to work as taxi drivers
- Taxi users who rely on taxis, need an accessible door to door service, use taxis frequently or who may not be able to access other modes of transport may be disproportionately negatively impacted by increases to taxi fares or tariffs. However, they may also be disproportionately negatively impacted if the supply and availability of taxis decreases

Taxicard members

- Disabled residents in London are eligible for subsidised taxi journeys under the [Taxicard scheme](#) which provides a door-to-door service. The scheme is funded by TfL and the London boroughs and taxis are used for the majority of Taxicard journeys
- The impact on Taxicard members from changes will be partly mitigated by the capped fares scheme in place for Taxicard journeys. On 1 January 2019 capped fares for Taxicard journeys were introduced so members would have more certainty about their fare and be less exposed to potential changes in taxi fares⁶
- Taxicard members will be affected if taxi drivers are less willing to accept Taxicard jobs because they feel the capped fares are too low and the difference between the capped fares and the metered fares increases. Following the introduction of the capped fares there was a reduction in service with some drivers unwilling to accept Taxicard jobs as they felt the capped fares were too low. To address this issue changes were made to the fares drivers receive and they now receive the capped fare or 90 per cent of the metered fare, whichever is higher. The impact of this

⁶ London Councils press release, 14 December 2018, <https://www.londoncouncils.gov.uk/node/34901>



change on taxi availability was positive and the change resulted in the service improving for Taxicard members. The feedback from taxi drivers was positive and the revised scheme is delivering a more reliable service

- If taxi fares and tariffs are increased then the capped Taxicard fares may be reviewed and where appropriate increased to help ensure that there continues to be a good service for Taxicard members and drivers are not deterred from accepting Taxicard jobs because they consider the capped fares to be too low
- Taxicard users will be negatively impacted by any increases to the minimum fare or tariffs as this would mean taxi fares increasing for journeys where the fare is still below the capped fare level

Children and vulnerable adults

- Taxis are used to provide services for some children and vulnerable adults (e.g. school transport, transport for people who need an accessible vehicle)
- Children and vulnerable adults could be negatively impacted if fares and tariffs increase and this affects taxi services available to them, if these can continue to be funded, or if there are reductions in when services can be provided or the number of trips that can be made
- They could also be negatively impacted if the supply and availability of taxis decreases
- The Department for Transport (DfT) has published new statutory taxi and PHV standards⁷ and the focus of these is on protecting children and vulnerable adults. We will be consulting separately on proposals on how to implement the recommendations in the statutory taxi and PHV standards we are not already compliant with

Taxi drivers

- Taxi drivers will be affected directly by changes to fares and tariffs and this could affect their income, level of work, the hours they work, when they work and if they continue to work as a licensed taxi driver
- The impacts would be negative if drivers' incomes fall or the demand and usage of taxis falls
- There could be a positive impact if drivers can cover their operating costs, are fairly remunerated and continue to work as taxi drivers
- Changes to the minimum fare or tariff rates which result in the number of taxi journeys, people using taxi taxis or drivers' incomes declining could deter people from applying to become a licensed taxi driver, as they do not consider this a viable or attractive career. This could lead to the supply of available taxis reducing or wait times for a taxi increasing
- The number of people applying to become a taxi driver and newly licensed taxi drivers has been declining for several years

New taxi driver licences issued	2017	2018	2019	2020	2021*
	803	494	393	179	118

⁷ DfT statutory taxi and PHV standards, July 2020, <https://www.gov.uk/government/publications/statutory-taxi-and-private-hire-vehicle-standards>



*Up to and including September 2021

Suburban taxi drivers

- Suburban taxi drivers could be disproportionately impacted as demand and usage of taxis is normally lower in the areas they are licensed for compared to areas where most All London drivers work (e.g. Central London, Canary Wharf, Heathrow Airport)
- This can mean that the potential taxi driver income for Suburban taxi drivers can be lower and some Suburban drivers have reported that their income has fallen or they have struggled to cover operating costs

Duration of impacts

Any approved increases to the minimum taxi fare or tariffs will remain in place until the next taxi fares and tariffs review. The date when any approved changes would come into effect has yet to be confirmed.

The date of implementing any changes will depend upon when the consultation launches, the time needed for analysis of results and when recommendations will be considered.

Our aim is to try and implement approved changes in April 2022.

Following approval of any changes to the fares and tariffs, six to eight weeks is normally needed for the changes to be implemented, although longer could be needed if changes to the process normally followed to update some taximeters are required because of the coronavirus pandemic. Additional measures or changes may be needed to ensure the safety of staff updating the taximeters plus taxi drivers and vehicle owners.

Step 2: The Evidence Base

Q3. Record here the data you have gathered about the diversity of the people potentially impacted by this work. You should also include any research on the issues affecting inclusion in relation to your work

Consider evidence in relation to all relevant protected characteristics;

- Age
- Disability including carers⁸
- Gender
- Gender reassignment
- Marriage/civil partnership
- Other – refugees, low income, homeless people
- Pregnancy/maternity
- Race
- Religion or belief
- Sexual orientation

Taxi users – London residents

The following information about taxi users who are London residents is enclosed:

- Gender

⁸ Including those with physical, mental and hidden impairments as well as **carers** who provide unpaid care for a friend or family member who due to illness, disability, or a mental health issue cannot cope without their support



- Age
- Religion
- Disability (this does not include those who carers)
- Ethnicity
- Sexual orientation
- Transgender

Apart from ethnicity, the information in the charts below is taken from the 2020/21 Black Cabs and Minicabs Customer Satisfaction Survey (CSS)⁹. The ethnicity information is taken from the 2019/20 survey¹⁰.

The most recent information is for taxi users who are London residents and does not include visitors to London who use taxis. Originally London residents and visitors to London took part in the survey. However, following a reduction in funding for the survey in 2017/18 the methodology changed and now only London residents participate.

At present information from the CSS is not available about taxi users who share more than one protected characteristic. The impacts on some taxi users may be greater if they share more than one protected characteristic (e.g. they are an older, disabled taxi user).

The impact may also be greater on taxi users who share one or more protected characteristic and have a low income. Information about the income of taxi users is not held but some information about the income of Londoners is enclosed in the section titled 'Income and poverty amongst Londoners'.

Year	CSS sample	Male	Female	Non binary*
2012	London residents and visitors to London	46%	54%	--
2013		45%	55%	--
2014		48%	52%	--
2015		60%	40%	--
2016		54%	46%	--
2016	Londoners only	55%	45%	--
2017		52%	48%	--
2018		59%	41%	--
2019		54%	46%	--
2020		48%	51%	1%

*Non binary was not included as a response option prior to 2020

Year	CSS sample	16-19	20-29	30-54	55-64	65+
2012	London residents and visitors to London	3%	19%	56%	13%	8%
2013		2%	18%	58%	13%	10%
2014		3%	21%	54%	13%	9%
2015		2%	19%	57%	12%	10%

⁹ Black Cabs and Minicabs Customer Satisfaction Survey (CSS), Kantar, 2020/21

¹⁰ Black Cabs and Minicabs Customer Satisfaction Survey (CSS), Kantar, 2019/20



2016		0%	16%	55%	12%	12%
2016	Londoners only	1%	17%	56%	14%	11%
2017		2%	31%	39%	15%	12%
2018		5%	27%	39%	11%	18%
2019		2%	29%	50%	10%	9%
2020		5%	27%	57%	8%	5%

Year	CSS sample	Have a long term physical or mental health impairment which limits daily activities or work	None	Prefer not to say
2012	London residents and visitors to London	11%	88%	0%
2013		14%	85%	1%
2014		11%	88%	1%
2015		15%	83%	2%
2016		13%	86%	2%
2016	Londoners only	16%	81%	3%
2017		23%	75%	2%
2018		22%	76%	2%
2019		30%	67%	3%
2020		20%	75%	5%

Twenty-three per cent of taxi users who said they did have a long term physical or mental health impairment which limits daily activities or work said they use a wheelchair when travelling around London.

Ethnicity	Percentage
White - British	59.83%
White - Irish	3.58%
White - other	7.57%
Mixed Race - White and Black Caribbean	1.51%
Mixed Race - White and African	1.24%
Mixed Race - White and Asian	1.93%
Any other mixed background	0.96%
Black/Black British - Caribbean	4.40%
Black/Black British - African	2.75%
Black/Black British - other	0.96%
Asian/Asian British - Indian	4.81%
Asian/Asian British - Pakistani	1.24%
Asian/Asian British - Bangladeshi	2.48%
Asian/Asian British - Other	1.65%
Chinese	1.51%
Other	1.10%
Prefer not to say/refused	2.48%



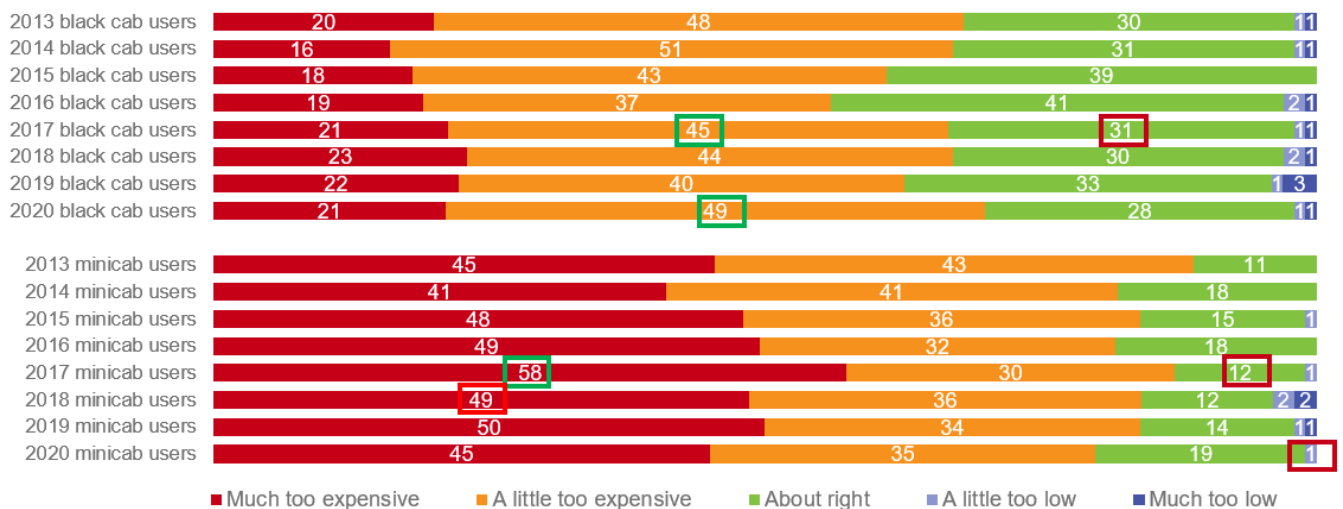
Religion	Percentage
Christian	51%
No religion	27%
Muslim	7%
Buddhist	2%
Jewish	4%
Hindu	3%
Other	1%
Prefer not to say	4%

Sexual orientation	Percentage
Bi	4%
Gay/lesbian	4%
Heterosexual/straight	85%
Prefer to self describe	0%
Prefer not to say	6%

Identifying as trans	Percentage
Yes	5%
No	93%
Prefer not to say	2%

The Black Cab and Minicab CSS asks respondents for their views on taxi fares. Seventy per cent of taxi users and 80 per cent of minicab users thought that taxi fares were too expensive.

General opinion of black cab fares %

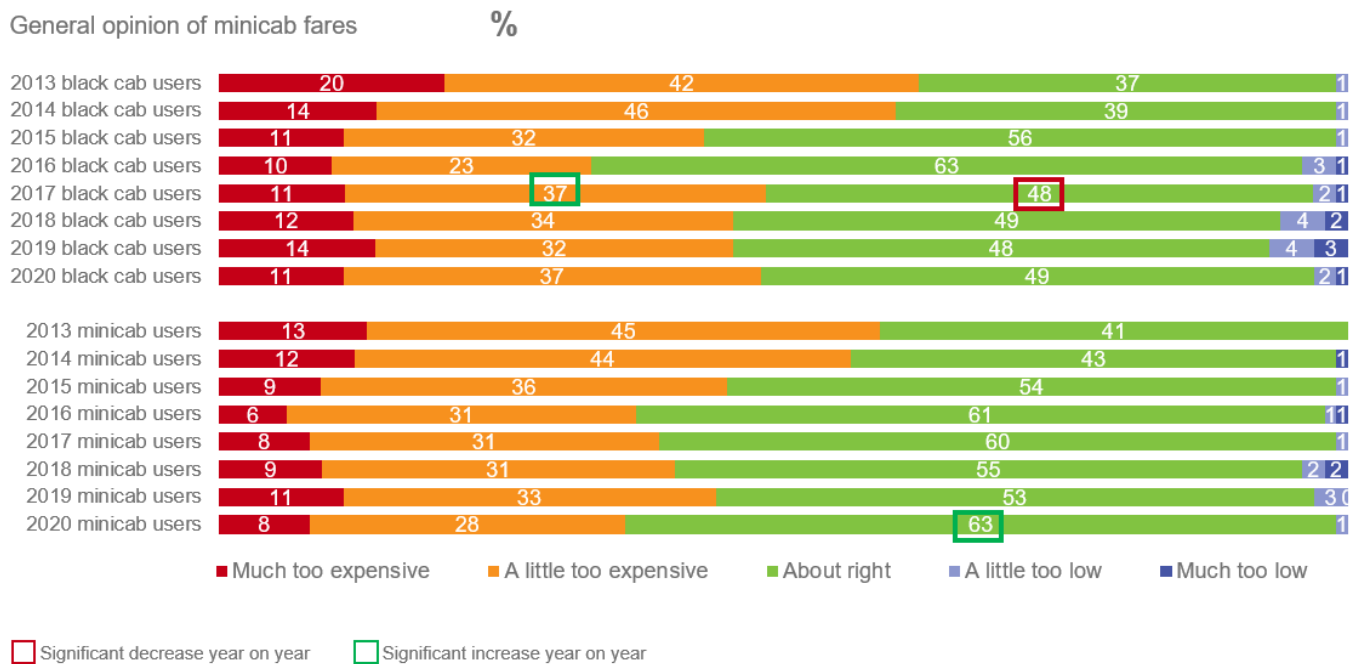


Red box: Significant decrease year on year
 Green box: Significant increase year on year

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Respondents are also asked for their views on minicab fares. Forty-eight per cent of taxi users and 36 per cent of minicab users thought that minicab fares were too expensive.



The majority of female taxi users (72 per cent) and disabled taxi users (74 per cent) thought that taxi fares were too expensive.

	Taxi fares are too expensive	Taxi fares are about right	Taxi fares are too low	Minicab fares are too expensive	Minicab fares are about right	Minicab fares are too low
Female taxi users	72%	27%	2%	52%	46%	3%
Disabled taxi users	74%	21%	4%	51%	43%	6%
Female minicab users	84%	16%	0%	36%	64%	0%
Disabled minicab users	76%	24%	0%	37%	61%	2%

Travel in London: Understanding our diverse communities 2019

TfL's 'Travel in London: Understanding our diverse communities 2019' report¹¹ contains demographic information about Londoners. Below are some of the most relevant findings from the report.

¹¹ TfL Travel in London: Understanding our diverse communities 2019, <http://content.tfl.gov.uk/travel-in-london-understanding-our-diverse-communities-2019.pdf>



Profile of equality groups in London

The 2011 Census recorded that there are 8,173,941 people who usually live in London and:

- Black, Asian and minority ethnic Londoners make up 40 per cent of the population
- Half of Londoners are women (51 per cent)
- Thirty-two per cent of Londoners are under the age of 25 and 11 per cent are aged 65 or over
- Fourteen per cent of Londoners consider themselves to have a disability that effects their day-to-day activities 'a lot' or 'a little'
- Twenty-eight per cent of Londoners are living in a household with an annual income of less than £20,000
- London has a higher proportion of adults who identify as lesbian, gay or bisexual (LGB) than any other region of the UK. In London, 2.5 per cent of people consider themselves to be lesbian, gay or bisexual. This is higher in inner London, where five per cent of people living in a couple in inner London are in a same-sex relationship

There are differences in the profile of Londoners who make up each equality group:

- Londoners living in a lower income household (less than £20,000 per year) and older Londoners (aged 65 or over) are more likely to be women
- Black, Asian and minority ethnic Londoners are more likely to be younger, while women and those living in lower income households are more likely to be older
- Men are more likely than women, and white Londoners are more likely than Black, Asian and minority ethnic Londoners to be working full-time, this may be linked in part to the different age profile of these equality groups

Inter-relatedness

Many of the groups in the report are interrelated and therefore some of the differences observed are affected by differences in their demographic profile. For example:

- People on low incomes are also more likely to be older people (24 per cent of those on low income are also 65+ and therefore they are less likely to use technology but are more likely to own a Freedom Pass)
- Black, Asian and minority ethnic Londoners are more likely to be younger (33 per cent of Black, Asian and minority ethnic Londoners are also aged 24 and under) and are therefore more likely to use technology and to travel for education. They are less likely to own a Freedom Pass
- Disabled people are more likely to be older (44 per cent of disabled people are also over 65 and are more likely to be on a low income (61 per cent of disabled people are also on low income)

The table below shows the overlap between groups. The bold numbers are where a group has a higher proportion compared to other groups. (For instance, 23 per cent of 65+ are also Black, Asian and minority ethnic.)



	BAME	Older people	Younger people	People on low incomes	Disabled people	Women
BAME		23%	46%	44%	32%	38%
Older (65+)	8%			24%	44%	14%
Younger (24 & under)	33%			30%	11%	26%
Low income (<£20,000)	33%	54%	32%		61%	31%
Disabled	8%	32%	4%	20%		10%
Women	51%	55%	49%	55%	56%	

More likely than other groups to be...

- Younger
- Low income and disabled
- BAME
- BAME, older and disabled
- Low income and older

Frequency of taxi use (2016/17)

- 24 per cent of disabled Londoners have used a taxi in the past year, compared with 28 per cent of non-disabled Londoners
- Wheelchair users are more likely to use a taxi at least once a week than all disabled Londoners or non-disabled Londoners (six per cent of wheelchair users)

	Disabled	Wheelchair user	Non-disabled
Base	(1,729)	(313)	(15,831)
At least once a week	3%	6%	2%
At least once a fortnight	2%	2%	2%
At least once a month	3%	4%	5%
At least once a year	16%	15%	20%
Not used in last 12 months	31%	29%	21%
Never used	45%	43%	51%
Net: Used in the last 12 months	24%	28%	28%

Excludes children aged under five

Taxicard journeys and members

A London resident may be eligible for Taxicard if they:

- Receive the higher rate mobility component of the Disability Living Allowance or the higher rate Attendance Allowance
- Are registered blind
- Receive the War Pension Mobility Component

If none of these apply, they may still be eligible if their GP endorses their application, although they may have to have a mobility assessment.



In February 2016¹² a survey amongst Taxicard members was carried out. The survey was designed to understand declining usage and revealed the following information about Taxicard users and their travel habits.

Use of other concessionary travel schemes in London by Taxicard members	
TfL Dial a Ride	19.8%
Blue Badge	21.9%
Older person's Freedom Pass	24.7%
Disabled person's Freedom Pass	19.0%
Capital Call	2.8%
Other	0.5%
None	27.5%

Other forms of transport used in London by Taxicard members	
Tube	8.7%
Bus	40.4%
Rail	11.8%
Community transport	8.0%
Car passenger/driver	52.7%
Minicab	5.7%
NHS patient transport	4.4%
Other taxi services	3.1%
Other	2.3%

Why members choose to use Taxicard instead of other transport	
Mobility problems	76.9%
Ease of use/flexibility	49.9%
Affordable	17.2%
No alternative option	15.9%
Inadequate alternatives	3.9%
Poor public transport	0.5%
No car/can't drive	2.3%
Other	0.8%

Main purposes members used Taxicard trips for	
Shopping	55.5%
Recreational	36.2%
Doctors appointment	43.2%
Hospital appointment	62.0%
Day centre	3.9%
Visit family/friends	36.2%

¹² Taxicard Usage Review, February 2016, eo consulting



Other	10.0%
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For those who were taking fewer Taxicard trips the main reasons for this	
The Taxicard service no longer meets my needs	49.0%
It's too expensive	17.5%
The meter reading is a different amount each time I board	3.0%
I use other transport instead	13.5%
I travel with another Taxicard member	0%
My borough has reduced the number of Taxicard trips I can have	4.0%
Poorer reliability of the service	24.0%
Driver behaviour is not as good	4.5%
Other	11.0%

For those who said that the Taxicard service no longer meets their needs:

- 25 per cent said that this was due to a change in their personal circumstances
- 75 per cent said that this was because their mobility impairment has deteriorated, making it more difficult to travel

If Taxicard members used other types of transport instead of Taxicard, which types of transport they used	
Mobility scooter	15.8%
Patient transport services	15.8%
Use public transport (bus/Tube) more	42.1%
Travel more with family/friends in private cars	21.1%
Use other door to door transport instead	5.3%

If Taxicard members were using the Taxicard scheme less did this mean they were not going out as much	
Yes	53%
No	47%

If the subsidised fare from their borough allows Taxicard members to get to where they need to go	
Yes	66%
No	34%

If Taxicard members made the same regular trip did they find that the cost can vary a lot each time and if this deterred them from making Taxicard trips again		
	Costs can vary	Members are deterred from making Taxicard trips again
Yes	73%	30%
No	27%	70%

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What changes would encourage Taxicard members to make more Taxicard trips	
Other	5.4%
Nothing	36.2%
Improvements in reliability	19.0%
Drivers friendlier/more helpful	3.3%
Use PHV	0.3%
Greater availability	9.3%
Fixed price trips	4.4%
Double swiping	6.7%
Travel further without paying more	14.7%
A lower minimum charge	12.3%
More trips	22.1%
Personal budget	0.5%

The report on the 2016 survey also included information on the transport issues for disabled Londoners and the age profile for disabled Londoners and Taxicard members. This information is shown below.

Transport issue	Disabled Londoners
Accessibility	44%
Cost	21%
Comfort	20%
Availability and reliability	16%

Age	All disabled Londoners	Taxicard members
Under 24	9%	3%
25-34	7%	2%
35-49	19%	7%
50-64	25%	15%
65-74	17%	14%
75-84	16%	23%
85+	8%	34%

Concerns have been raised by London Councils about the impact from fare increases on Taxicard members.

In 2018 London Councils said that frontloading the increase could disproportionately affect Taxicard members and they believed it was fairer to have increases across all tariffs as was previously done.

In their 2019 response London Councils said that the full year effect of the proposals would be to increase the cost of the Taxicard scheme. Although they believed that there was sufficient budget available in that year to meet the additional costs, the increase could mean that all of TfL's 2019/20 funding allocation for Taxicard was spent.



They also noted, that performance issues experienced following the initial introduction of the capped fare scheme had significantly depressed journeys compared with previous years and were journey numbers to increase to, or beyond previous years' levels, there could be additional pressure on TfL and borough budgets.

They said that on a general note the upward movement of the tariffs could mean that the Taxicard scheme has to be modified to ensure the budget is not exceeded and that this may mean that Taxicard members are able to make fewer journeys in the future.

Disability and mobility data for Londoners

The Office for Disability issues¹³ has published information about disability and mobility data for Londoners and this is shown in the table below.

% of all working-age (16-64)	London
% with mobility difficulties	6%
% use special equipment to help be mobile	2%
% with a mobility impairment	4%
% who currently have 'DDA' Disability	15%
% of all adults (16+)	London
% with mobility difficulties	11%
% use special equipment to help be mobile	5%
% with a mobility impairment	7%
% who currently have 'DDA' Disability	21%

Just over one fifth (21 per cent) of all Londoners aged 16 or more had a 'DDA' disability. The definition of 'DDA disability' under the Equality Act 2010 shows a person has a disability if:

- They have a physical or mental impairment
- The impairment has a substantial and long-term adverse effect on their ability to perform normal day-to-day activities

For the purposes of the Act, these words have the following meanings:

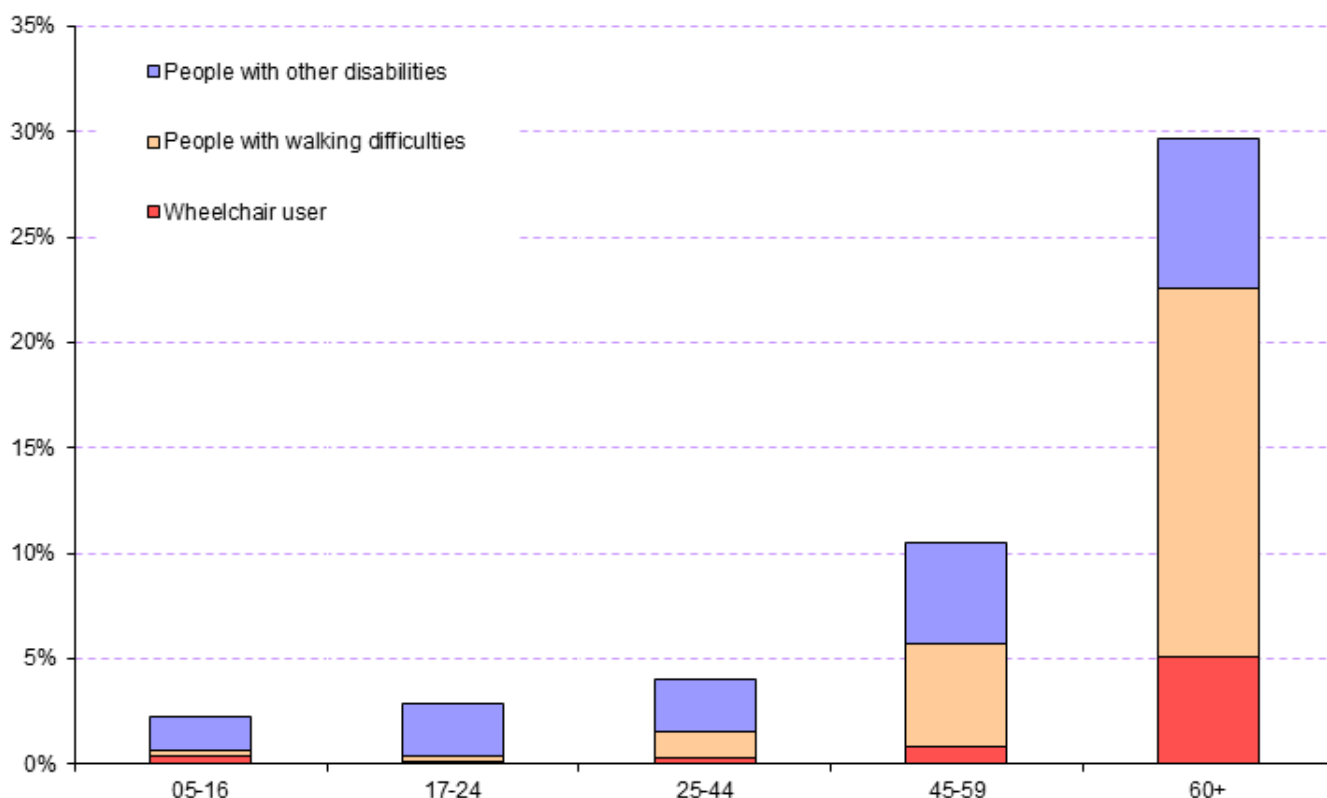
- 'substantial' means more than minor or trivial
- 'long-term' means that the effect of the impairment has lasted or is likely to last for at least twelve months (there are special rules covering recurring or fluctuating conditions)
- 'normal day-to-day activities' include everyday things like eating, washing, walking and going shopping

There are additional provisions relating to people with progressive conditions. People with HIV, cancer or multiple sclerosis are protected by the Act from the point of diagnosis. People with some visual impairments are automatically deemed to be disabled.

¹³ Disability and Mobility, London, 2014, <https://data.london.gov.uk/dataset/disability-and-mobility-london>



The London Assembly has published a report titled ‘Transport Committee Accessibility of the transport network’¹⁴ and this contains information about Londoners who are wheelchair users, have walking difficulties or other disabilities. Significantly more Londoners aged 60 or more are wheelchair users, have walking difficulties or have other disabilities compared to younger Londoners.



Income and poverty amongst Londoners

Information about income and poverty amongst Londoners has been published by the Trust for London¹⁵. Findings in the report include the following:

- The proportion of people in poverty in London has drifted downward since the three years to 2010/11, from 29 per cent to 27 per cent, although population growth means that the number of people in poverty has remained constant. The proportion of people in deep poverty has risen by 1.5 percentage points over this period
- The majority of people living in poverty (58 per cent) are living in a working family
- 37 per cent of children, 24 per cent of working-age adults, and 19 per cent of pensioners in London are in poverty. The proportion of children and pensioners in poverty in London has fallen over the last decade, whereas the proportion of working-age adults in poverty has risen slightly

¹⁴ Transport Committee Accessibility of the transport network, London Assembly, November 2010
<https://data.london.gov.uk/dataset/londoners-reduced-mobility>

¹⁵ Trust for London, London's Poverty Profile, 2017,
https://trustforlondon.fra1.digitaloceanspaces.com/media/documents/LPP_2017_full_report.pdf



- Disability is strongly associated with poverty, both because disability brings with it extra costs which reduce the resources available relative to non-disabled people, and because it often reduces the capacity to work. 34 per cent of people in a family with at least one disabled adult are in poverty, whereas 25 per cent of people in families with no disabled adults are in poverty
- In the last decade, weekly pay in London has fallen. In 2016 13 per cent of workers earned less than £200 a week and another 20 per cent earned less than £400 (but more than £200)
- In 2016, just over one in five employees were low paid (paid less than the London Living Wage)
- The biggest group among the low paid were female, part-time employees (31 per cent of the total). Fifty-five per cent of all low-paid jobs in London were carried out by women
- Low pay rates vary substantially between different ethnic groups. The low pay rate for Bangladeshi and Pakistani employees, at 46 per cent, is more than double the rate for White British employees at 19 per cent. The largest group of low-paid workers are White British who make up 34 per cent of the low paid; the smallest group are Bangladeshi and Pakistani at six per cent
- Disabled people are more likely to be low-paid: 37 per cent of disabled people compared with 27 per cent of non-disabled people
- A quarter (25 per cent) of full-time disabled employees are low paid whereas only one in five (19 per cent) of full-time non-disabled people are low paid

UK LGBT survey

In July 2017 the Government launched a nationwide lesbian, gay, bisexual and transgender (LGBT) survey¹⁶. Findings included:

- More than two thirds of LGBT respondents said they had avoided holding hands with a same-sex partner for fear of a negative reaction from others
- At least two in five respondents had experienced an incident because they were LGBT, such as verbal harassment or physical violence, in the 12 months preceding the survey. However, more than nine in 10 of the most serious incidents went unreported, often because respondents thought 'it happens all the time'
- Existing evidence suggests that LGBT people are at greater risk than the general population of being victims of crime
- The National Institute of Economic and Social Research (NIESR) review found that underreporting of hate crime is a particularly common issue. They also found that LGBT people can be unwilling to use relevant services for fear of homophobic, transphobic or biphobic responses from staff and service users or because they do not think the response will meet their needs
- Data from the Crime Survey for England and Wales (CSEW) being published alongside this report for the first time reveal that gay, lesbian and bisexual people are more likely than heterosexual people to be victims of all CSEW crime

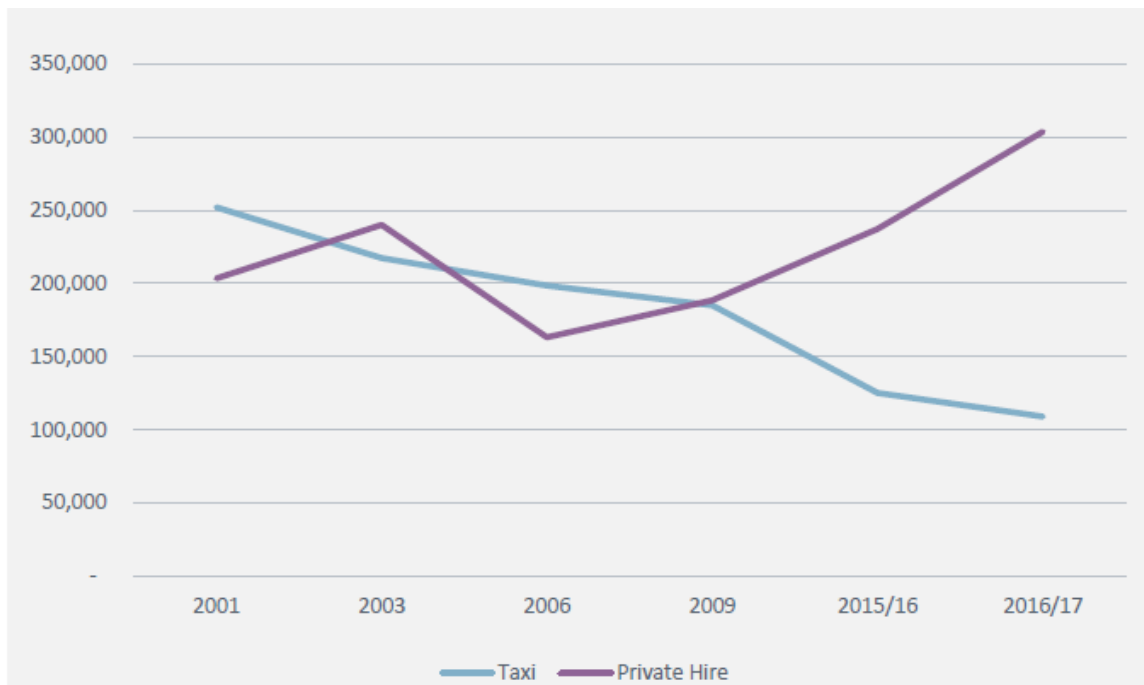
¹⁶ <https://www.gov.uk/government/publications/national-lgbt-survey-summary-report/national-lgbt-survey-summary-report>



- One respondent (a gay man, aged 45-54, from London) said *“I still wouldn’t walk down my street holding hands for fear of attack, or kiss on public transport. Simple things that heterosexual people take for granted.”*
- In total, 40 per cent of respondents had experienced an incident in the 12 months preceding the survey committed by someone they did not live with and because they were LGBT
- Around a quarter (26 per cent) had experienced verbal harassment, insults or other hurtful comments, 14 per cent had experienced disclosure of their LGBT status without permission, six per cent had been threatened with physical or sexual harassment or violence, two per cent had experienced physical violence and two per cent had experienced sexual violence

Taxi and Private Hire Driver Diary Survey

- The Taxi and Private Hire Driver Survey¹⁷ has shown that there has been a decline in the daily number of taxi journeys
- There are estimated to be approximately 109,000 passenger-carrying taxi journeys per day in London with an average journey length of 2.6 miles
- Although all taxis can carry five passengers and some can hold six, there are one or two passengers in a typical hiring
- In 2009 there were around 185,000 taxi journeys in a typical day but in 2016/17 this figure had declined to around 109,000. A chart showing the trend in number of taxi and private hire (minicab and executive/chauffeur services) journeys in London is below



¹⁷ Taxi and Private Hire Driver Diary Survey 2016/17, Steer Davies Gleave, October 2017, <http://content.tfl.gov.uk/driver-diaries.pdf>



- The table below shows the distribution of taxi journeys by time band
- Two thirds of journeys (68.6%) start during the daytime on weekdays (Monday to Friday)

Time band	All London	Suburban	All
Monday–Friday (06.00-19.59) daytime	69.4%	61.6%	68.6%
Saturday and Sunday (06.00-19.59) daytime	11.2%	9.0%	11.0%
Monday–Thursday (20.00-21.59) evening	6.2%	6.1%	6.2%
Friday (20.00-21.59) evening	1.1%	2.4%	1.2%
Saturday and Sunday (20.00-21.59) evening	0.7%	0.5%	0.7%
Monday–Thursday (22.00-05.59) night	7.2%	10.1%	7.5%
Friday (22.00-05.59) night	2.1%	4.3%	2.3%
Saturday (22.00-05.59) night	1.5%	3.8%	1.8%
Sunday (22.00-05.59) night	0.6%	2.4%	0.8%
Sample	5,383	635	6,018

Travel in London report

The most recent Travel in London¹⁸ report provides some information on journeys and users in London including:

- The London resident population in 2018 was 8.9 million, estimated to be 0.9 per cent higher than in 2017 and 23.1 per cent higher than in 2000
- A daily average of 26.9 million trips was made in London in 2018. This was a 0.1 per cent increase on 2017, which, in turn, was 0.1 per cent lower than 2016. Over a longer timescale, overall growth in trips in London has been 2.9 per cent since 2013
- The active, efficient and sustainable mode share for travel in 2018 was 63.0 per cent, a 0.3 percentage point increase on 2017 and a 0.4 percentage point increase on 2016. The mode share for private transport was 37.0 per cent in 2018, 0.3 percentage points lower than 2017, and 0.4 percentage points lower than 2016
- The mode share of daily trips in London in 2018 for taxis and PHVs was one per cent

Estimated daily average number of trips

- The table below shows the estimated daily average number of trips (millions) in Greater London by main mode of travel, seven-day week, 2000-2018
- Trips are complete one-way movements from one place to another. Trips may include the use of several modes of transport and be made up of more than one journey stage. They are classified by the mode that is typically used for the longest distance within the trip. Round trips are counted as two trips, an outward and an inward leg
- Rail includes London Overground
- Taxi and PHV trips are combined and it is not possible to separate these

¹⁸ Travel in London Report 12, TfL, 2019, <http://content.tfl.gov.uk/travel-in-london-report-12.pdf>



- Between 2000 and 2018, and also 2009 and 2018 there was an increase in the estimated daily average number of combined taxi and PHV trips. However, there was a decrease between 2017 and 2018

Year	Rail	Underground /DLR	Bus (incl. tram)	Taxi/ PHV	Car driver	Car passenger	Motor cycle	Cycle	Walk	All
(2000)	(1.7)	(2.0)	(2.4)	(0.3)	(6.8)	(3.6)	(0.2)	(0.3)	(5.5)	(22.7)
2009	2.1	2.2	3.9	0.3	6.2	3.5	0.2	0.5	6.0	24.8
2010	2.3	2.1	4.0	0.3	6.1	3.6	0.2	0.5	6.1	25.1
2011	2.4	2.2	4.1	0.3	5.9	3.6	0.2	0.5	6.2	25.3
2012	2.6	2.4	4.1	0.3	5.9	3.6	0.2	0.5	6.3	25.8
2013	2.7	2.5	4.1	0.3	5.8	3.6	0.2	0.5	6.3	26.1
2014	2.8	2.6	4.1	0.3	5.9	3.7	0.2	0.6	6.4	26.6
2015	3.0	2.8	3.8	0.3	5.9	3.6	0.2	0.6	6.5	26.8
2016	3.0	2.8	3.7	0.4	5.8	3.6	0.2	0.6	6.6	26.9
2017	2.9	2.8	3.8	0.4	5.8	3.7	0.2	0.6	6.6	26.8
2018	3.0	2.8	3.7	0.4	5.8	3.6	0.2	0.7	6.7	26.9
Percentage change										
2000 to 2018	78.0	43.9	54.1	23.6	-15.4	1.2	0.1	144.4	23.1	18.5
2009 to 2018	41.0	30.7	-5.1	29.7	-6.7	2.7	-4.3	43.8	12.2	8.1
2017 to 2018	1.2	0.5	-1.0	-6.8	-0.3	-1.0	-0.9	4.0	0.9	0.1

Estimated daily average number of journey stages (millions)

- The table below shows the trend for total travel volumes and mode shares at the journey stage level
- Daily journey stages in London in 2018 were 31.4 million, slightly down from 31.5 million in 2017 and 0.7 per cent lower than the recent high reached in 2015
- Taxi and PHV trips are combined and it is not possible to separate these
- Between 2000 and 2018, and also 2009 and 2018 there was an increase in the estimated daily average number of combined taxi and PHV journey stages. However, there was a decrease between 2017 and 2018

Year	Rail	Underground	DLR	Bus (incl. tram)	Taxi /PHV	Car driver	Car passenger	Motor cycle	Cycle	Walk	All
(2000)	(1.8)	(2.6)	(0.1)	(3.7)	(0.4)	(7.0)	(3.8)	(0.2)	(0.3)	(5.5)	(25.3)
2009	2.3	2.9	0.2	6.3	0.4	6.3	3.7	0.2	0.5	6.0	28.9

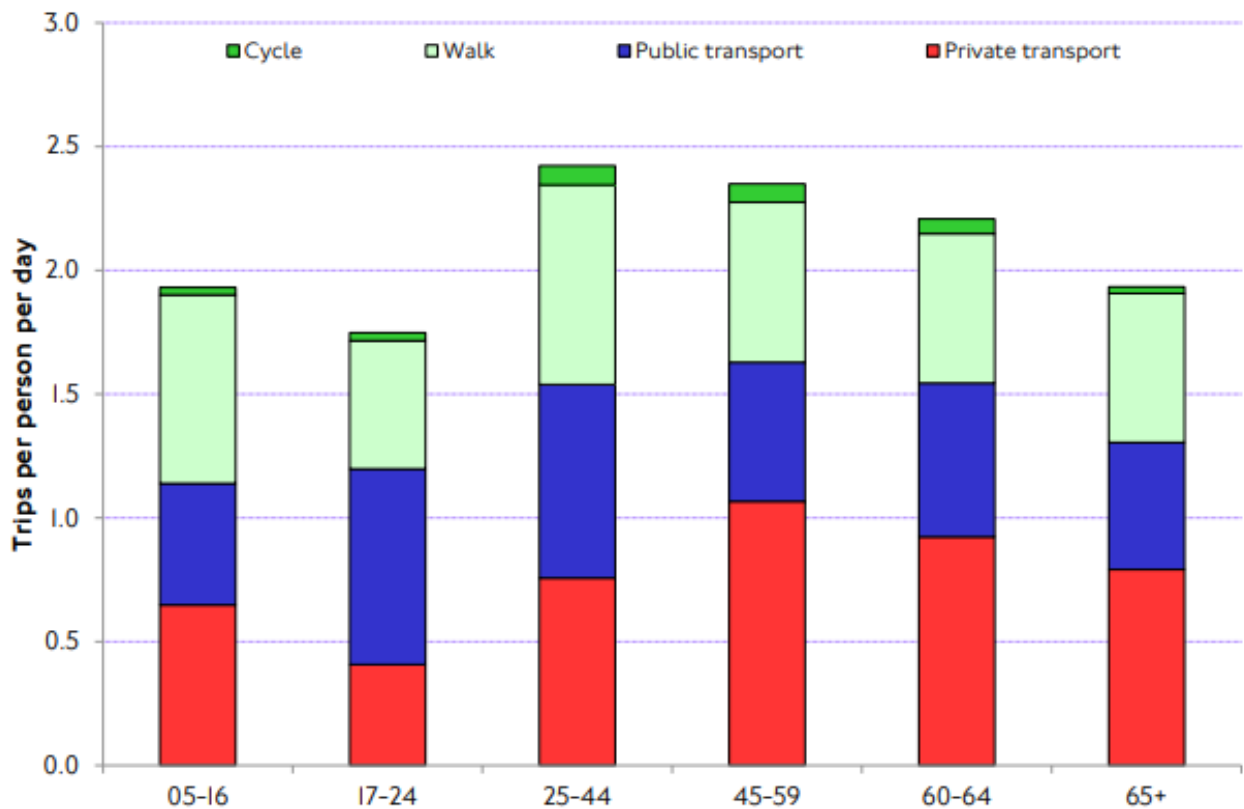


Year	Rail	Under-ground	DLR	Bus (incl. tram)	Taxi /PHV	Car driver	Car passenger	Motor cycle	Cycle	Walk	All
2010	2.5	3.0	0.2	6.3	0.3	6.3	3.7	0.2	0.5	6.1	29.2
2011	2.7	3.2	0.2	6.4	0.4	6.1	3.8	0.2	0.6	6.2	29.7
2012	2.9	3.3	0.3	6.4	0.4	6.0	3.8	0.2	0.6	6.3	30.2
2013	3.1	3.4	0.3	6.5	0.4	6.0	3.8	0.2	0.6	6.3	30.6
2014	3.2	3.5	0.3	6.7	0.4	6.1	3.9	0.2	0.6	6.4	31.3
2015	3.4	3.7	0.3	6.5	0.4	6.0	3.9	0.2	0.7	6.5	31.7
2016	3.4	3.7	0.3	6.2	0.4	6.0	3.8	0.2	0.7	6.6	31.5
2017	3.3	3.7	0.3	6.2	0.5	6.0	3.9	0.2	0.7	6.6	31.5
2018	3.4	3.7	0.3	6.1	0.4	6.0	3.8	0.2	0.7	6.7	31.4
Percentage change											
2000 to 2018	85.7	41.8	227.9	66.7	16.2	-14.8	0.4	-0.5	160.0	23.1	24.1
2009 to 2018	45.7	26.9	70.8	-3.2	21.5	-5.6	1.8	-4.9	45.0	12.2	8.7
2017 to 2018	2.3	0.9	-0.9	-1.7	-5.8	0.0	-2.5	-0.9	3.3	0.9	-0.1

Trip rates by main mode and age for London residents

- The chart below shows trip rates by main mode and age for London residents
- Private transport, which includes taxis and PHVs, is the mode most used by people who are 65 or older

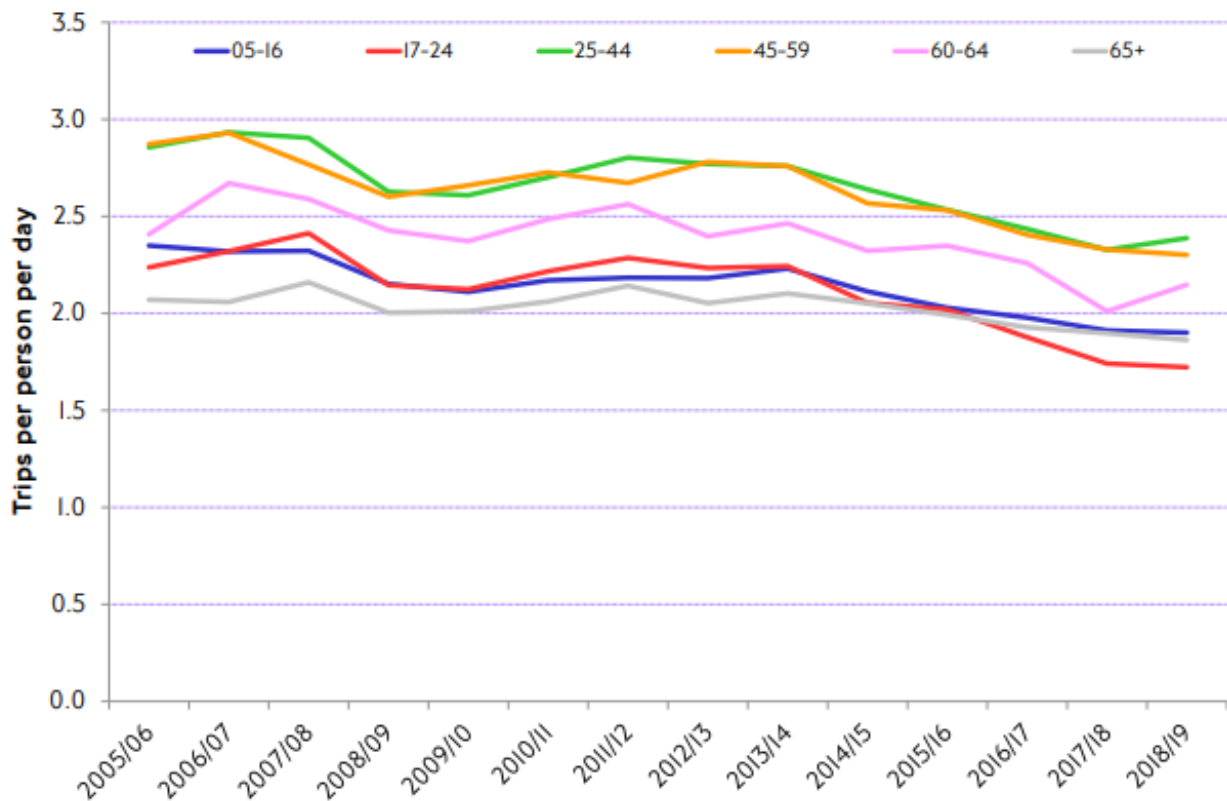




Trend in per-person trip rate per day (annual average), by mode for London residents

- The chart below shows the trend in per-person trip rate per day (annual average), by mode for London residents
- Trip rates among people 65 or older have been declining for the past few years
- Changes in trip rates across different groups could be due to a combination of factors including:
 - Economic factors such as rising house/rental costs combined with slow wage growth meaning that people have squeezed disposable incomes
 - Societal and technological changes particularly affecting shopping/leisure trips, e.g. growth of online services





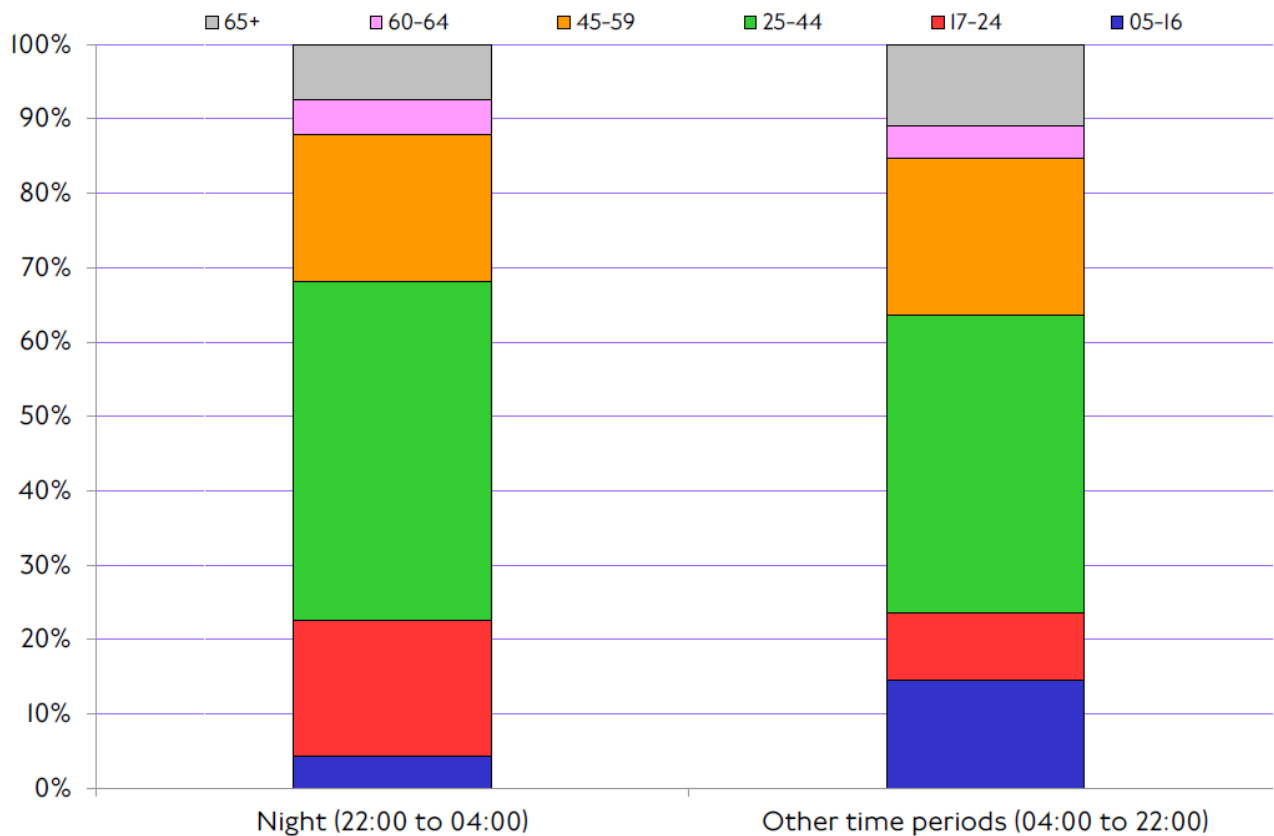
Car ownership

- Single pensioners are more likely to own a car than other single adults, but less likely than couples
- Between the ages of 20 and 70, car ownership is higher among older age groups. Levels of car ownership are highest among 50-59 year olds, while the lowest levels are seen among London residents aged 20-29
- Above age 70, car ownership starts to decline considerably, perhaps caused by a declining ability to drive or retirement reducing the need to
- Most Londoners aged 17-19 live in a household with a car, which is likely to reflect the fact they are more likely to live with parents who own a car than 20-29 year olds

Travel at night

- London residents who travel at night are younger on average than those who travel in the day, with 18 per cent of trips at night made by 17-24 year olds, compared with nine per cent during the day
- Almost half of all trips at night are made by those aged 25-44
- The chart below shows trips made by London residents between 22:00 and 04:00 split by age group





Carers in London

The 2018 London Assembly report 'Who Cares? Helping London's Unpaid Carers'¹⁹ included figures on the estimated number of Londoners who provide care. The findings included:

- 8.5 per cent of Londoners spend at least one hour a week caring for someone between the ages of 25 and 64, around a third more women than men provide unpaid care
- Overall, in London 9.8 per cent of women are carers and 7.4 per cent of men
- This begins to change for older people, with the gender gap narrowing for those aged over 74. Here we see 12 per cent of men aged over 85 providing care, compared to five per cent of women in that age group
- As Black, Asian and minority ethnic people in the UK are on average younger than white people, a lower proportion give unpaid care. That said, research indicates that controlling for age, Black, Asian and minority ethnic families are more likely to care for older or disabled family members

Visitors to London

Information specifically about the diversity of visitors to London who use taxis is not held however, some general information about visitors to London is available.

¹⁹ Who cares? Helping London's Unpaid Carers, London Assembly, https://www.london.gov.uk/sites/default/files/who_cares_-_helping_londons_unpaid_carers_by_dr_onkar_sahota_am.pdf



- In 2018 London was the most visited area in the UK by overseas residents with 19.1 million visiting London²⁰
- There were 11.9 million visits to London in 2018 by domestic tourists²¹
- The tables below show the gender and age profile for visitors to London for 2018²²

Gender	Percentage
Male	56%
Female	44%

Age (years)	Percentage
0-15	2%
16-24	14%
25-34	24%
35-44	23%
45-54	19%
55-64	12%
65+	6%

Licensed taxi drivers

Taxi drivers – licensing data

The tables below contain information on licensed taxi drivers²³.

Age	Taxi Drivers	%
21-30	224	1.08%
31-40	1719	8.30%
41-50	4554	21.98%
51-60	8697	41.97%
61-70	4341	20.95%
71+	1186	5.72%
Total	20721	100.00%
65+	3023	14.59%

Gender	Taxi Drivers	%
Female	474	2.29%
Male	20243	97.69%
Not known	4	0.02%

²⁰ Tourism: Statistics and policy, House of Commons Library, 24 September 2019, <https://researchbriefings.files.parliament.uk/documents/SN06022/SN06022.pdf>

²¹ Ibid

²² Visit Britain, 13 March 2020

²³ TfL licensing data, April 2021



Gender	Taxi Drivers	%
Total	20721	100.00%

Ethnicity	Taxi Drivers	%
Asian or Asian British	3	0.01%
Asian or Asian British (Bangladeshi)	295	1.42%
Asian or Asian British (Indian)	137	0.66%
Asian or Asian British (Other)	295	1.42%
Asian or Asian British (Pakistani)	222	1.07%
Black	9	0.04%
Black or Black British (African)	921	4.44%
Black or Black British (Caribbean)	390	1.88%
Black or Black British (Other)	145	0.70%
Mixed	2	0.01%
Mixed (Other)	100	0.48%
Mixed (White and Asian)	53	0.26%
Mixed (White and Black African)	3	0.01%
Mixed (White and Black African)	70	0.34%
Mixed (White and Black Caribbean)	93	0.45%
White	44	0.21%
White British	13302	64.20%
White Irish	216	1.04%
White Other	635	3.06%
Chinese or other ethnic group	249	1.20%
Not known	3537	17.07%
Total	20721	100.00%

Faith/Religion	Taxi Drivers	%
No	122	0.59%
Yes	1932	9.32%
Not known	18667	90.09%
Total	20721	100.00%

Disability	Taxi Drivers	%
No	2842	13.72%
Yes	2	0.01%
Not known	17877	86.27%
Total	20721	100.00%

Disability Age	Taxi Drivers	%
No	2842	13.72%
21-30	135	0.65%

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Disability	Age	Taxi Drivers	%
	31-40	664	3.20%
	41-50	1039	5.01%
	51-60	831	4.01%
	61-70	164	0.79%
	71+	9	0.04%
Not known		17877	86.27%
	21-30	89	0.43%
	31-40	1055	5.09%
	41-50	3515	16.96%
	51-60	7864	37.95%
	61-70	4177	20.16%
	71+	1177	5.68%
Yes		2	0.01%
	51-60	2	0.01%
Total		20721	100.00%

Ethnicity	Age	Taxi Drivers	%
Asian or Asian British		3	0.01%
	21-30	1	0.00%
	41-50	2	0.01%
Asian or Asian British (Bangladeshi)		295	1.42%
	21-30	4	0.02%
	31-40	62	0.30%
	41-50	166	0.80%
	51-60	59	0.28%
	61-70	4	0.02%
Asian or Asian British (Indian)		137	0.66%
	21-30	1	0.00%
	31-40	11	0.05%
	41-50	38	0.18%
	51-60	57	0.28%
	61-70	27	0.13%
	71+	3	0.01%
Asian or Asian British (Other)		295	1.42%
	21-30	5	0.02%
	31-40	51	0.25%
	41-50	140	0.68%
	51-60	82	0.40%
	61-70	16	0.08%
	71+	1	0.00%
Asian or Asian British (Pakistani)		222	1.07%
	21-30	4	0.02%
	31-40	32	0.15%

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Ethnicity	Age	Taxi Drivers	%
	41-50	86	0.42%
	51-60	83	0.40%
	61-70	14	0.07%
	71+	3	0.01%
Black		9	0.04%
	31-40	3	0.01%
	41-50	3	0.01%
	51-60	3	0.01%
Black or Black British (African)		921	4.44%
	21-30	10	0.05%
	31-40	126	0.61%
	41-50	333	1.61%
	51-60	372	1.80%
	61-70	74	0.36%
	71+	6	0.03%
Black or Black British (Caribbean)		390	1.88%
	21-30	1	0.00%
	31-40	22	0.11%
	41-50	71	0.34%
	51-60	178	0.86%
	61-70	97	0.47%
	71+	21	0.10%
Black or Black British (Other)		145	0.70%
	21-30	1	0.00%
	31-40	25	0.12%
	41-50	43	0.21%
	51-60	59	0.28%
	61-70	14	0.07%
	71+	3	0.01%
Mixed		2	0.01%
	31-40	1	0.00%
	51-60	1	0.00%
Mixed (Other)		100	0.48%
	21-30	2	0.01%
	31-40	19	0.09%
	41-50	30	0.14%
	51-60	37	0.18%
	61-70	11	0.05%
	71+	1	0.00%
Mixed (White and Asian)		53	0.26%
	31-40	11	0.05%
	41-50	13	0.06%
	51-60	22	0.11%
	61-70	7	0.03%

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Ethnicity	Age	Taxi Drivers	%
Mixed (White and Black African)		3	0.01%
	21-30	1	0.00%
	51-60	2	0.01%
Mixed (White and Black African)		70	0.34%
	31-40	10	0.05%
	41-50	13	0.06%
	51-60	33	0.16%
	61-70	13	0.06%
	71+	1	0.00%
Mixed (White and Black Caribbean)		93	0.45%
	21-30	2	0.01%
	31-40	25	0.12%
	41-50	24	0.12%
	51-60	30	0.14%
	61-70	11	0.05%
	71+	1	0.00%
White		44	0.21%
	21-30	7	0.03%
	31-40	19	0.09%
	41-50	10	0.05%
	51-60	8	0.04%
White British		13302	64.20%
	21-30	124	0.60%
	31-40	937	4.52%
	41-50	2638	12.73%
	51-60	5739	27.70%
	61-70	3023	14.59%
	71+	841	4.06%
White Irish		216	1.04%
	31-40	7	0.03%
	41-50	31	0.15%
	51-60	93	0.45%
	61-70	68	0.33%
	71+	17	0.08%
White Other		635	3.06%
	21-30	5	0.02%
	31-40	84	0.41%
	41-50	241	1.16%
	51-60	208	1.00%
	61-70	83	0.40%
	71+	14	0.07%
Chinese or other ethnic group		249	1.20%
	21-30	1	0.00%
	31-40	21	0.10%

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Ethnicity	Age	Taxi Drivers	%
	41-50	71	0.34%
	51-60	112	0.54%
	61-70	37	0.18%
	71+	7	0.03%
Not known		3537	17.07%
	21-30	55	0.27%
	31-40	253	1.22%
	41-50	601	2.90%
	51-60	1519	7.33%
	61-70	842	4.06%
	71+	267	1.29%
Total		20721	100.00%

Gender Disability	Taxi Drivers	%
Female	474	2.29%
No	52	0.25%
Not known	421	2.03%
Yes	1	0.00%
Male	20243	97.69%
No	2786	13.45%
Not known	17456	84.24%
Yes	1	0.00%
Not known	4	0.02%
No	4	0.02%
Total	20721	100.00%

Gender Age	Taxi Drivers	%
Female	474	2.29%
21-30	7	0.03%
31-40	30	0.14%
41-50	117	0.56%
51-60	230	1.11%
61-70	83	0.40%
71+	7	0.03%
Male	20243	97.69%
21-30	217	1.05%
31-40	1688	8.15%
41-50	4436	21.41%
51-60	8465	40.85%
61-70	4258	20.55%

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Gender Age	Taxi Drivers	%
71+	1179	5.69%
Not known	4	0.02%
31-40	1	0.00%
41-50	1	0.00%
51-60	2	0.01%
Total	20721	100.00%

Taxi drivers – Taxi and Private Hire Licensee Customer Satisfaction Survey (CSS)

Additional information on taxi drivers is below.²⁴

If taxi drivers identify as trans	Taxi Drivers
Yes	2%
No	81%
Prefer not to say	16%

Disability	Taxi Drivers
Mobility impairment	1%
Age related mobile difficulties	1%
Visual impairment	0%
Respiratory problems	0%
Hearing impairment	1%
Learning disabilities	0%
Mental health condition	1%
Serious long term illness	0%
Other	1%
None	82%
Prefer not to say	13%

Sexual orientation	Taxi Drivers
Bi	1%
Gay/lesbian	1%
Heterosexual/straight	76%
Prefer to self describe	2%
Prefer not to say	21%

Annual household income before tax and other deductions	Taxi Drivers
Up to £10,000	3%
£10,001-£15,000	4%
£15,001-£20,000	7%
£20,001-£30,000	13%

²⁴ Taxi and Private Hire Licensee CSS 2019/20, Kantar,



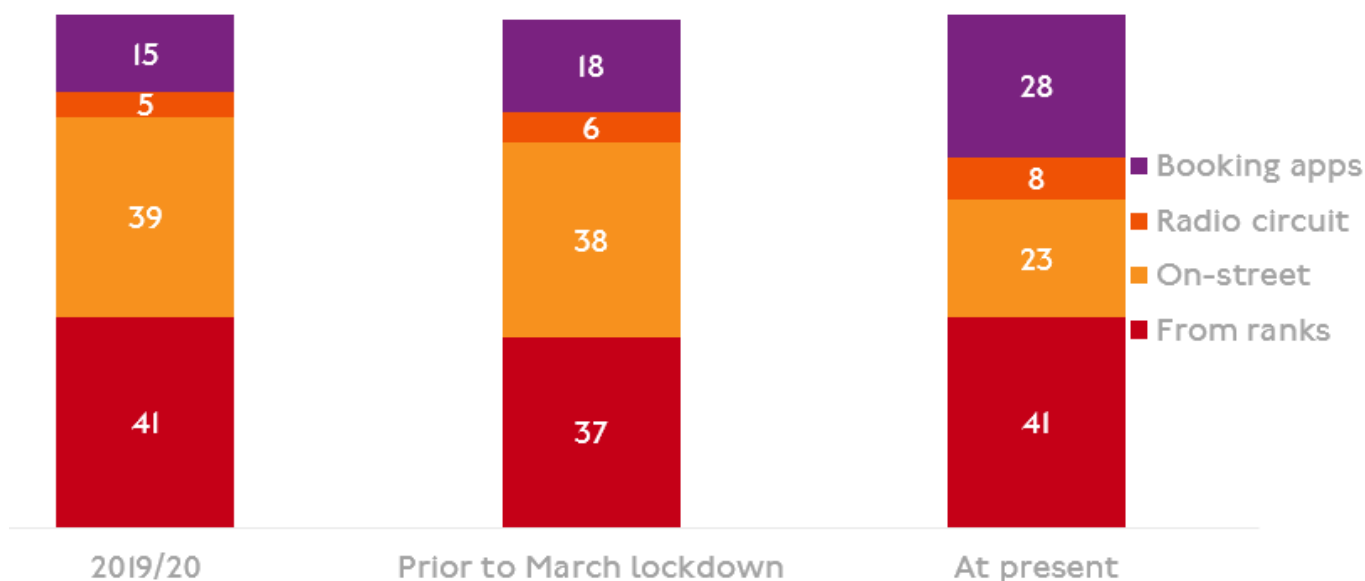
£30,001-£40,000	11%
£40,001-£75,000	8%
Over £75,000	2%
Don't know	6%
Prefer not to say	47%

In the 2020/21 TPH Licensee CSS taxi drivers were asked about caring responsibilities. Nineteen per cent of taxi drivers said they were responsible for providing unpaid care for a friend or family member.

Use of smartphones and other devices

In recent years there has been a significant increase in the use of smartphones and other devices. There has also been a significant growth in the use of apps by the public to access taxi and PHV services and in the amount of work drivers receive from app based services.

The most recent research showed that 28 per cent of taxi drivers work comes from booking apps²⁵. Although before the start of the coronavirus pandemic it was around one fifth (18 per cent).



The same research showed that 55 per cent of taxi drivers are on a booking app. Of the drivers on a booking app, 41 per cent were on one app, 42 per cent were on two different apps and 12 per cent were on three different apps.

²⁵ Taxi and Private Hire Licensee CSS 2020/21, Kantar



Research from the Department for Transport (DfT)²⁶ found that older people are less likely to use a smartphone and that:

- Just under a third (30 per cent) of people aged 55-64 didn't use a smartphone
- Over half (55 per cent) of 65-74 year olds do not use a smartphone
- Only 17 per cent of those aged 75+ use a smartphone

Ofcom has also commissioned research looking at the use of mobile phones by different groups, including older people and disabled people.²⁷ The findings in Ofcom's report include:

- *“The way older consumers (aged 75+) are using telephones is changing. Landline ownership fell significantly in 2018 and has coincided with a rise in the number of people aged 75+ living in mobile-only households (up to 6%). Smartphone take-up continues to increase among this age group; just under one in five now personally use one. However, they are less likely to consider this their most important device for connecting to the internet, tending to prefer larger devices for internet access. While their broadband ownership has increased in the last few years, it remains significantly behind that of other age groups – just under half of older (75+) consumers do not have home broadband.*
- *People who are financially vulnerable are less likely to have each of the main communication services, and if they do have broadband it's less likely to be superfast. People classified as 'most financially vulnerable' are less likely to have a landline, mobile, fixed broadband and/or pay TV and are more likely than average to live in a mobile-only household (28% vs. 21%). One per cent of households in this group say they have neither a landline nor a mobile in their household. Three in ten of the 'most financially vulnerable' group live in households without any internet access and 8% have access only via a mobile.*
- *Disabled people are generally less likely than non-disabled people to personally use most communications services and devices. Overall, the largest disparities are found in smartphone ownership in households (where 53% of disabled people have a smartphone in their household compared to 81% non-disabled people) and in internet use (67% of disabled people use the internet compared to 92% of non-disabled people)*
- *However, there are differences by disability type. People with a learning disability display similarities in their use of communications services to non-disabled people. They are more likely than those with other disability types to have a smartphone in their household (70%) and access to the internet (86%). While age and socio-economic group explain some of the lower ownership/use, disability also has an impact. Those with a visual impairment are the most likely group to say their use of communication services or devices is limited by their disability”*

²⁶ Department for Transport's (DfT's) Transport and transport technology: Public attitudes tracker, October 2018

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/786654/future-of-mobility-strategy.pdf

²⁷ Access and Inclusion 2018 Consumers' experiences in communications markets, Ofcom, 14 January 2019, https://www.ofcom.org.uk/_data/assets/pdf_file/0018/132912/Access-and-Inclusion-report-2018.pdf



The table below shows access to and personal use of communications devices and services for disabled and non-disabled people.

	Household Ownership		Personal Use	
	Non-Disabled	Disabled	Non-Disabled	Disabled
Landline	66%	74%**	56%	66%**
Any mobile	91%	80%*	86%	71%*
Simple mobile	22%	36%**	18%	31%**
Smartphone	81%	53%*	75%	45%*
Any computer (PC/laptop/tablet)	85%	64%*	77%	54%*
Tablet	63%	44%*	52%	34%*
Games Console	38%	23%*	24%	13%*
Smart TV	48%	30%*	43%	26%*
Internet ¹	NA	NA	92%	67%*

**indicates that a disability group is significantly higher than non-disabled consumers while

* indicates that a disability group is significantly lower than non-disabled consumers (significance tested to 95%)

¹Internet relates to personal use anywhere (i.e. both in and outside the home). The survey does not capture whether respondents have internet access at home.

People who share more than one protected or other characteristic

We acknowledge that some taxi users, Taxicard members and taxi drivers may share more than one protected or other characteristic and the severity of the potential negative impacts identified may be greater on them.

Taxi users, Taxicard members and taxi drivers may share any combination of protected or other characteristics including:

- Age and Disability
 - The severity of the negative impacts on older, disabled taxi users and Taxicard members may be greater. They may be more reliant on taxis or use taxis for a greater proportion of their journeys. They may also be less able to use other forms of transport (e.g. bus, Tube, cycle, car) or walk
 - The severity of the negative impacts on older, disabled taxi drivers may be greater as they may be less able to increase the hours they work if their operating costs increase, or the number of taxi journeys or people using taxis declines
- Age and Gender
 - The severity of the impacts on older, female taxi users and Taxicard members may be greater. They may be more reliant on taxis or use taxis for a greater proportion of their journeys and also have concerns about the safety of using other modes of transport (e.g. bus or Tube) or walking, particularly late at night
 - The severity of the impacts on older, female taxi drivers may be greater as they may have more concerns about working increased hours or at night
- Gender and Disability



- The severity of the impacts on disabled, female taxi users and Taxicard members may be greater. They may be more reliant on taxis or use taxis for a greater proportion of their journeys and also have concerns about the safety of using other modes of transport (e.g. bus or Tube) or walking, particularly late at night
- The severity of the impacts on disabled, female taxi drivers may be greater as they may have more concerns about working increased hours or at night
- Age, Gender and Disability
 - The severity of the impacts may be even greater on older, female, disabled taxi users and Taxicard members. They may be even more reliant on taxis or use taxis for a greater proportion of their journeys and also have concerns about the safety of using other modes of transport (e.g. bus or Tube) or walking, particularly late at night
 - The severity of the impacts on older, female, disabled taxi drivers may be even greater as they may have more concerns about working increased hours or at night

The severity of the potential positive impacts identified may not be affected as a result of people sharing more than one protected or other characteristic.

Coronavirus pandemic

The coronavirus pandemic has had a massive impact on taxi users, Taxicard members and taxi drivers.

Some taxi users and Taxicard members may prefer to use taxis instead of public transport in order to avoid travelling with other people, and reduce contact with them and the risk of catching coronavirus.

The number of licensed taxis and taxi drivers was declining before the pandemic, but the rate of decline has accelerated during 2020 and 2021. The table below shows licensee figures for 15 March 2020 and 24 October 2021.

	15 March 2020 (pre-covid)	24 October 2021	Difference	%
Taxis	18961	13858	-5103	-26.91%
Taxi Drivers	22409	20070	-2339	-10.44%
PHV Operators	2124	1844	-280	-13.18%
PHV Drivers	111590	102230	-9360	-8.39%
PHVs	95955	77805	-18150	-18.92%

Many taxi drivers have experienced a negative impact with drivers' incomes falling as a result of a decline in the number of taxi journeys and people using taxis because:

- Fewer people are going out
- Fewer tourists are coming to London
- Fewer people are commuting and more people are working from home

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- Fewer people are travelling for business purposes
- Events have been cancelled
- Some people will be self-isolating

Some taxi drivers will have also been unable to work as they needed to self-isolate or they needed to look after their children due to some schools closing.

Some taxi drivers may have been able to claim a grant through the Self-Employment Income Support Scheme (SEISS) whilst this was open.²⁸

The negative impact on taxi drivers may be greater if the coronavirus pandemic continues and there is a negative reaction from taxi users, Taxicard members or other members of the public to any suggestion that taxi fares will be increased whilst there is a continuing public health emergency.

Issues that arise from the coronavirus pandemic may have a more severe impact on taxi users, Taxicard members and taxi drivers who share one or more of the protected or other characteristics.

There have been reports that the demand for taxis has increased since restrictions eased. However, there are some areas (e.g. commuting, business travel, overseas tourism) where the demand for taxis is expected to still be much lower than it was prior to the start of the pandemic.

Step 3: Impact

Q4. Given the evidence listed in step 2, consider and describe what potential short, medium and longer term negative impacts this work could have on people related to their protected characteristics?

Protected Characteristic		Explain the potential negative impact
Age A person belonging to a particular age (for example 32-year olds) or range of ages	Y	Taxi users and Taxicard members <ul style="list-style-type: none"> • All taxi users and Taxicard members would be negatively impacted by increases to taxi fares and tariffs • Younger and older taxi users may be disproportionately impacted by increases to taxi fares as they may be less able to respond to taxi fare increases, pay more and continue to use taxis as frequently as they did before any increases • The majority (70.79%) of Taxicard members are over 61 and so Taxicard members may be disproportionately impacted by increases to taxi fares. They may be more reliant on taxis and may not be able to consider using some other modes of transport (e.g.

²⁸ SEISS, <https://www.gov.uk/guidance/claim-a-grant-through-the-coronavirus-covid-19-self-employment-income-support-scheme>



Protected Characteristic	Explain the potential negative impact
(for example 18 to 30 year olds)	<p>buses, Tube). They may also not be able to consider walking or cycling as an alternative</p> <ul style="list-style-type: none"> • Taxi users and Taxicard members who make short journeys would experience a negative impact if the minimum fare increases. Older taxi users and Taxicard members may be disproportionately impacted as they may rely on taxis to make short journeys • Taxi users and Taxicard members may experience a negative impact if the total number of licensed taxi drivers reduces as a result of fewer people using taxis because of fares increasing • Taxi users and Taxicard members may experience a negative impact if the total number of licensed taxi drivers reduces because no increase to fares is made, drivers cannot cover increased operating costs and so stop being a taxi driver • Taxi users and Taxicard members may experience a negative impact if fewer people apply to become a licensed taxi driver because they do not consider this to be a viable career. This could happen as a result of drivers not being able to cover increased operating costs, or fare increases leading to a decline in the number of taxi journeys or people using taxis • Although smartphone usage appears to be increasing amongst older people, they are still less likely to have a smartphone. Taxi users and Taxicard members will be negatively impacted by increases to the minimum fare or tariffs but may have fewer alternative options, such as app based PHV services, they can use. Older taxi users and older Taxicard members may be disproportionately impacted as they may be less likely to have a smartphone • Single pensioners are more likely to own a car so they may be able to use a car for some or all journeys instead of a taxi. However, they will be negatively impacted if they travel in the Congestion Charging Zone (CCZ)²⁹ when this is in operation or travel in the Ultra Low Emission Zone (ULEZ).³⁰ They will also have to cover parking and fuel costs if they use a car instead of taking a taxi • Above the age of 70 car ownership starts to decline considerably and taxi users and Taxicard members who are over 70 may be disproportionately impacted by increases to taxi fares as they are less likely to own a car and so may be more reliant on taxis. They may be unable to switch to using a car if taxis become unaffordable

²⁹ The Congestion Charge is an £11.50 daily charge for driving a vehicle within the charging zone between 07:00 and 18:00, Monday to Friday, <https://tfl.gov.uk/modes/driving/congestion-charge>

³⁰ ULEZ) operates 24 hours a day, 7 days a week, every day of the year, except Christmas Day, within the same area of central London as the Congestion Charge. The charge is £12.50 for most vehicle types, including cars, <https://tfl.gov.uk/modes/driving/ultra-low-emission-zone?intcmp=26434>



Protected Characteristic	Explain the potential negative impact
	<ul style="list-style-type: none"> • Some older people with mobility issues or who cannot walk very far may be unable to use a car if they cannot park close to their destination and so a taxi may still be needed as it can provide a door to door service in most areas • Just over one fifth (21 per cent) of all Londoners aged 16 or more had a 'DDA' disability (a physical or mental impairment or an impairment that has a substantial and long-term adverse effect on their ability to perform normal day-to-day activities) • Londoners aged 60 or more may be disproportionately impacted as they are more likely than younger Londoners to be a wheelchair user, have walking difficulties or have other disabilities. They may be more reliant on taxis, as these are fitted with a wheelchair ramp, and may face barriers with using other forms of transport and not able to consider walking or cycling as an alternative • Just under one fifth (19 per cent) of pensioners in London are in poverty and they may be disproportionately impacted by increases to taxi fares and may be unable to afford to travel, although being older they may be more reliant on taxis and may face barriers with using other forms of transport and not able to consider walking or cycling as an alternative • Younger London residents may be disproportionately impacted by increases to taxi fares as they may travel at night more. They may be more likely to consider using taxis as other modes of transport may not be available or it may be less safe to walk • Taxi users and Taxicard members would be negatively impacted by increases to taxi fares for journeys to or from Heathrow Airport • Taxi users and Taxicard members may be negatively impacted if there is no increase to taxi fares for journeys to or from Heathrow Airport and this reduces the availability of taxis or drivers wanting to work at the airport or accept fares to the airport • Older taxi users and Taxicard members may be disproportionately impacted if they use taxis more when travelling to or from Heathrow Airport and fares increase or they are dropped off in areas where the TDOC does not apply but then have a longer walk to the terminal <p>Taxi drivers</p> <ul style="list-style-type: none"> • All taxi drivers will be negatively impacted if no change to the minimum fare or tariffs is made and they cannot cover increased operating costs • All taxi drivers will be negatively impacted if any increase is less than the increase in operating costs and they cannot cover their operating costs

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Protected Characteristic	Explain the potential negative impact
	<ul style="list-style-type: none"> • All taxi drivers will be negatively impacted if increases to the minimum fare or tariffs result in fewer people using taxis and drivers' incomes reducing • Older taxi drivers may be disproportionately impacted if they cannot work longer to try and maintain their income or cover increased operating costs • Older taxi drivers may be less likely to have a smartphone and may be disproportionately impacted if they cannot access work through an app or if the proportion of taxi work from apps increases • Taxi drivers who are London residents and are aged 60 or more may be disproportionately impacted as they are more likely than younger Londoners to be a wheelchair user, have walking difficulties or have other disabilities. They may be disproportionately impacted if they cannot work longer to try and maintain their income or cover increased operating costs if increases to the minimum fare or tariffs result in fewer people using taxis and drivers' incomes reducing • Just under one fifth (19 per cent) of pensioners in London are in poverty. Taxi drivers who are pensioners and live in London may be disproportionately impacted if they cannot work longer to try and maintain their income or cover increased operating costs if increases to the minimum fare or tariffs result in fewer people using taxis and drivers' incomes reducing • All taxi drivers would experience a negative impact if the public react negatively to any proposal to increase taxi fares during the coronavirus pandemic and this results in a decline in the number of taxi journeys or people using taxis, and drivers' incomes reduce • The number of younger taxi drivers is extremely low and not representative of the capital's population. A perception that being a taxi driver is not an attractive career could deter young people from applying to become a taxi driver. Not increasing any of the tariffs despite drivers' operating costs increasing could deter young people from applying to become a licensed taxi driver. They could also be deterred from applying to become a taxi driver if the minimum fare or tariffs are increased and this results in the number of taxi journeys or people using taxis declining • Taxi drivers may be negatively impacted if increases to taxi fares for journeys to or from Heathrow Airport result in fewer people using taxis and drivers' incomes reducing • Taxi drivers may be negatively impacted if there is no increase to taxi fares for journeys to or from Heathrow Airport but they still have to pay increased costs to use the airport taxi ranks or drop off passengers at the terminals

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Protected Characteristic	Explain the potential negative impact
<p>Disability including carers</p> <p>A person has a disability if she or he has a physical or mental impairment which has a substantial and long-term adverse effect on that person's ability to carry out normal day-to-day activities</p>	<p>Taxi users and Taxicard members</p> <ul style="list-style-type: none"> • Disabled taxi users and Taxicard members, plus those who are carers, would be negatively impacted by increases to the minimum fare or tariff rates • Disabled taxi users and Taxicard members may be disproportionately impacted from taxi fares increasing as they may rely on taxis or use them more often. They may also face barriers with using some other modes of transport (e.g. buses, Tube) or not be able to consider walking or cycling as an alternative • Disabled taxi users and Taxicard members may be disproportionately impacted if they require a door to door service or use the accessibility features in taxis but cannot use alternative modes of transport if taxis become too expensive • Taxi users and Taxicard members who are wheelchair users may be disproportionately impacted by increases to taxi fares as they are more likely to use a taxi • Disabled people are less likely to have a smartphone. Taxi users and Taxicard members will be negatively impacted by increases to the minimum fare or tariffs but may have fewer alternative services, such as app based PHV services, they can consider as an alternative to using a taxi. Disabled taxi users and older Taxicard members may be disproportionately impacted as they may be less likely to have a smartphone • Disabled taxi users and Taxicard members may experience a negative impact if the total number of licensed taxi drivers reduces as a result of the number of taxi journeys or people using taxis declines because of fares increasing • Disabled taxi users and Taxicard members may experience a negative impact if the total number of licensed taxi drivers reduces because no increase to fares is made, drivers cannot cover increased operating costs and so stop being a taxi driver • Disabled taxi users and Taxicard members may experience a negative impact if fewer people apply to become a licensed taxi driver because they do not consider this to be a viable career. This could happen as a result of drivers not being able to cover operating costs or fare increases leading to a decline in the number of taxi journeys or people using taxis • People in a family with at least one disabled member are more likely to be in poverty and so they may be disproportionately impacted by increases to taxi fares • Taxicard members will be negatively impacted by increases to the minimum fare or tariffs as this would mean taxi fares increasing for journeys where the fare is still below the capped fare level

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Protected Characteristic	Explain the potential negative impact
	<ul style="list-style-type: none"> • Taxicard members will be negatively impacted if taxi drivers are more reluctant to accept capped Taxicard fares. The risk of taxi drivers not accepting Taxicard capped fares could increase if taxi drivers feel the capped Taxicard fares are too low as the difference between the capped fares and metered fares increases • Disabled taxi users and Taxicard members would be negatively impacted by increases to taxi fares for journeys to or from Heathrow Airport • Disabled taxi users and Taxicard members may be negatively impacted if there is no increase to taxi fares for journeys to or from Heathrow Airport and this reduces the availability of taxis or drivers wanting to work at the airport or accept fares to the airport • Disabled taxi users and Taxicard members may be disproportionately impacted if they use taxis more when travelling to or from Heathrow Airport or they are dropped off in areas where the TDOC does not apply but then have a longer journey to the terminal <p>Taxi drivers</p> <ul style="list-style-type: none"> • Disabled taxi drivers or those who are carers will be negatively impacted if no change to the minimum fare or tariffs is made and they cannot cover increased operating costs • Disabled taxi drivers or those who are carers will be negatively impacted if any increase is less than the increase to operating costs and they cannot cover increased operating costs • Disabled taxi drivers or those who are carers will be negatively impacted if increases to the minimum fare or tariffs result in fewer people using taxis and drivers' incomes reducing • Disabled taxi drivers may be disproportionately impacted if there is a decline in the number of taxi journeys or people using taxis as they may be unable to increase the number of hours they work • Taxi drivers who provide care may be disproportionately impacted if there is a decline in the number of taxi journeys or people using taxis as they may be unable to increase the number of hours they work • Not increasing any of the tariffs despite drivers' operating costs increasing could deter disabled people from applying to become a licensed taxi driver. They could also be deterred from applying to become a taxi driver if the minimum fare or tariffs are increased and this results in the number of taxi journeys or people using taxis declining • Disabled taxi drivers or those who are carers would experience a negative impact if the public react negatively to any proposal to

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Protected Characteristic		Explain the potential negative impact
		<p>increase taxi fares during the coronavirus pandemic and this results in a decline in the number of taxi journeys or people using taxis, and drivers' incomes reduce</p> <ul style="list-style-type: none"> • The number of disabled taxi drivers is extremely low and not representative of the capital's population. A perception that being a taxi driver is not an attractive career could deter disabled people from applying to become a taxi driver. Not increasing any of the tariffs despite drivers' operating costs increasing could deter disabled people from applying to become a licensed taxi driver. They could also be deterred from applying to become a taxi driver if the minimum fare or tariffs are increased and this results in the number of taxi journeys or people using taxis declining • Disabled taxi drivers may be negatively impacted if increases to taxi fares for journeys to or from Heathrow Airport result in fewer people using taxis and drivers' incomes reducing • Disabled taxi drivers may be negatively impacted if there is no increase to taxi fares for journeys to or from Heathrow Airport but they still have to pay increased costs to use the airport taxi ranks or drop off passengers at the terminals
<p>Gender</p> <p>A man, woman or non-binary person</p>	<p>Y</p>	<p>Taxi users and Taxicard members</p> <ul style="list-style-type: none"> • Female taxi users and Taxicard members would be negatively impacted by increases to the minimum fare or tariffs rates as it would mean them paying higher taxi fares • Female taxi users and Taxicard members may experience a negative impact if the total number of licensed taxi drivers reduces because no increase to fares is made, drivers cannot cover increased operating costs and so stop being a taxi driver • Female taxi users and Taxicard members may be disproportionately impacted if they have concerns about the safety of using certain modes of transport or walking or cycling at certain times and use taxis more often • Female taxi users and Taxicard members who are older may be disproportionately impacted if they have greater concerns about safety and so are more likely to want to use a taxi. As they are older they may also face barriers with using some other modes of transport (e.g. buses, Tube) or not being able to consider walking or cycling as an alternative • Female taxi users and Taxicard members would be negatively impacted by increases to taxi fares for journeys to or from Heathrow Airport • Female taxi users and Taxicard members may be negatively impacted if there is no increase to taxi fares for journeys to or from



Protected Characteristic		Explain the potential negative impact
		<p>Heathrow Airport and this reduces the availability of taxis or drivers wanting to work at the airport or accept fares to the airport</p> <p>Taxi drivers</p> <ul style="list-style-type: none"> • Female taxi drivers will be negatively impacted if no change to the minimum fare or tariffs is made and they cannot cover increased operating costs • Female taxi drivers will be negatively impacted if any increase is less than the increase to operating costs and they cannot cover increased operating costs • Female taxi drivers will be negatively impacted if increases to the minimum fare or tariffs result in fewer people using taxis and drivers' incomes reducing • Female taxi drivers who are also carers may be disproportionately impacted as they may be unable to increase the number of hours they work • The number of female taxi drivers is extremely low and not representative of the capital's population. A perception that being a taxi driver is not an attractive career could deter women from applying to become a taxi driver. Not increasing any of the tariffs despite drivers' operating costs increasing could deter women from applying to become a licensed taxi driver. They could also be deterred from applying to become a taxi driver if the minimum fare or tariffs are increased and this results in the number of taxi journeys or people using taxis declining • Female taxi drivers would experience a negative impact if the public react negatively to any proposal to increase taxi fares during the coronavirus pandemic and this results in a decline in the number of taxi journeys or people using taxis and drivers' incomes reduce • Female taxi drivers may be negatively impacted if increases to taxi fares for journeys to or from Heathrow Airport result in fewer people using taxis and drivers' incomes reducing • Female taxi drivers may be negatively impacted if there is no increase to taxi fares for journeys to or from Heathrow Airport but they still have to pay increased costs to use the airport taxi ranks or drop off passengers at the terminals
<p>Gender reassignment</p> <p>Gender reassignment</p>	<p>Y</p>	<p>Taxi users and Taxicard members</p> <ul style="list-style-type: none"> • Taxi users and Taxicard members whose gender identity is different from the gender assigned to them when they were born would be negatively impacted by increases to the minimum fare or tariffs



Protected Characteristic	Explain the potential negative impact
<p>covers people whose gender identity is different from the gender assigned to them when they were born. To be protected from gender reassignment discrimination a person does not need to have undergone any specific treatment or surgery to change from their birth sex to their preferred gender. They can be at any stage in the transition process – from proposing to reassign their gender, to undergoing a process to reassign their gender, or having completed it.</p>	<ul style="list-style-type: none"> • Taxi users and Taxicard members whose gender identity is different from the gender assigned to them when they were born may experience a negative impact if the total number of licensed taxi drivers reduces because no increase to fares is made, drivers cannot cover increased operating costs and so stop being a taxi driver • Taxi users and Taxicard members whose gender identity is different from the gender assigned to them when they were born may be disproportionately impacted if they have concerns about the safety of using certain modes of transport or walking or cycling at certain times and so use taxis more often • Taxi users and Taxicard members whose gender identity is different from the gender assigned to them when they were born would be negatively impacted by increases to taxi fares for journeys to or from Heathrow Airport • Taxi users and Taxicard members whose gender identity is different from the gender assigned to them when they were born may be negatively impacted if there is no increase to taxi fares for journeys to or from Heathrow Airport and this reduces the availability of taxis or drivers wanting to work at the airport or accept fares to the airport <p>Taxi drivers</p> <ul style="list-style-type: none"> • Taxi drivers whose gender identity is different from the gender assigned to them when they were born will be negatively impacted if no change to the minimum fare or tariffs is made and they cannot cover increased operating costs • Taxi drivers whose gender identity is different from the gender assigned to them when they were born will be negatively impacted if any increase is less than the increase to operating costs and they cannot cover increased operating costs • Taxi drivers whose gender identity is different from the gender assigned to them when they were born will be negatively impacted if increases to the minimum fare or tariffs result in fewer people using taxis and drivers' incomes reducing • Taxi drivers whose gender identity is different from the gender assigned to them when they were born will be negatively impacted if they are unable to increase the number of hours they work • The number of taxi drivers whose gender identity is different from the gender assigned to them when they were born is extremely low. A perception that being a taxi driver is not an attractive career could deter people whose gender identity is different from the gender assigned to them when they were born from applying to

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Protected Characteristic		Explain the potential negative impact
		<p>become a taxi driver. Not increasing any of the tariffs despite drivers' operating costs increasing could deter people whose gender identity is different from the gender assigned to them when they were born from applying to become a licensed taxi driver. They could also be deterred from applying to become a taxi driver if the minimum fare or tariffs are increased and this results in the number of taxi journeys or people using taxis declining</p> <ul style="list-style-type: none"> • Taxi drivers whose gender identity is different from the gender assigned to them at birth would experience a negative impact if the public react negatively to any proposal to increase taxi fares during the coronavirus pandemic and this results in a decline in the number of taxi journeys or people using taxis and drivers' incomes reduce • Taxi drivers whose gender identity is different from the gender assigned to them at birth may be negatively impacted if increases to taxi fares for journeys to or from Heathrow Airport result in fewer people using taxis and drivers' incomes reducing • Taxi drivers whose gender identity is different from the gender assigned to them at birth may be negatively impacted if there is no increase to taxi fares for journeys to or from Heathrow Airport but they still have to pay increased costs to use the airport taxi ranks or drop off passengers at the terminals
<p>Marriage/civil partnership</p> <p>Marriage is a union between a man and a woman or between a same-sex couple</p> <p>Same-sex couples can also have their relationships legally recognised as 'civil partnerships'. Civil partners must not be</p>	<p>Y</p>	<p>Taxi users and Taxicard members</p> <ul style="list-style-type: none"> • Taxi users and Taxicard members who are married or in a civil partnership would be negatively impacted by increases to the minimum fare or tariffs rates • Taxi users and Taxicard members who are married or in a civil partnership may experience a negative impact if the total number of licensed taxi drivers reduces because no increase to fares is made, drivers cannot cover increased operating costs and so stop being a taxi driver • Taxi users and Taxicard members who are married or in a civil partnership would be negatively impacted by increases to taxi fares for journeys to or from Heathrow Airport • Taxi users and Taxicard members who are married or in a civil partnership may be negatively impacted if there is no increase to taxi fares for journeys to or from Heathrow Airport and this reduces the availability of taxis or drivers wanting to work at the airport or accept fares to the airport <p>Taxi drivers</p>

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Protected Characteristic		Explain the potential negative impact
treated less favourably than married couples (except where permitted by the Equality Act).		<ul style="list-style-type: none"> • Taxi drivers who are married or in a civil partnership will be negatively impacted if no change to the minimum fare or tariffs is made and they cannot cover increased operating costs • Taxi drivers who are married or in a civil partnership will be negatively impacted if any increase is less than the increase to operating costs and they cannot cover increased operating costs • Taxi drivers who are married or in a civil partnership will be negatively impacted if increases to the minimum fare or tariffs result in fewer people using taxis and drivers' incomes reducing • Taxi drivers who are married or in a civil partnership would experience a negative impact if the public react negatively to any proposal to increase taxi fares during the coronavirus pandemic and this results in a decline in the number of taxi journeys or people using taxis and drivers' incomes reduce • Taxi drivers who are married or in a civil partnership may be negatively impacted if increases to taxi fares for journeys to or from Heathrow Airport result in fewer people using taxis and drivers' incomes reducing • Taxi drivers who are married or in a civil partnership may be negatively impacted if there is no increase to taxi fares for journeys to or from Heathrow Airport but they still have to pay increased costs to use the airport taxi ranks or drop off passengers at the terminals
Other – e.g. refugees, low income, homeless people	Y	<p>Taxi users and Taxicard members</p> <ul style="list-style-type: none"> • Taxi users and Taxicard members on a low income would be negatively impacted by increases to the minimum fare or tariffs rates • Taxi users and Taxicard members on a low income may experience a negative impact if the total number of licensed taxi drivers reduces because no increase to fares is made, drivers cannot cover increased operating costs and so stop being a taxi driver • Taxi users and Taxicard members on a low income would be negatively impacted by increases to taxi fares for journeys to or from Heathrow Airport • Taxi users and Taxicard members on a low income may be negatively impacted if there is no increase to taxi fares for journeys to or from Heathrow Airport and this reduces the availability of taxis or drivers wanting to work at the airport or accept fares to the airport • Disabled taxi users who are London residents and Taxicard members may be disproportionately impacted as families with at least one disabled adult are more likely to be in poverty compared

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Protected Characteristic	Explain the potential negative impact
	<p>to families with no disabled adults. Disabled people are also more likely to be low-paid. Some disabled people may be more reliant on taxis or less able to use other forms of transport or consider walking or cycling as an alternative</p> <ul style="list-style-type: none"> • Just under one fifth (19 per cent) of pensioners in London are in poverty and they may be disproportionately impacted by increases to taxi fares and may be unable to afford to travel, although being older some may be more reliant on taxis or less able to use other forms of transport or consider walking or cycling • The biggest group among the low paid were female, part-time employees and so female taxi users who are London residents or female Taxicard members may be disproportionately impacted if taxi fares increase <p>Taxi drivers</p> <ul style="list-style-type: none"> • Taxi drivers on a low income will be negatively impacted if no change to the minimum fare or tariffs is made and they cannot cover increased operating costs • Taxi drivers on a low income will be negatively impacted if any increase is less than the increase to operating costs and they cannot cover increased operating costs • Taxi drivers on a low income will be negatively impacted if increases to the minimum fare or tariffs result in fewer people using taxis and drivers' incomes reducing • Taxi drivers on a low income will be negatively impacted if they are unable to increase the number of hours they work • Just under one fifth (19 per cent) of pensioners in London are in poverty. Older taxi drivers on a low income may be disproportionately impacted if increases to the minimum fare or tariffs result in fewer people using taxis and drivers' incomes reducing. They may be less able to increase the number of hours they work to maintain their current level of income • Some taxi drivers may be disproportionately impacted as the number of taxi journeys per day has been declining in recent years. They will be negatively impacted if their income is already low and increases to the minimum fare or tariffs result in a decline in the number of taxi journeys or people using taxis and drivers' incomes reduce further • Suburban taxi drivers may be disproportionately impacted as demand and usage of taxis in suburban areas is generally lower and so their income may be lower and there may be fewer opportunities to increase the number of taxi journeys they do

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Protected Characteristic		Explain the potential negative impact
		<ul style="list-style-type: none"> • Taxi drivers on a low income may be less likely to have a smartphone and may be disproportionately impacted if they cannot access work through an app or if the proportion of taxi work from apps increases • Taxi drivers on a low income would experience a negative impact if the public react negatively to any proposal to increase taxi fares during the coronavirus pandemic and this results in a decline in the number of taxi journeys or people using taxis and drivers' incomes reduce • Taxi drivers on a low income may be negatively impacted if increases to taxi fares for journeys to or from Heathrow Airport result in fewer people using taxis and drivers' incomes reducing • Taxi drivers on a low income may be negatively impacted if there is no increase to taxi fares for journeys to or from Heathrow Airport but they still have to pay increased costs to use the airport taxi ranks or drop off passengers at the terminals
<p>Pregnancy/ maternity</p> <p>Pregnancy is the condition of being pregnant or expecting a baby. Maternity refers to the period after the birth and is linked to maternity leave in the employment context. In the non-work context, protection against maternity discrimination is for 26 weeks after giving birth, and this includes treating a</p>	Y	<p>Taxi users and Taxicard members</p> <ul style="list-style-type: none"> • Taxi users and Taxicard members who are pregnant or have recently given birth would be negatively impacted by increases to the minimum fare or the tariff rates • Taxi users and Taxicard members who are pregnant or have recently given birth may experience a negative impact if the total number of licensed taxi drivers reduces because no increase to fares is made, drivers cannot cover increased operating costs and so stop being a taxi driver • Taxi users and Taxicard members who are pregnant or have recently given birth would be negatively impacted by increases to taxi fares for journeys to or from Heathrow Airport • Taxi users and Taxicard members who are pregnant or have recently given birth may be negatively impacted if there is no increase to taxi fares for journeys to or from Heathrow Airport and this reduces the availability of taxis or drivers wanting to work at the airport or accept fares to the airport • Taxi users and Taxicard members who are pregnant or have recently given birth would be negatively impacted from the minimum fare or, tariffs increasing and may be disproportionately impacted if they have concerns about the safety of using certain modes of transport and use taxis more often <p>Taxi drivers</p> <ul style="list-style-type: none"> • Taxi drivers who are pregnant or have recently given birth will be negatively impacted if no change to the minimum fare or tariffs is made and they cannot cover increased operating costs



Protected Characteristic		Explain the potential negative impact
<p>woman unfavourably because she is breastfeeding.</p>		<ul style="list-style-type: none"> • Taxi drivers who are pregnant or have recently given birth will be negatively impacted if any increase is less than the increase to operating costs and they cannot cover increased operating costs • Taxi drivers who are pregnant or have recently given birth will be negatively impacted if increases to the minimum fare or tariffs result in fewer people using taxis and drivers' incomes reducing • Taxi drivers who are pregnant or have recently given birth would experience a negative impact if the public react negatively to any proposal to increase taxi fares during the coronavirus pandemic and this results in a decline in the number of taxi journeys or people using taxis and drivers' incomes reduce • Taxi drivers who are pregnant or who have recently given birth may be disproportionately impacted as they may be unable to work or drive for long periods and respond to any reduction in the usage of taxis or their income • Taxi drivers who are pregnant or who have recently given birth may be negatively impacted if increases to taxi fares for journeys to or from Heathrow Airport result in fewer people using taxis and drivers' incomes reducing • Taxi drivers who are pregnant or who have recently given birth may be negatively impacted if there is no increase to taxi fares for journeys to or from Heathrow Airport but they still have to pay increased costs to use the airport taxi ranks or drop off passengers at the terminals
<p>Race</p> <p>Refers to the protected characteristic of race. It refers to a group of people defined by their race, colour, and nationality (including citizenship) ethnic or national origins</p>	<p>Y</p>	<p>Taxi users and Taxicard members</p> <ul style="list-style-type: none"> • Black, Asian and minority ethnic taxi users and Taxicard members would be negatively impacted by increases to the minimum fare or the tariff rates • Black, Asian and minority ethnic taxi users and Taxicard members may experience a negative impact if the total number of licensed taxi drivers reduces because no increase to fares is made, drivers cannot cover increased operating costs and so stop being a taxi driver • Black, Asian and minority ethnic taxi users and Taxicard members would be negatively impacted by increases to taxi fares for journeys to or from Heathrow Airport • Black, Asian and minority ethnic taxi users and Taxicard members may be negatively impacted if there is no increase to taxi fares for journeys to or from Heathrow Airport and this reduces the availability of taxis or drivers wanting to work at the airport or accept fares to the airport • Black, Asian and minority ethnic taxi users and Taxicard members may be disproportionately impacted if they have concerns about

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Protected Characteristic		Explain the potential negative impact
		<p>the safety of using certain modes of transport and use taxis more often</p> <p>Taxi drivers</p> <ul style="list-style-type: none"> • Black, Asian and minority ethnic taxi drivers will be negatively impacted if no change to the minimum fare or tariffs is made and they cannot cover increased operating costs • Black, Asian and minority ethnic taxi drivers will be negatively impacted if any increase is less than the increase to operating costs and they cannot cover increased operating costs • Black, Asian and minority ethnic taxi drivers will be negatively impacted if increases to the minimum fare or tariffs result in fewer people using taxis and drivers' incomes reducing • Black, Asian and minority ethnic taxi drivers will be negatively impacted if they are unable to increase the number of hours they work or have other work options • Black, Asian and minority ethnic taxi drivers would experience a negative impact if the public react negatively to any proposal to increase taxi fares during the coronavirus pandemic and this results in a decline in the number of taxi journeys or people using taxis and drivers' incomes reduce • The number of Black, Asian and minority ethnic taxi drivers is very low and not representative of the capital's population. A perception that being a taxi driver is not an attractive career could deter Black, Asian and minority ethnic people from applying to become a taxi driver. Not increasing any of the tariffs despite drivers' operating costs increasing could deter Black, Asian and minority ethnic people from applying to become a licensed taxi driver. They could also be deterred from applying to become a taxi driver if the minimum fare or tariffs are increased and this results in the number of taxi journeys or people using taxis declining • Black, Asian and minority ethnic taxi drivers may be negatively impacted if increases to taxi fares for journeys to or from Heathrow Airport result in fewer people using taxis and drivers' incomes reducing • Black, Asian and minority ethnic taxi drivers may be negatively impacted if there is no increase to taxi fares for journeys to or from Heathrow Airport but they still have to pay increased costs to use the airport taxi ranks or drop off passengers at the terminals
Religion or belief	Y	<p>Taxi users and Taxicard members</p> <ul style="list-style-type: none"> • Taxi users and Taxicard members with religious or other beliefs would be negatively impacted by increases to the minimum fare or tariff rates

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Protected Characteristic	Explain the potential negative impact
<p>Religion has the meaning usually given to it but belief includes religious and philosophical beliefs including lack of belief (such as Atheism). Generally, a belief should affect your life choices or the way you live for it to be included in the definition</p>	<ul style="list-style-type: none"> • Taxi users and Taxicard members with religious or other beliefs may experience a negative impact if the total number of licensed taxi drivers reduces because no increase to fares is made, drivers cannot cover increased operating costs and so stop being a taxi driver • Taxi users and Taxicard members with religious or other beliefs would be negatively impacted by increases to taxi fares for journeys to or from Heathrow Airport • Taxi users and Taxicard members with religious or other beliefs may be negatively impacted if there is no increase to taxi fares for journeys to or from Heathrow Airport and this reduces the availability of taxis or drivers wanting to work at the airport or accept fares to the airport • Taxi users and Taxicard members with religious or other beliefs may be disproportionately impacted if they have concerns about the safety of using certain modes of transport and use taxis more often <p>Taxi drivers</p> <ul style="list-style-type: none"> • Taxi drivers with religious or other beliefs will be negatively impacted if no change to the minimum fare or tariffs is made and they cannot cover increased operating costs • Taxi drivers with religious or other beliefs will be negatively impacted if any increase is less than the increase to operating costs and they cannot cover increased operating costs • Taxi drivers with religious or other beliefs will be negatively impacted if increases to the minimum fare or tariffs result in fewer people using taxis and drivers' incomes reducing • Taxi drivers with religious or other beliefs would experience a negative impact if the public react negatively to any proposal to increase taxi fares during the coronavirus pandemic and this results in a decline in the number of taxi journeys or people using taxis and drivers' incomes reduce • Taxi drivers with religious or other beliefs may be negatively impacted if increases to taxi fares for journeys to or from Heathrow Airport result in fewer people using taxis and drivers' incomes reducing • Taxi drivers with religious or other beliefs may be negatively impacted if there is no increase to taxi fares for journeys to or from Heathrow Airport but they still have to pay increased costs to use the airport taxi ranks or drop off passengers at the terminals



Protected Characteristic		Explain the potential negative impact
<p>Sexual orientation</p> <p>Whether a person's sexual attraction is towards their own sex or both sexes</p>	<p>Y</p>	<p>Taxi users and Taxicard members</p> <ul style="list-style-type: none"> • LGB taxi users and Taxicard members would be negatively impacted by increases to the minimum fare or tariff rates • LGB taxi users and Taxicard members may experience a negative impact if the total number of licensed taxi drivers reduces because no increase to fares is made, drivers cannot cover increased operating costs and so stop being a taxi driver • LGB taxi users and Taxicard members would be negatively impacted by increases to taxi fares for journeys to or from Heathrow Airport • LGB taxi users and Taxicard members may be negatively impacted if there is no increase to taxi fares for journeys to or from Heathrow Airport and this reduces the availability of taxis or drivers wanting to work at the airport or accept fares to the airport • LGB taxi users and Taxicard members may be disproportionately impacted as LGB Londoners are amongst the groups most likely to be 'worried' about the safety of public transport (31%)³¹ and so could potentially use taxis more often • Some LGB people will have also experienced an incident, such as verbal harassment or physical violence, because they are LGB and so may be more likely to use a taxi instead of travelling with other people or walking. If fares increase they may be unable to afford to use taxis and so may need to use other forms of transport despite not feeling safe <p>Taxi drivers</p> <ul style="list-style-type: none"> • LBG taxi drivers will be negatively impacted if no change to the minimum fare or tariffs is made and they cannot cover increased operating costs • LBG taxi drivers will be negatively impacted if any increase is less than the increase to operating costs and they cannot cover increased operating costs • LBG taxi drivers will be negatively impacted if increases to the minimum fare or tariffs result in fewer people using taxis and drivers' incomes reducing • LBG taxi drivers would experience a negative impact if the public react negatively to any proposal to increase taxi fares during the coronavirus pandemic and this results in a decline in the number of taxi journeys or people using taxis and drivers' incomes reduce • The number of LGB taxi drivers is very low and not representative of the capital's population. A perception that being a taxi driver is

³¹ TfL (2015): 'Travel in London: Understanding our diverse communities'



Protected Characteristic	Explain the potential negative impact
	<p>not an attractive career could deter LGB people from applying to become a taxi driver. Not increasing any of the tariffs despite drivers' operating costs increasing could deter LGB people from applying to become a licensed taxi driver. They could also be deterred from applying to become a taxi driver if the minimum fare or tariffs are increased and this results in the number of taxi journeys or people using taxis declining</p> <ul style="list-style-type: none"> • LBG taxi drivers may be negatively impacted if increases to taxi fares for journeys to or from Heathrow Airport result in fewer people using taxis and drivers' incomes reducing • LBG taxi drivers may be negatively impacted if there is no increase to taxi fares for journeys to or from Heathrow Airport but they still have to pay increased costs to use the airport taxi ranks or drop off passengers at the terminals

Q5. Given the evidence listed in step 2, consider and describe what potential positive impacts this work could have on people related to their protected characteristics?

Protected Characteristic	Explain the potential positive impact
<p>Age</p> <p>A person belonging to a particular age (for example 32-year olds) or range of ages (for example 18 to 30 year olds)</p>	<p>Y</p> <p>Taxi users and Taxicard members</p> <ul style="list-style-type: none"> • All taxi users and Taxicard members would experience a positive impact if the minimum fare or tariffs are not increased but taxi drivers can still cover their operating costs and remain in the taxi trade and this in turn helps to ensure that a certain level of taxi availability is maintained and the public can still access taxi services • All taxi users and Taxicard members would experience a positive impact if there are increases to the minimum fare and tariffs rates and taxi drivers can cover operating costs and remain in the taxi trade. This in turn will help ensure that a certain level of taxi availability is maintained and the public can still access taxi services. However, taxi users and Taxicard members would still be negatively impacted by the fares increasing • All taxi users and Taxicard members would experience a positive impact if freezing fares or making increases encourages more people to apply to become a licensed taxi driver, as they consider this a viable career, and this increases the availability of taxis or reduces wait times



Protected Characteristic		Explain the potential positive impact
		<ul style="list-style-type: none"> • Some older taxi users and Taxicard members may experience a greater positive impact if the minimum fare or tariffs are frozen and they use taxis for short journeys as the fares will not increase • Taxi users and Taxicard members would be positively impacted if there is no increase to taxi fares for journeys to or from Heathrow Airport and this doesn't affect the availability of taxis or wait times • Taxi users and Taxicard members may be positively impacted if taxi fares for journeys to or from Heathrow Airport are increased and taxi drivers continue to work at the airport or accept fares to the airport. However, taxi users and Taxicard members would still be negatively impacted by the fares increasing <p>Taxi drivers</p> <ul style="list-style-type: none"> • All taxi drivers will experience a positive impact if freezing the minimum fare and tariffs results in the number of taxi journeys or people using taxis increasing and drivers' incomes increase • All taxi drivers will experience a positive impact if the minimum fare or tariffs are increased and there is no decline in the number of taxi journeys or people using taxis as this could mean drivers' incomes increase • Taxi drivers may be positively impacted by increases to taxi fares for journeys to or from Heathrow Airport as this will help them cover the increased costs of journeys to and from the airport • Taxi drivers may be positively impacted if there is no increase to taxi fares for journeys to or from Heathrow Airport and the number of people travelling by taxi to or from the airport increases
<p>Disability including carers</p> <p>A person has a disability if she or he has a physical or mental impairment which has a substantial and long-term adverse effect</p>	Y	<p>Taxi users and Taxicard members</p> <ul style="list-style-type: none"> • Disabled taxi users and Taxicard members, plus those who are carers, would experience a positive impact if the minimum fare or tariffs are not increased but taxi drivers can still cover their operating costs and remain in the taxi trade and this in turn helps to ensure that a certain level of taxi availability is maintained and the public can still access taxi services • Disabled taxi users and Taxicard members, plus those who are carers, would experience a positive impact if there are increases to the minimum fare or tariffs rates and taxi drivers

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Protected Characteristic	Explain the potential positive impact
<p>on that person's ability to carry out normal day-to-day activities</p>	<p>can cover operating costs and remain in the taxi trade. This in turn will help ensure that a certain level of taxi availability is maintained and the public can still access taxi services. However, taxi users and Taxicard members would still be negatively impacted by the fares increasing</p> <ul style="list-style-type: none"> • Disabled taxi users and Taxicard members, plus those who are carers, would experience a positive impact if freezing fares or making increases encourages more people to apply to become a licensed taxi driver, as they consider this a viable career, and this increases the availability of taxis or reduces wait times • Some disabled taxi users and Taxicard members, plus those who are carers, may experience a greater positive impact if the minimum fare or, tariffs are frozen and they use taxis for short journeys as the fares will not increase • Taxi users and Taxicard members would be positively impacted if there is no increase to taxi fares for journeys to or from Heathrow Airport and this doesn't affect the availability of taxis or wait times • Taxi users and Taxicard members may be positively impacted if taxi fares for journeys to or from Heathrow Airport are increased and taxi drivers continue to work at the airport or accept fares to the airport. However, taxi users and Taxicard members would still be negatively impacted by the fares increasing <p>Taxi drivers</p> <ul style="list-style-type: none"> • Disabled taxi drivers or those who are carers will experience a positive impact if freezing the minimum fare and tariffs results in the number of taxi journeys or people using taxis increasing and drivers' incomes increase • Disabled taxi drivers or those who are carers will experience a positive impact if the minimum fare or tariffs are increased and there is no decline in the number of taxi journeys or people using taxis as this could mean drivers' incomes increase • Disabled taxi drivers may be positively impacted by increases to taxi fares for journeys to or from Heathrow Airport as this will help them cover the increased costs of journeys to and from the airport • Disabled taxi drivers may be positively impacted if there is no increase to taxi fares for journeys to or from Heathrow Airport



Protected Characteristic		Explain the potential positive impact
		and the number of people travelling by taxi to or from the airport increases
Gender A man, woman or non-binary person	Y	<p>Taxi users and Taxicard members</p> <ul style="list-style-type: none"> Female taxi users and Taxicard members would experience a positive impact if the minimum fare or tariff rates are not increased but taxi drivers can still cover their operating costs and remain in the taxi trade and this in turn helps to ensure that a certain level of taxi availability is maintained and the public can still access taxi services Female taxi users and Taxicard members would experience a positive impact if there are increases to the minimum fare or tariffs and taxi drivers can cover operating costs and remain in the taxi trade. This in turn will help ensure that a certain level of taxi availability is maintained and the public can still access taxi services. However, taxi users and Taxicard members would still be negatively impacted by the fares increasing Female taxi users and Taxicard members plus those who are carers, would experience a positive impact if freezing fares or making increases encourages more people to apply to become a licensed taxi driver, as they consider this a viable career, and this increases the availability of taxis or reduces wait times Female taxi users and Taxicard members may experience a greater positive impact if the minimum fare or, tariffs are frozen and this makes them more likely to use taxis at night and instead of using an unlicensed vehicle or unbooked PHV, or choosing to walk when this is a less safe option Taxi users and Taxicard members would be positively impacted if there is no increase to taxi fares for journeys to or from Heathrow Airport and this doesn't affect the availability of taxis or wait times Taxi users and Taxicard members may be positively impacted if taxi fares for journeys to or from Heathrow Airport are increased and taxi drivers continue to work at the airport or accept fares to the airport. However, taxi users and Taxicard members would still be negatively impacted by the fares increasing <p>Taxi drivers</p> <ul style="list-style-type: none"> Female taxi drivers will experience a positive impact if freezing the minimum fare and tariffs results in the number



Protected Characteristic		Explain the potential positive impact
		<p>of taxi journeys or people using taxis increasing and drivers' incomes increase</p> <ul style="list-style-type: none"> • Female taxi drivers will experience a positive impact if the minimum fare or tariffs are increased and there is no decline in the number of taxi journeys or people using taxis as this could mean drivers' incomes increase • Female taxi drivers may be positively impacted by increases to taxi fares for journeys to or from Heathrow Airport as this will help them cover the increased costs of journeys to and from the airport • Female taxi drivers may be positively impacted if there is no increase to taxi fares for journeys to or from Heathrow Airport and the number of people travelling by taxi to or from the airport increases
<p>Gender reassignment</p> <p>Gender reassignment covers people whose gender identity is different from the gender assigned to them when they were born. To be protected from gender reassignment discrimination a person does not need to have undergone any specific treatment or surgery to change from their birth sex to their preferred gender. They can be at any stage in the transition process – from proposing to reassign their gender, to undergoing a process to reassign</p>	Y	<p>Taxi users and Taxicard members</p> <ul style="list-style-type: none"> • Taxi users and Taxicard members whose gender identity is different from the gender assigned to them when they were born would experience a positive impact if the minimum fare or tariffs are not increased but taxi drivers can still cover their operating costs and remain in the taxi trade and this in turn helps to ensure that a certain level of taxi availability is maintained and the public can still access taxi services • Taxi users and Taxicard members whose gender identity is different from the gender assigned to them when they were born would experience a positive impact if there are increases to the minimum fare or tariffs and taxi drivers can cover operating costs and remain in the taxi trade. This in turn will help ensure that a certain level of taxi availability is maintained and the public can still access taxi services. However, taxi users and Taxicard members would still be negatively impacted by the fares increasing • Taxi users and Taxicard members whose gender identity is different from the gender assigned to them when they were born would experience a positive impact if freezing fares or making increases encourages more people to apply to become a licensed taxi driver, as they consider this a viable career, and this increases the availability of taxis or reduces wait times • Taxi users and Taxicard members whose gender identity is different from the gender assigned to them when they were born may experience a greater positive impact if the minimum fare or, tariffs are frozen and this makes them more likely to use taxis at night and instead of using an

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Protected Characteristic	Explain the potential positive impact
<p>their gender, or having completed it.</p>	<p>unlicensed vehicle or unbooked PHV, or choosing to walk when this is a less safe option</p> <ul style="list-style-type: none"> • Taxi users and Taxicard members whose gender identity is different from the gender assigned to them when they were born would be positively impacted if there is no increase to taxi fares for journeys to or from Heathrow Airport and this doesn't affect the availability of taxis or wait times • Taxi users and Taxicard members whose gender identity is different from the gender assigned to them when they were born may be positively impacted if taxi fares for journeys to or from Heathrow Airport are increased and taxi drivers continue to work at the airport or accept fares to the airport. However, taxi users and Taxicard members would still be negatively impacted by the fares increasing <p>Taxi drivers</p> <ul style="list-style-type: none"> • Taxi drivers whose gender identity is different from the gender assigned to them when they were born will experience a positive impact if freezing the minimum fare and tariffs results in the number of taxi journeys or people using taxis increasing and drivers' incomes increase • Taxi drivers whose gender identity is different from the gender assigned to them when they were born will experience a positive impact if the minimum fare or tariffs are increased and there is no decline in the number of taxi journeys or people using taxis as this could mean drivers' incomes increase • Taxi drivers whose gender identity is different from the gender assigned to them when they were born may be positively impacted by increases to taxi fares for journeys to or from Heathrow Airport as this will help them cover the increased costs of journeys to and from the airport • Taxi drivers whose gender identity is different from the gender assigned to them when they were born may be positively impacted if there is no increase to taxi fares for journeys to or from Heathrow Airport and the number of people travelling by taxi to or from the airport increases



Protected Characteristic		Explain the potential positive impact
<p>Marriage/civil partnership</p> <p>Marriage is a union between a man and a woman or between a same-sex couple</p> <p>Same-sex couples can also have their relationships legally recognised as 'civil partnerships'. Civil partners must not be treated less favourably than married couples (except where permitted by the Equality Act).</p>	<p>Y</p>	<p>Taxi users and Taxicard members</p> <ul style="list-style-type: none"> • Taxi users and Taxicard members who are married or in a civil partnership would experience a positive impact if the minimum fare or tariffs are not increased but taxi drivers can still cover their operating costs and remain in the taxi trade and this in turn helps to ensure that a certain level of taxi availability is maintained and the public can still access taxi services • Taxi users and Taxicard members who are married or in a civil partnership would experience a positive impact if there are increases to the minimum fare or tariffs and taxi drivers can cover operating costs and remain in the taxi trade. This in turn will help ensure that a certain level of taxi availability is maintained and the public can still access taxi services. However, taxi users and Taxicard members would still be negatively impacted by the fares increasing • Taxi users and Taxicard members who are married or in a civil partnership would experience a positive impact if freezing fares or making increases encourages more people to apply to become a licensed taxi driver, as they consider this a viable career, and this increases the availability of taxis or reduces wait times • Taxi users and Taxicard members who are married or in a civil partnership may experience a greater positive impact if the minimum fare or, tariffs are frozen and this makes them more likely to use taxis at night and instead of using an unlicensed vehicle or unbooked PHV, or choosing to walk when this is a less safe option • Taxi users and Taxicard members who are married or in a civil partnership would be positively impacted if there is no increase to taxi fares for journeys to or from Heathrow Airport and this doesn't affect the availability of taxis or wait times • Taxi users and Taxicard members who are married or in a civil partnership may be positively impacted if taxi fares for journeys to or from Heathrow Airport are increased and taxi drivers continue to work at the airport or accept fares to the airport. However, taxi users and Taxicard members would still be negatively impacted by the fares increasing <p>Taxi drivers</p> <ul style="list-style-type: none"> • Taxi drivers who are married or in a civil partnership will experience a positive impact if freezing the minimum fare

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Protected Characteristic		Explain the potential positive impact
		<p>and tariffs results in the number of taxi journeys or people using taxis increasing and drivers' incomes increase</p> <ul style="list-style-type: none"> • Taxi drivers who are married or in a civil partnership will experience a positive impact if the minimum fare or tariffs are increased and there is no decline in the number of taxi journeys or people using taxis as this could mean drivers' incomes increase • Taxi drivers who are married or in a civil partnership may be positively impacted by increases to taxi fares for journeys to or from Heathrow Airport as this will help them cover the increased costs of journeys to and from the airport • Taxi drivers who are married or in a civil partnership may be positively impacted if there is no increase to taxi fares for journeys to or from Heathrow Airport and the number of people travelling by taxi to or from the airport increases
<p>Other – e.g. refugees, low income, homeless people</p>	<p>Y</p>	<p>Taxi users and Taxicard members</p> <ul style="list-style-type: none"> • Taxi users and Taxicard members with a low income would experience a positive impact if the minimum fare or tariffs are not increased but taxi drivers can still cover their operating costs and remain in the taxi trade and this in turn helps to ensure that a certain level of taxi availability is maintained and the public can still access taxi services • Taxi users and Taxicard members with a low income would experience a positive impact if there are increases to the minimum fare or tariffs and taxi drivers can cover operating costs and remain in the taxi trade. This in turn will help ensure that a certain level of taxi availability is maintained and the public can still access taxi services. However, taxi users and Taxicard members would still be negatively impacted by the fares increasing • Taxi users and Taxicard members with a low income, would experience a positive impact if freezing fares or making increases encourages more people to apply to become a licensed taxi driver, as they consider this a viable career, and this increases the availability of taxis or reduces wait times • Taxi users and Taxicard members with a low income would be positively impacted if there is no increase to taxi fares for journeys to or from Heathrow Airport and this doesn't affect the availability of taxis or wait times • Taxi users and Taxicard members with a low income may be positively impacted if taxi fares for journeys to or from Heathrow



Protected Characteristic		Explain the potential positive impact
		<p>Airport are increased and taxi drivers continue to work at the airport or accept fares to the airport. However, taxi users and Taxicard members would still be negatively impacted by the fares increasing</p> <p>Taxi drivers</p> <ul style="list-style-type: none"> • Taxi drivers with a low income will experience a positive impact if freezing the minimum fare and tariffs results in the number of taxi journeys or people using taxis increasing and drivers' incomes increase • Taxi drivers with a low income will experience a positive impact if the minimum fare or tariffs are increased and there is no decline in the number of taxi journeys or people using taxis as this could mean drivers' incomes increase • Taxi drivers with a low income may be positively impacted by increases to taxi fares for journeys to or from Heathrow Airport as this will help them cover the increased costs of journeys to and from the airport • Taxi drivers with a low income may be positively impacted if there is no increase to taxi fares for journeys to or from Heathrow Airport and the number of people travelling by taxi to or from the airport increases
<p>Pregnancy/maternity</p> <p>Pregnancy is the condition of being pregnant or expecting a baby. Maternity refers to the period after the birth, and is linked to maternity leave in the employment context. In the non-work context, protection against maternity discrimination is for 26 weeks after giving birth, and this includes treating a woman unfavourably</p>	Y	<p>Taxi users and Taxicard members</p> <ul style="list-style-type: none"> • Taxi users or Taxicard members who are pregnant or who have recently given birth would experience a positive impact if the minimum fare or tariffs are not increased but taxi drivers can still cover their operating costs and remain in the taxi trade and this in turn helps to ensure that a certain level of taxi availability is maintained and the public can still access taxi services • Taxi users or Taxicard members who are pregnant or who have recently given birth would experience a positive impact if there are increases to the minimum fare or tariffs and taxi drivers can cover operating costs and remain in the taxi trade. This in turn will help ensure that a certain level of taxi availability is maintained and the public can still access taxi services. However, taxi users and Taxicard members would still be negatively impacted by the fares increasing • Taxi users or Taxicard members who are pregnant or who have recently given birth, would experience a positive impact if freezing fares or making increases encourages more people to apply to become a licensed taxi driver, as



Protected Characteristic		Explain the potential positive impact
because she is breastfeeding.		<p>they consider this a viable career, and this increases the availability of taxis or reduces wait times</p> <ul style="list-style-type: none"> • Taxi users or Taxicard members who are pregnant or who have recently given birth would be positively impacted if there is no increase to taxi fares for journeys to or from Heathrow Airport and this doesn't affect the availability of taxis or wait times • Taxi users or Taxicard members who are pregnant or who have recently given birth may be positively impacted if taxi fares for journeys to or from Heathrow Airport are increased and taxi drivers continue to work at the airport or accept fares to the airport. However, taxi users and Taxicard members would still be negatively impacted by the fares increasing <p>Taxi drivers</p> <ul style="list-style-type: none"> • Taxi drivers who are pregnant or who have recently given birth will experience a positive impact if freezing the minimum fare and tariffs results in the number of taxi journeys or people using taxis increasing and drivers' incomes increase • Taxi drivers who are pregnant or who have recently given birth will experience a positive impact if the minimum fare or tariffs are increased and there is no decline in the number of taxi journeys or people using taxis as this could mean drivers' incomes increase • Taxi drivers who are pregnant or who have recently given birth may be positively impacted by increases to taxi fares for journeys to or from Heathrow Airport as this will help them cover the increased costs of journeys to and from the airport • Taxi drivers who are pregnant or who have recently given birth may be positively impacted if there is no increase to taxi fares for journeys to or from Heathrow Airport and the number of people travelling by taxi to or from the airport increases
<p>Race</p> <p>Refers to the protected characteristic of race. It refers to a group of people defined by their race, colour, and nationality (including</p>	Y	<p>Taxi users and Taxicard members</p> <ul style="list-style-type: none"> • Black, Asian and minority ethnic taxi users or Taxicard members would experience a positive impact if the minimum fare or tariffs are not increased but taxi drivers can still cover their operating costs and remain in the taxi trade and this in turn helps to ensure that a certain level of taxi availability is maintained and the public can still access taxi services • Black, Asian and minority ethnic taxi users or Taxicard members would experience a positive impact if there are

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Protected Characteristic	Explain the potential positive impact
<p>citizenship) ethnic or national origins</p>	<p>increases to the minimum fare or tariffs and taxi drivers can cover operating costs and remain in the taxi trade. This in turn will help ensure that a certain level of taxi availability is maintained and the public can still access taxi services. However, taxi users and Taxicard members would still be negatively impacted by the fares increasing</p> <ul style="list-style-type: none"> • Black, Asian and minority ethnic taxi users or Taxicard members, would experience a positive impact if freezing fares or making increases encourages more people to apply to become a licensed taxi driver, as they consider this a viable career, and this increases the availability of taxis or reduces wait times • Some Black, Asian and minority ethnic taxi users and Taxicard members may experience a greater positive impact if the minimum fare or, tariffs are frozen and they use taxis for short journeys as the fares will not increase • Some Black, Asian and Minority Ethnic taxi users and Taxicard members may prefer to use taxis because they feel less safe using public transport. They may experience a positive impact if the minimum fare and tariffs are frozen and fares do not increase • Black, Asian and minority ethnic taxi users and Taxicard members would be positively impacted if there is no increase to taxi fares for journeys to or from Heathrow Airport and this doesn't affect the availability of taxis or wait times • Black, Asian and minority ethnic taxi users and Taxicard members may be positively impacted if taxi fares for journeys to or from Heathrow Airport are increased and taxi drivers continue to work at the airport or accept fares to the airport. However, taxi users and Taxicard members would still be negatively impacted by the fares increasing <p>Taxi drivers</p> <ul style="list-style-type: none"> • Black, Asian and minority ethnic taxi drivers will experience a positive impact if freezing the minimum fare and tariffs results in the number of taxi journeys or people using taxis increasing and drivers' incomes increase • Black, Asian and minority ethnic taxi drivers will experience a positive impact if the minimum fare or tariffs are increased and there is no decline in the number of taxi journeys or people using taxis as this could mean drivers' incomes increase

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Protected Characteristic		Explain the potential positive impact
		<ul style="list-style-type: none"> • Black, Asian and minority ethnic taxi drivers may be positively impacted by increases to taxi fares for journeys to or from Heathrow Airport as this will help them cover the increased costs of journeys to and from the airport • Black, Asian and minority ethnic taxi drivers may be positively impacted if there is no increase to taxi fares for journeys to or from Heathrow Airport and the number of people travelling by taxi to or from the airport increases
<p>Religion or belief</p> <p>Religion has the meaning usually given to it but belief includes religious and philosophical beliefs including lack of belief (such as Atheism). Generally, a belief should affect your life choices or the way you live for it to be included in the definition</p>	Y	<p>Taxi users and Taxicard members</p> <ul style="list-style-type: none"> • Taxi users or Taxicard members with religious or other beliefs would experience a positive impact if the minimum fare or tariffs are not increased but taxi drivers can still cover their operating costs and remain in the taxi trade and this in turn helps to ensure that a certain level of taxi availability is maintained and the public can still access taxi services • Taxi users or Taxicard members with religious or other beliefs would experience a positive impact if there are increases to the minimum fare or tariffs and taxi drivers can cover operating costs and remain in the taxi trade. This in turn will help ensure that a certain level of taxi availability is maintained and the public can still access taxi services. However, taxi users and Taxicard members would still be negatively impacted by the fares increasing • Taxi users or Taxicard members with religious or other beliefs would experience a positive impact if freezing fares or making increases encourages more people to apply to become a licensed taxi driver, as they consider this a viable career, and this increases the availability of taxis or reduces wait times • Some taxi users or Taxicard members with religious or other beliefs may experience a greater positive impact if the minimum fare or tariffs are frozen and they use taxis for short journeys as the fares will not increase • Some taxi users or Taxicard members with religious or other beliefs may prefer to use taxis because they feel less safe using public transport. They may experience a positive impact if the minimum fare and tariffs are frozen and fares do not increase • Taxi users or Taxicard members with religious or other beliefs would be positively impacted if there is no increase to taxi fares for journeys to or from Heathrow Airport and this doesn't affect the availability of taxis or wait times



Protected Characteristic		Explain the potential positive impact
		<ul style="list-style-type: none"> Taxi users or Taxicard members with religious or other beliefs may be positively impacted if taxi fares for journeys to or from Heathrow Airport are increased and taxi drivers continue to work at the airport or accept fares to the airport. However, taxi users and Taxicard members would still be negatively impacted by the fares increasing <p>Taxi drivers</p> <ul style="list-style-type: none"> Taxi drivers with religious or other beliefs will experience a positive impact if freezing the minimum fare and tariffs results in the number of taxi journeys or people using taxis increasing and drivers' incomes increase Taxi drivers with religious or other beliefs will experience a positive impact if the minimum fare or tariffs are increased and there is no decline in the number of taxi journeys or people using taxis as this could mean drivers' incomes increase Taxi drivers with religious or other beliefs may be positively impacted by increases to taxi fares for journeys to or from Heathrow Airport as this will help them cover the increased costs of journeys to and from the airport Taxi drivers with religious or other beliefs may be positively impacted if there is no increase to taxi fares for journeys to or from Heathrow Airport and the number of people travelling by taxi to or from the airport increases
<p>Sexual orientation</p> <p>Whether a person's sexual attraction is towards their own sex or both sexes</p>	Y	<p>Taxi users and Taxicard members</p> <ul style="list-style-type: none"> LGB taxi users or Taxicard members would experience a positive impact if the minimum fare or tariffs are not increased but taxi drivers can still cover their operating costs and remain in the taxi trade and this in turn helps to ensure that a certain level of taxi availability is maintained and the public can still access taxi services LGB taxi users or Taxicard members would experience a positive impact if there are increases to the minimum fare or tariffs and taxi drivers can cover operating costs and remain in the taxi trade. This in turn will help ensure that a certain level of taxi availability is maintained and the public can still access taxi services. However, taxi users and Taxicard members would still be negatively impacted by the fares increasing Some LGB taxi users or Taxicard members would experience a positive impact if freezing fares or making



Protected Characteristic	Explain the potential positive impact
	<p>increases encourages more people to apply to become a licensed taxi driver, as they consider this a viable career, and this increases the availability of taxis or reduces wait times</p> <ul style="list-style-type: none"> • Some LGB taxi users or Taxicard members may experience a greater positive impact if the minimum fare or, tariffs are frozen and they use taxis for short journeys as the fares will not increase • Some LGB taxi users or Taxicard members may prefer to use taxis because they feel less safe using public transport. They may experience a positive impact if the minimum fare and tariffs are frozen and fares do not increase • LGB taxi users or Taxicard members would be positively impacted if there is no increase to taxi fares for journeys to or from Heathrow Airport and this doesn't affect the availability of taxis or wait times • LGB taxi users or Taxicard members may be positively impacted if taxi fares for journeys to or from Heathrow Airport are increased and taxi drivers continue to work at the airport or accept fares to the airport. However, taxi users and Taxicard members would still be negatively impacted by the fares increasing <p>Taxi drivers</p> <ul style="list-style-type: none"> • LGB taxi drivers will experience a positive impact if freezing the minimum fare and tariffs results in the number of taxi journeys or people using taxis increasing and drivers' incomes increase • LGB taxi drivers will experience a positive impact if the minimum fare or tariffs are increased and there is no decline in the number of taxi journeys or people using taxis as this could mean drivers' incomes increase • LGB taxi drivers may be positively impacted by increases to taxi fares for journeys to or from Heathrow Airport as this will help them cover the increased costs of journeys to and from the airport • LGB taxi drivers may be positively impacted if there is no increase to taxi fares for journeys to or from Heathrow Airport and the number of people travelling by taxi to or from the airport increases

Step 4: Consultation

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Q6. How has consultation with those who share a protected characteristic informed your work?

List the groups you intend to consult with or have consulted and reference any previous relevant consultation? ³²	If consultation has taken place what issues were raised in relation to one or more of the protected characteristics?
Taxi driver associations	<p>Meetings have been held with the Licensed Cab Drivers Club (LCDC), London Taxi Drivers Association (LTDA), RMT, United Cabbies Group (UCG) and Unite the Union.</p> <p>The main points they have raised are:</p> <ul style="list-style-type: none"> • Concerns about delays with taxi fares and tariffs being reviewed and increased, despite drivers' operating costs increasing • Taxi vehicle costs have been increased and the ZEC taxis are more expensive but taxi fares and tariffs have still not been increased • The Cost Index should continue to be used to provide figures for changes to drivers' operating costs and average national earnings • They accept that fares and tariffs should not have been increased during the early part of the coronavirus emergency but do not understand why there have since been delays to consulting on proposals • The existing Heathrow Extra should be increased by 80 pence (£2.80 to £3.60) • They are opposed to the 100% discount being removed and London taxi drivers having to pay the Heathrow Airport TDOC. They have said that if London taxi drivers have to pay the TDOC they want to be able to add the full value (£5.00) to taxi fares • They are frustrated that HAL have previously suggested that taxi drivers could just add extra costs to the metered fare as they do for additional passengers or luggage. Only extra charges authorised by TfL can be added to taxi fares and the extra charges for additional passengers and luggage were removed in 2003 <p>Concerns were also previously raised about the following items:</p> <ul style="list-style-type: none"> • The impact on drivers' incomes from any increases which are lower than the Cost Index figure

³² This could include our staff networks, the Independent Disability Advisory Group, the Valuing People Group, local minority groups etc.



	<ul style="list-style-type: none"> • The focus on competition as the taxi driver associations feel that there is unfair competition from the private hire industry with some PHV fares being artificially low • The pressure on taxi drivers with low incomes could increase if fares rise and this results in a decline in the number of taxi journeys or people using taxis • The minimum fare and rates for some tariffs are competitive and the problem of fares being considered too expensive is not due to previous relatively small increases to the minimum fare or tariff rates but is a result of: <ul style="list-style-type: none"> ○ Increased congestion and delays resulting in increased journey times ○ A reduction in road space capacity ○ The reallocation of road space ○ Restrictions on access for taxis ○ Increased journey distances • Some taxi drivers have experienced a reduction in their income because of the coronavirus pandemic and the measures being taken to tackle this. There has been a decrease in taxi demand and journeys and people using taxis as a result of: <ul style="list-style-type: none"> ○ Fewer people going out ○ Fewer tourists coming to London ○ More people working from home ○ Events being cancelled • Some drivers may be diagnosed with coronavirus and others may need to self-isolate and they will be unable to work • The impact from the coronavirus pandemic combined with other negative impacts identified could be very severe for some taxi users, Taxicard members and taxi drivers <p>All licensed taxi drivers will be emailed to make them aware of the consultation. The consultation will also be promoted to taxi drivers through the weekly email updates sent to drivers and the TfL Taxi and Private Hire Twitter Account.</p>
<p>The London Suburban Taxi Coalition (LSTC)</p> <p>(The LSTC represent suburban taxi drivers)</p>	<p>The LSTC will be advised of the consultation and invited to respond or let us know of any concerns they have.</p>



Accessibility/disability organisations and stakeholders	The consultation will be sent to accessibility/disability organisations and stakeholders so as they can respond.
London Councils (London Councils respond on issues affecting Taxicard members)	London Councils has raised concerns about increases to the minimum fare and the impact on Taxicard members and also the impact on Taxicard funding from fare increases. The introduction of capped fares for Taxicard journeys has helped partly mitigate some impacts and provides Taxicard members with certainty about the fare they will pay and this is something they had requested. Meetings between TfL, London Councils and City Fleet are held to discuss taxi fares, potential changes and the impacts on Taxicard members and taxi drivers. Ideas to improve the supply of taxis and also access to Taxicard work for drivers are also discussed.
Suzy Lamplugh Trust (SLT) (An organisation who aim to reduce the risk of violence and aggression through campaigning, education and support) Other relevant organisations and stakeholders	The SLT and other relevant organisations and stakeholders will be advised of the consultation and invited to respond or let us know if they have any concerns.
Taxi booking companies	Computer Cab/City Fleet, FREE NOW and Gett have been advised of the consultation.

1 March 2022

Some stakeholders raised concerns about the impact on disabled or elderly taxi users, or Taxicard members if taxi fares and tariffs were increased. Below is a summary of the stakeholders' comments.

Action Disability Kensington and Chelsea (ADKC)

TfL was invited to attend the ADKC meeting to discuss the taxi fares consultation, the consultation questions and the potential impacts of any changes. The meeting was also attended by Kensington and Chelsea Council.

Points raised during the meeting included:

- If taxi fares and tariffs are increased what will be the impact on Taxicard fares



- What do the different options mean in terms of actual fares paid
- Can drivers refuse certain fares
- Could a lower tariff rate be introduced for disabled people
- Could ADKC be advised of the proposed recommendations as soon as possible so as they can discuss these at their upcoming mobility forum meeting

Age UK (Hillingdon, Harrow and Brent)

Age UK (Hillingdon, Harrow and Brent) thought:

- The minimum fare was about right
- Taxi fares during the weekday daytime (Tariff 1) - Monday to Friday 05:00-20:00 were much too expensive
- Taxi fares during the weekday evenings (Tariff 2) - Monday to Friday 20:00-22:00 were much too expensive
- Taxi fares during the weekend daytime (Tariff 2) - Saturday and Sunday 05:00-22:00 were much too expensive
- Taxi fares late at night (Tariff 3) - Every night 22:00-05:00 were much too expensive
- Taxi fares on public holidays (Tariff 3) were much too expensive
- Taxi fares for journeys over six miles (Tariff 4) were much too expensive

When rating the value for money of taxi (black cab) fares in London on a scale of zero (extremely poor value for money) to 10 (extremely good value for money), Age UK (Hillingdon, Harrow and Brent) gave a rating of zero.

For the options on fares and tariffs, Age UK (Hillingdon, Harrow and Brent):

- Fully supported Option 1
- Fully opposed Option 2
- Fully opposed Option 3

Age UK (Hillingdon, Harrow and Brent) said the Heathrow Extra should be frozen.

Age UK (Hillingdon, Harrow and Brent) said there should not be an extra charge taxi passengers pay when being dropped off at one of the terminals (to help taxi drivers cover the cost of the Terminal Drop Off Charge introduced by Heathrow Airport Limited).

Age UK (Hillingdon, Harrow and Brent) said taxis are really the least value for money transport option available in London and they are far too expensive for the respondent. They were aware that many disabled people use taxis because of their increased disability access. They did not however see how increasing the cost of an already very expensive service – for which the user does not know up front what the cost will be – will help.

Islington Council

Islington Council said increased black cab taxi tariffs and fares will negatively impact disabled Taxicard scheme users by increasing the total costs of their journeys. They added that the Taxicard scheme gives disabled people who are not able to easily and conveniently access public transport the much needed independence and mobility to get



around the city, that the scheme is highly valued, and that last year an Islington user described the service as “a godsend.”

Islington Council said that the review does not mention how increased costs might be managed for disabled Taxicard Scheme users. They said Option 2 or Option 3 will cause negative impacts for Taxicard Scheme users who possess protected characteristics. They also said that Taxicard users will need to use more of their own funds to make longer trips, or choose destinations closer to home.

Islington Council stated that London Councils increased the cost of the Taxicard Scheme in Summer 2021, costing both Taxicard scheme users and the council 50 pence extra per journey. They said that increased costs proposed as part of Option 2 and Option 3 should consider this recent Taxicard scheme fee increase, how additional costs will affect disabled Taxicard Scheme users and how this can be mitigated.

Islington Council said the review is silent on the ability for Taxicard users to double-swipe so that users can apply two trip subsidies for one trip, and this was hard-lobbied for by Islington residents and disabled groups. Islington Council said they would like to reiterate that the practice of double-swiping should be safeguarded.

Speak Out in Hounslow

Speak Out in Hounslow submitted a response on behalf of some of their members and said:

- The minimum fare was too much
- Tariff 1 (Monday to Friday 05:00-20:00) was fair
- Tariff 2 (Monday to Friday 20:00-22:00) was too much
- Tariff 2 (Saturday and Sunday 05:00-22:00) was too much
- Tariff 3 (Every night 22:00-05:00) was too much
- Tariff 3 (public holidays) was too much
- Tariff 4 (journeys over six miles) was too much

For the options on fares and tariffs, they thought:

- Option 1 would be good
- Option 2 would be bad
- Option 3 would be bad

They said the Heathrow Extra should be stopped and that passengers should not pay an extra charge when being dropped off at Heathrow Airport.

They also made the following comments:

- The current fares are quite high, especially for passengers who are disabled or on benefits
- The new fares are quite high
- Black cab drivers should not have to pay the Heathrow charges

Trade Tariff Team

The London Cab Drivers Club (LCDC), Licensed Taxi Drivers Association (LTDA), RMT, Unite and United Cabbies Group (UCG) submitted a joint response. Their response included the following comments with regards to disabled and elderly taxi users:

Ability of the disabled and elderly to afford taxis

- If affordability is affected by rising taxi fares and is problematic then one way to solve this is to reduce regulatory cost. If some regulatory costs were reduced or removed and the Cost Index adhered to, taxi fares would reduce automatically for vulnerable groups and taxi users in general
- An example is the introduction of the TXe taxi. In the 2019 tariff adjustment alone this would add 1.24 per cent to taxi fares to maintain real fares at a constant level
- Alternatively, if it is only the ability to pay of vulnerable groups that are of concern then a subsidy is required. However, it would be unfair to place the burden of this subsidy on taxi drivers alone by restricting fare increases to below that indicated by the Cost Index
- A much fairer system would be to fund fare subsidies from the public purse or failing that pursue a way of increasing fares for the taxi travelling community and transfer that excess revenue to subsidise the fares of vulnerable taxi users
- Perhaps access may be a more important factor in making fares affordable for the elderly, infirm and disabled than a tariff increase. Schemes that restrict taxi access (e.g. low traffic neighbourhoods (LTNs), Bank Junction, certain bus lanes) increase journey times and by doing so increase taxi fares. An example is a trip from Moorfields Eye Hospital to the nearby Islington LTN, the fare could easily be doubled for someone who needs a door to door service as opposed to someone who can be set down at a barrier a few metres from their destination

Unite the Union

Unite the Union submitted the same comments as those made by the Trade Tariff Team.

UCG

The UCG also made the following comments with regards to disabled taxi users:

The UCG said the key mitigation to limit negative impacts on taxi users and drivers is to ensure access is made for the publicly hired 100 per cent wheelchair taxi fleet to have access to roads. They said that TfL's own policies mean passenger fares are increasing because decisions have been taken to restrict taxis from going the shortest route from A to B. They added that many are TfL and borough schemes, these include multiple low traffic neighbourhoods (LTNs) and schemes such as Tottenham Court Road (TCR) which attempt to safeguard TfL bus revenue, and are fully supported and sanctioned by TfL and increase passengers' costs.

The UCG stated that licensing excessive numbers of app based PHV operators and drivers increases traffic which also has a knock on in passenger fares due to the traffic and extra traffic they create.

They said that TfL and other highway authorities have in effect now set aside the access needs of older and disabled people in favour of all of those that might cycle or potentially cycle in the future. They also said that estimates of a 10-fold increase in cycling have not manifested.

The UCG said this has meant that instead of worrying about the access needs of older and disabled people getting on and off the bus, being able to access and safely enter or exit a taxi at the kerbside, TfL has been able to mix it up, and balance off the needs of any group that TfL views as under-represented in the demographics of cycling.

The UCG said that legislation such as the Equalities Act 2010 which was designed to advance the needs of all those with protected characteristics who use a publicly hired service such as a bus or taxi, has been manipulated as a TfL trade off. They said this is clearly wrong and has a detrimental impact on taxi passengers who are disproportionately impacted by surface transport decisions.

Q7. Where relevant, record any consultation you have had with other projects / teams who you are working with to deliver this piece of work. This is really important where the mitigations for any potential negative impacts rely on the delivery of work by other teams.

- We've been working with TfL's Assisted Transport Services Team (plus London Councils and City Fleet) to see how services can be improved for Taxicard members, impacts mitigated and more drivers can access Taxicard work

Step 5: Informed Decision-Making

Q8. In light of the assessment now made, what do you propose to do next?

Please select one of the options below and provide a rationale (for most EqIAs this will be box 1). Please remember to review this as and when the piece of work changes

1. Change the work to mitigate against potential negative impacts found	
2. Continue the work as is because no potential negative impacts found	



<p>3. Justify and continue the work despite negative impacts (please provide justification)</p>	<p>2 November 2021</p> <ul style="list-style-type: none"> • We're planning to proceed with the consultation • Once the consultation has closed we will review all of the responses received and consider the positive and negative impacts identified • Recommendations will then be prepared and any recommended changes will be submitted to TfL's Finance Committee for consideration. They will also be provided with the EqIA <p>24 February 2022</p> <p>After reviewing all of the responses to the consultation and considering the issues raised, including the alternative proposal put forward by the taxi driver representatives, and the positive and negative impacts identified, we are making the following recommendations to the TfL Finance Committee:</p> <ul style="list-style-type: none"> • Increase the minimum fare by 60 pence, from £3.20 to £3.80 • Increasing Tariffs 1 and 2 by 5.51 per cent • Freeze Tariffs 3 and 4 • Increase the maximum Heathrow Extra from £2.80 to £3.60 • Introduce of a new Heathrow drop off charge which taxi drivers can add to the fare when dropping off passengers in one of the terminal drop-off zones at Heathrow Airport • The new drop-off charge not applying to a journey when an exemption or discount from the Heathrow Terminal Drop Off Charge has been issued by Heathrow Airport Limited to the taxi for that journey • The new Heathrow drop off charge being a maximum of £5.20 <p>The paper submitted to the Finance Committee sets out our reasons for making these recommendations.</p>
<p>4. Stop the work because discrimination is unjustifiable and no obvious ways to mitigate</p>	



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Step 6: Action Planning

Q9. You must address any negative impacts identified in step 3 and 4. Please demonstrate how you will do this or record any actions already taken to do this. Please remember to add any positive actions you can take that further any positive impacts identified in step 3 and 4.

Action	Due	Owner
<p>Taxicard</p> <p>Continue working with the Assisted Transport Services Team, London Councils and City Fleet (who have the Taxicard contract) to discuss and implement actions to improve the Taxicard service for members and improve the supply of taxis</p>	Ongoing	TfL Taxi and Private Hire
<p>Taxi trade associations, taxi drivers and taxi companies</p> <p>Continue to review taxi fares and tariffs to see if changes can be made which achieve the balance of ensuring drivers can continue to cover their costs and maintain a certain income but also avoiding fares being excessively high or a barrier to people using taxis.</p> <p>This will involve meetings with the trade associations and taxi booking companies plus research (CSS) amongst taxi drivers and users.</p>	Ongoing	TfL Taxi and Private Hire

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Action	Due	Owner
<p>The taxi trade associations will be advised of the consultation so as they can respond and make their members aware of this.</p>	TBC	TfL Taxi and Private Hire
<p>Emails with links to the consultation will be sent to taxi drivers we hold email addresses for.</p>	TBC	TfL Taxi and Private Hire
<p>Taxi users, accessibility groups and passenger groups</p> <p>The consultation will be promoted to taxi users via the TfL page in the Metro.</p> <p>The consultation will be sent to the SLT and other organisations so as they can respond in order to gain feedback on how this may affect the groups that they work with.</p> <p>We will contact London TravelWatch to inform them of the consultation and seek their views.</p> <p>We will continue to review taxi fares and tariffs to see if changes can be made which achieve the balance of ensuring drivers can continue to cover their costs and maintain a certain income but also avoiding fares being excessively high or a barrier to people using taxis.</p> <p>Funding for specific research to help address some gaps in our knowledge about taxi users, what they think of taxi fares and how changes affect them is not currently available.</p> <p>The taxi fares and tariffs consultation will be sent to accessibility and disability</p>	TBC	TfL Taxi and Private Hire

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Action	Due	Owner
<p>groups we hold email addresses for (e.g. Age UK, Guide Dogs, RNIB, etc).</p> <p>The consultation is promoted on the TfL TPH Twitter account.</p>		
<p>Other transport options</p> <p>Other transport options will be available for some people including booked PHVs, buses, the Tube, cycling or walking.</p> <p>Night Tube services are restarting on the Central and Victoria lines on 27 November 2021. Services on the other Night Tube lines will restart as soon as possible.</p> <p>The Elizabeth Line (Crossrail) is due to open in the first half of 2022 and some people will be able to use this to travel to or from Heathrow Airport.</p>	Ongoing	TfL
<p>Heathrow Airport TDOC</p> <p>Blue Badge holders are eligible for a 100% discount from the TDCO so could apply for this when taking a taxi to the airport, provide the driver with confirmation of the discount and then ask them not to add any extra to the taxi fare, if an extra charge was approved.</p>	Ongoing	TfL Taxi and Private Hire

Step 7: Sign off

Signed off by	EQIA Author	TfL Taxi and Private Hire
	Signature	Date 02/11/2021
	EQIA Superuser	TfL IDAG
	Signature	Date 12/211/2021

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	Senior accountable person	TfL Taxi and Private Hire
	Signature	11/11/2021
	Diversity & Inclusion Team Representative	Name Job title
	Signature	Date

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Review of London Taxi (Black Cab) Fares and Tariffs 2021

Impact assessments

Impact assessments

Document history

Version	Date	Summary of changes
V1	8 December 2021	<ul style="list-style-type: none"> • First version • Published with taxi fares consultation (https://haveyoursay.tfl.gov.uk/taxi-fares-2021)
V2	24 February 2022	<ul style="list-style-type: none"> • Document history added • Recommendations section added

Purpose

This document provides information about the potential impacts. We've considered the following:

- Health and safety, including crime and disorder, impacts
- Economic impacts
- Environmental impacts
- Impacts in relation to the protection of children and vulnerable adults
- Equality impacts – a summary of the equality impacts is included below and there is a separate equality impact assessment (EqIA) document

Health and safety, including crime and disorder, impacts

TfL is subject to [Section 17 of the Crime and Disorder Act 1998](#). This places a duty on public authorities to give due regard to the likely effect on crime, disorder, anti-social behaviour and substance misuse in the exercising of all its functions, and to do all that it reasonably can to prevent crime and disorder.

Licensed taxis play an important role in providing safer transport, especially late at night, and it is important that:

- There is a sufficient supply of taxis to meet demand
- The public do not perceive taxis as too expensive or unaffordable and instead use unlicensed vehicles or unbooked private hire vehicles (PHVs), or walk when this is could be a less safe option
- The public are able to get a taxi when they want to travel at night and do not face unacceptably long wait times

Item	Potential negative impacts	Potential positive impacts
Taxi fares and tariffs	<p>No change to the minimum fares or tariffs</p> <ul style="list-style-type: none"> • Some people travelling late at night will experience a negative 	<p>No change to minimum fares or tariffs</p> <ul style="list-style-type: none"> • There could be a positive impact for people travelling late at night

Item	Potential negative impacts	Potential positive impacts
	<p>impact as they may already consider taxis too expensive and so freezing Tariff 3 will not persuade them to consider using a taxi instead of using an unlicensed vehicle or unbooked PHV, or choosing to walk when this could be a less safe option</p> <ul style="list-style-type: none"> • Not increasing the minimum fare or tariffs despite drivers' operating costs increasing could mean drivers stop working at night or stop being a taxi driver. It could also deter people from applying to become a licensed taxi driver. This could reduce the supply of available taxis at night and people travelling late at night may experience a negative impact • A reduction in the supply of available taxis or longer wait times for a taxi could mean that some people are more likely to consider using an unlicensed vehicle or unbooked PHV, or choosing to walk when this could be a less safe option • Longer wait times could also mean that people are more vulnerable for longer periods, especially at night • People who use taxis more often or are reliant on them (e.g. disabled people, older people, etc.) may be disproportionately negatively impacted 	<p>as the taxi fares they pay won't increase</p> <ul style="list-style-type: none"> • If the number of people using taxis at night increases this could encourage more drivers to work at night and increase the supply of available taxis or reduce wait times • An increase in the number of people using taxis at night could help taxi drivers who work at night cover increased operating costs • An increase in the number of people using taxis at night could mean incomes increase for taxi drivers who work at night
	<p>Increasing the minimum fare or tariffs</p> <ul style="list-style-type: none"> • Taxi users travelling late at night will experience a negative impact as increasing the minimum fare or tariffs will mean they pay higher fares. This could make them more likely to use an unlicensed vehicle or unbooked PHV, or choosing to walk when this could be a less safe option 	<p>Increasing the minimum fare or tariffs</p> <ul style="list-style-type: none"> • Taxi drivers may experience a positive impact, with their health and wellbeing positively affected, as increases to the minimum fares or tariffs may help them cover increased operating costs. Increases to the minimum fares and tariffs could also mean their

Item	Potential negative impacts	Potential positive impacts
	<ul style="list-style-type: none"> • Taxi drivers may experience a negative impact, with their health and wellbeing negatively affected, as increases to the minimum fare or tariffs may deter people from using taxis and drivers may struggle to cover increased operating costs or may have to work longer • People who use taxis more often or are reliant on them (e.g. disabled people, older people, etc.) may be disproportionately negatively impacted • Taxicard members' health and wellbeing may be negatively impacted as they may be more reliant on taxis but increases to the minimum fare or tariffs could mean they cannot travel as often. This could increase the risk of them feeling isolated or being unable to get out • As a result of the coronavirus pandemic there could be new health and safety arrangements to consider when updating some taximeters to ensure that the virus is not spread or that staff updating the taximeters do not contract the virus. This should not be a risk with taximeters that can be updated remotely or by posting out new sim cards with the new tariff information on 	<p>income increases and they can work fewer hours</p> <ul style="list-style-type: none"> • Taxi users and Taxicard members may experience a positive impact if increasing the minimum fare or tariffs means that taxi drivers continue to work or the number of people applying to become a taxi driver increases. This could help ensure that taxis are available when users want to travel or wait times are reduced
Heathrow Extra	<ul style="list-style-type: none"> • Taxi users taking a taxi from one of the taxi ranks at the airport would experience a negative impact if the Heathrow Extra is increased as it would mean the fare they pay increases. This could encourage some people to consider using a less safe option (e.g. unlicensed vehicle or unbooked PHV) when travelling from the airport 	<ul style="list-style-type: none"> • Taxi users taking a taxi from one of the taxi ranks at the airport may experience a positive impact if the Heathrow Extra is increased and this means that taxi drivers continue to work at the airport and there continues to be a good supply of taxis available • Taxi drivers who work at the airport may experience a positive impact, with their health and wellbeing positively affected, as

Item	Potential negative impacts	Potential positive impacts
	<ul style="list-style-type: none"> Taxi drivers who work at the airport may experience a negative impact, with their health and wellbeing negatively affected, as increasing the Heathrow Extra could deter people from taking a taxi from the airport and drivers' incomes could reduce 	<p>increasing the Heathrow Extra may help them cover increased operating costs</p>
<p>Potential new Heathrow charge (TDOC)</p>	<ul style="list-style-type: none"> Taxi users taking a taxi to the airport would experience a negative impact if a new charge is introduced as it would mean the fare they pay increases if they are dropped off at one of the terminals. This could encourage some people to consider using a less safe option (e.g. unlicensed vehicle or unbooked PHV) when travelling to the airport Taxi drivers who accept fares to the airport may experience a negative impact, with their health and wellbeing negatively affected, as introducing a new charge could deter people from taking a taxi to the airport and drivers' incomes could reduce 	<ul style="list-style-type: none"> Taxi users taking a taxi to the airport may experience a positive impact if a new charge is introduced and this means that taxi drivers continue to accept jobs to the airport Taxi drivers who accept fares to the airport may experience a positive impact, with their health and wellbeing positively affected, as introducing a new charge may help them cover increased operating costs

Economic impacts

The main economic impacts from any changes to taxi fares and tariffs are on:

- The fares taxi users pay
- Taxicard members and funding for the scheme
- Taxi drivers' incomes
- Taxi drivers' ability to cover their operating costs

The overall impact of the fares and tariffs options may be positive if it results in users paying lower fares or taxi drivers' incomes increasing. However, the impacts could be negative as it could lead to users paying more or drivers struggling to cover increased operating costs.

Increasing the minimum fare or tariffs will mean that some users pay more. Disabled and elderly residents, and some visitors to London may use taxis more often or be more reliant on them. These groups may be disproportionately negatively impacted by any increases in fares.

Members of the Taxicard scheme, which provides subsidised taxi travel for disabled Londoners and is funded by TfL and the London boroughs, would normally be affected by any increase to the minimum fare or tariff rates. Any increases to taxi fares can potentially result in members not being able to make as many trips unless funding for the Taxicard scheme is increased.

From 1 January 2019 capped fares for Taxicard journeys were introduced so members would have more certainty about their fare and be less severely affected by increases in taxi fares.¹ Taxicard members will be affected if taxi drivers are less willing to accept Taxicard jobs because they dislike the capped fares being charged and the difference between these and the metered fares increases. Following the introduction of the capped fares some Taxicard jobs were not being accepted as taxi drivers considered the capped fares too low. Changes were made to the fares drivers receive and they now receive either the capped fare or 90 per cent of the metered fare, whichever is higher. The feedback following this change has been positive but this continues to be monitored with City Fleet, who have the contract to provide the Taxicard service, and London Councils.

Taxicard users would be negatively impacted by increases to the minimum fare or tariff rates as this would mean taxi fares increasing for journeys where the fare is still below the capped fare level. They could be disproportionately impacted by increases to the minimum fare if they use taxis for short journeys.

Stakeholder feedback suggests that an increasing proportion of each taxi fare is based on time and they report that this is primarily due to increased congestion in London, falling traffic speeds, changes to roads or road closures. If journey times are increasing then increasing the time rate of any of the tariffs may have a greater impact on fares and mean users paying more.

Taxi drivers may already be experiencing a negative economic impact from the coronavirus pandemic. Drivers' incomes may be impacted as a result of a decline in the number of taxi journeys and people using taxis because:

- Fewer people are going out
- Fewer tourists are coming to London
- More people are working from home
- Events have been cancelled

The economic impact may be greater if the coronavirus pandemic continues and there is a negative reaction from taxi users or Taxicard members to taxi fares potentially being increased during the pandemic.

The economic impact on some taximeter companies may be more severe than normal if they may need to put in additional measures to be able to safely update taximeters and reduce the risk of staff catching coronavirus.

¹ London Councils press release, 14 December 2018, <https://www.londoncouncils.gov.uk/node/34901>

Option	Potential negative impacts	Potential positive impacts
Taxi fares and tariffs	<p>No change to the minimum fare or tariffs</p> <ul style="list-style-type: none"> • Taxi drivers may experience a negative impact if no change is made to the minimum fare or tariffs and they cannot cover increased operating costs • The Cost Index shows that taxi drivers' operating costs have increased and so freezing the minimum fare and tariff rates could potentially mean a real terms reduction in drivers' incomes • Freezing Tariff 4 may have a negative impact on taxi drivers who work at Heathrow Airport as they are more likely to do longer journeys 	<p>No change to the minimum fare or tariffs</p> <ul style="list-style-type: none"> • Taxis users and Taxicard members may experience a positive impact if no change is made to the minimum fare or tariffs as the fares will not increase • There could be a positive impact on taxi users making shorter journeys • Taxi drivers may experience a positive impact. Over the past few years the number of taxi journeys per day has been declining but if no change is made to the minimum fare or tariffs then this could potentially mean the number of taxi journeys or people using taxis increases and drivers' incomes increase • Freezing Tariff 4 could have a positive impact on taxi users making longer journeys
	<p>Increasing the minimum fare or tariffs</p> <ul style="list-style-type: none"> • Taxis users and Taxicard members will experience a negative impact if the minimum fare or tariffs are increased as this will mean the fares they pay increase • Taxi drivers may experience a negative impact. Over the past few years the number of taxi journeys per day has been declining and if the minimum fare or tariffs are increased this would mean fares increase and there could potentially be a decline in taxi journeys or fewer people using taxis 	<p>Increasing the minimum fare or tariffs</p> <ul style="list-style-type: none"> • Taxi drivers may experience a positive impact if increasing the minimum fare or tariffs results in their income increasing • Taxi drivers will experience a positive impact if the minimum fare or tariffs are increased as this may help them cover increased operating costs
Heathrow Extra	<ul style="list-style-type: none"> • Taxi users taking a taxi from one of the taxi ranks at the airport would experience a negative impact if the Heathrow Extra is 	<ul style="list-style-type: none"> • Taxi users taking a taxi from one of the taxi ranks at the airport would experience a positive impact if the Heathrow Extra is increased and it means taxi

Option	Potential negative impacts	Potential positive impacts
	<p>increased as it would mean the fare they pay increases</p> <ul style="list-style-type: none"> • Taxi drivers who work at the airport may experience a negative impact if the Heathrow Extra is increased and fewer people take a taxi from the airport • Taxi drivers who work at the airport may experience a negative impact if this Heathrow Extra is not increased and they cannot cover the increased cost of the taxi feeder park fee 	<p>drivers continue to work at the airport</p> <ul style="list-style-type: none"> • Taxi drivers who work at the airport may experience a positive impact if the Heathrow Extra is increased as this would help them cover the cost of the taxi feeder park fee
<p>Potential new Heathrow charge (TDOC)</p>	<ul style="list-style-type: none"> • Taxi users taking a taxi to the airport would experience a negative impact if a new charge is introduced as it would mean the fare they pay increases if they are dropped off at one of the terminals • Taxi drivers who accept fares to the airport may experience a negative impact if a new charge is introduced and fewer people take a taxi to the airport • Taxi drivers who accept fares to the airport would experience a negative impact if a new charge is not introduced but they have to pay to drop off passengers at the airport terminals • Introducing a new charge for when taxi users are dropped off at Heathrow Airport could encourage companies to introduce new charges for taxi access at other locations (e.g. train stations, shopping centres). Taxi drivers would experience a negative impact if they have to pay other charges. Taxi users would experience a negative impact if part or all of these costs are passed on to them through increased taxi fares 	<ul style="list-style-type: none"> • Taxi users taking a taxi to the airport would experience a positive impact if a new charge is introduced and it means taxi drivers continue to accept fares to the airport • Taxi drivers who accept fares to the airport may experience a positive impact if a new charge is introduced as this would help them cover the cost of dropping off passengers at one of the airport terminals

Environmental impacts

The majority of taxis are diesel and contribute to poor air quality issues in London. The following initiatives have been introduced to reduce harmful emissions from taxis and help improve air quality in the capital:

- Since 1 January 2018 all newly licensed taxis must be zero emission capable (ZEC)
- We are helping to fund a government-led plug-in vehicle grant, which gives taxi drivers up to £7,500 off the price of a new ZEC taxi
- We are funding a taxi delicensing scheme to help speed up the removal of the oldest diesel taxis
- On 1 November 2019 the taxi age limit exemptions were removed
- Since 1 November 2019 taxis have not been licensed to operate past their relevant age limit²
- Between 1 November 2020 and 1 November 2022 the age limit of Euro 3, 4 and 5 diesel taxis is being reduced by one year, each year

More information about these initiatives is available on our website.³

As of 1 November 2021 there were:

	Licensed taxis⁴	Percentage of fleet
ZEC taxis	4,569	33.13%
Other taxis	9,221	66.87%
Total	13,790	100%

Costs for the ZEC taxis plus charging/electricity costs have been added to the Cost Index and the 2019, 2020 and 2021 total Cost Index figures take these costs into account.

In the most recent Taxi and Private Hire Licensee Customer Satisfaction Survey (CSS) we asked taxi drivers how likely they were to purchase a ZEC taxi in the next 12 months and their reasons for not purchasing a ZEC taxi in the next 12 months.⁵ The results are shown below.

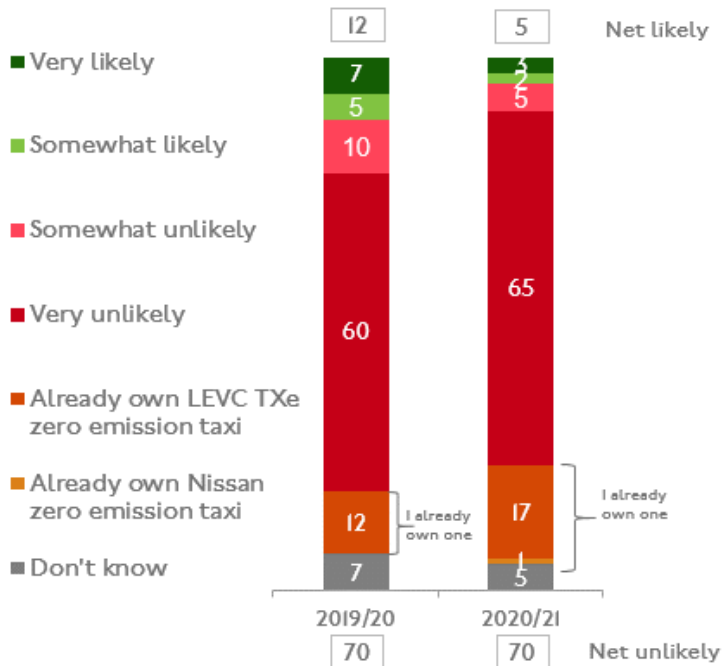
² A small number of taxis were relicensed during the coronavirus pandemic and the licence expired after the taxi had reached the maximum age limit. This was a limited arrangement and permitted as some of the vehicle inspection centres were closed at the start of the pandemic and taxi vehicle owners were unable to get their taxi relicensed for one final time

³ Emissions standards for taxis, <https://tfl.gov.uk/info-for/taxis-and-private-hire/emissions-standards-for-taxis>

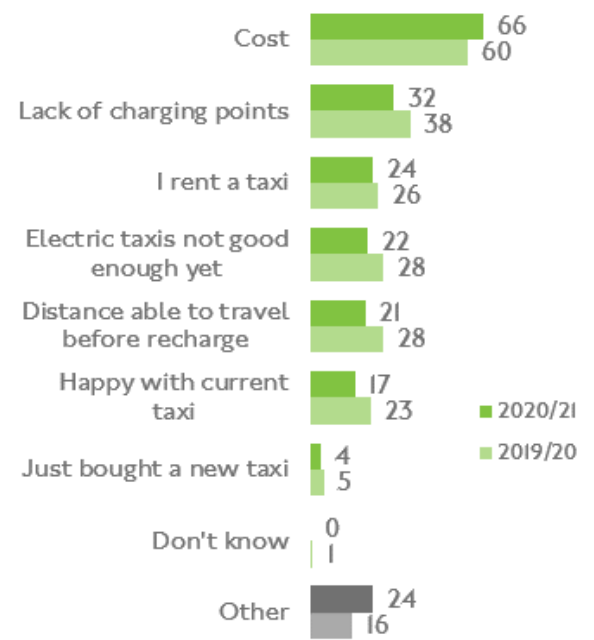
⁴ TfL licensing data 1 November 2021

⁵ Taxi and Private Hire Licensee Customer Satisfaction Survey (CSS), Kantar, 2020/21

Likelihood to purchase an electric/zero emission capable taxi in the next 12 months (%)



Reasons for not purchasing electric/zero emission capable taxi in next 12 months



Cost was the top reason for drivers not purchasing a ZEC taxi in the next 12 months. This situation could be worsened if drivers' incomes fall as a result of fares and tariffs increasing and the number of taxi journeys or people using taxis declines. Alternatively increases to fares and tariffs could increase drivers' incomes, meaning cost is a less significant issue when considering whether to purchase a ZEC taxi.

Mayor's Transport Strategy

The Mayor's Transport Strategy (MTS) includes a policy to "reduce Londoners' dependency on cars in favour of active, efficient and sustainable modes of travel, with the central aim for 80 per cent of all trips in London to be made on foot, by cycle or using public transport by 2041⁶".

We are not proposing changes to taxi fares with the aim of making fares too expensive for some people or too expensive for certain journeys (e.g. short journeys). Although increasing the minimum fare or tariffs would mean that the cost of taxi journeys increases, it is not our policy to make journeys in taxis prohibitively expensive. However, the potential positive impact in relation to the MTS policy has been included in the table below.

Option	Potential negative impacts	Potential positive impacts
Taxi fares and tariffs	No change to the minimum fare or tariffs	No change to the minimum fare or tariffs

⁶ MTS 2018, Policy 1, <https://www.london.gov.uk/sites/default/files/mayors-transport-strategy-2018.pdf>

Option	Potential negative impacts	Potential positive impacts
	<ul style="list-style-type: none"> • ZEC taxis are more expensive than diesel taxis and taxi drivers could be deterred from purchasing a new ZEC taxi or they may delay any decision to replace their diesel taxi if their income does not increase as a result of the minimum fare and tariffs being frozen • Air pollution caused by diesel emissions, high levels of nitrogen dioxide (NO₂) and particulate matter (PM) exacerbate poor health conditions and shorten the lives of Londoners. Taxi drivers, taxi users and the public may experience a negative impact if diesel taxis are licensed and operated for longer 	<ul style="list-style-type: none"> • Freezing the minimum fare and tariff rates could mean the number of taxi journeys or people using taxis increases as the fares have not increased. If this results in drivers' incomes increasing it could make them more likely to consider purchasing a new ZEC taxi or they may bring forward any decision to replace their diesel taxi • Air pollution caused by diesel emissions, high levels of nitrogen dioxide (NO₂) and particulate matter (PM) exacerbate poor health conditions and shorten the lives of Londoners. Taxi drivers, taxi users and the public may experience a positive impact if diesel taxis are replaced more quickly
	<p>Increasing the minimum fare or tariffs</p> <ul style="list-style-type: none"> • If increases to the minimum fare or tariffs result in the number of taxi journeys or people using taxis declining this could have a negative environmental impact as it may mean drivers' incomes reduce and they could be deterred from purchasing a new ZEC taxi or they may delay any decision to replace their diesel taxi. This would have a negative environmental impact if it means that diesel taxis are licensed and operated for longer • Air pollution caused by diesel emissions, high levels of nitrogen dioxide (NO₂) and particulate matter (PM) exacerbate poor health conditions and shorten the lives of Londoners. Taxi drivers, taxi users and the public may experience a negative impact if diesel taxis are licensed and operated for longer 	<p>Increasing the minimum fare or tariffs</p> <ul style="list-style-type: none"> • Increasing the minimum fare or tariffs could mean drivers' incomes increasing and it could make them more likely to consider purchasing a new ZEC taxi or they may bring forward any decision to replace their diesel taxi potentially resulting in a positive impact • Air pollution caused by diesel emissions, high levels of nitrogen dioxide (NO₂) and particulate matter (PM) exacerbate poor health conditions and shorten the lives of Londoners. Taxi drivers, taxi users and the public may experience a positive impact if diesel taxis are replaced more quickly • Increasing the minimum fare or tariffs could mean that fewer people use taxis. If people switch from taxis to walking, cycling or public transport then this will have a positive impact in terms of the MTS policy to "<i>reduce Londoners'</i>

Option	Potential negative impacts	Potential positive impacts
		<i>dependency on cars in favour of active, efficient and sustainable modes of travel, with the central aim for 80 per cent of all trips in London to be made on foot, by cycle or using public transport by 2041” although taxi drivers will experience a negative impact if people switch from using taxis to other modes as drivers’ incomes will reduce</i>
Heathrow Extra	<ul style="list-style-type: none"> • Not increasing the Heathrow Extra could have a negative impact as it could mean some people still take a diesel taxi from the airport instead of choosing a less polluting mode of transport • Not increasing the Heathrow Extra could have a negative impact as it may mean that some taxi drivers delay switching from diesel to a ZEC taxi 	<ul style="list-style-type: none"> • Increasing the Heathrow Extra could have a positive impact as it could deter some people from taking a diesel taxi from the airport and they may switch to a less polluting mode of transport • Increasing the Heathrow Extra could have a positive impact as it could mean some drivers are more likely to consider purchasing a new ZEC taxi or they may bring forward any decision to replace their diesel taxi
Potential new Heathrow charge (TDOC)	<ul style="list-style-type: none"> • Not introducing a new charge could have a negative impact as it could mean some people still take a diesel taxi from the airport instead of choosing a less polluting mode of transport • Not introducing a new charge could have a negative impact as it may mean that some taxi drivers delay switching from diesel to a ZEC taxi 	<ul style="list-style-type: none"> • Introducing a new charge could have a positive impact as it could deter some people from taking a diesel taxi to the airport and they may switch to a less polluting mode of transport • Introducing a new charge could have a positive impact as it could mean some drivers are more likely to consider purchasing a new ZEC taxi or they may bring forward any decision to replace their diesel taxi

Protection of children and vulnerable adults impact assessment

The Secretary of State may issue statutory guidance to taxi and private hire licensing authorities in relation to the safeguarding of children and vulnerable adults under section 177 of the Policing and Crime Act 2017 and licensing authorities must have regard to the guidance when exercising their taxi and private hire licensing functions.

The Department for Transport (DfT) has published new statutory taxi and PHV standards⁷ and the focus of these is on protecting children and vulnerable adults. We will be consulting separately on proposals on how to implement the recommendations in the statutory taxi and PHV standards we are not already compliant with.

We have also:

- Created a new safeguarding training awareness course for taxi and PHV drivers⁸
- Introduced a requirement that all newly licensed PHV drivers and existing PHV drivers must pass a safety, equality and regulatory assessment⁹

Some London boroughs may use taxis to provide transport services for children or vulnerable adults and so there will potentially be impacts on these services if the minimum fare or tariffs change.

Option	Potential negative impacts	Potential positive impacts
Fares and tariffs	<p>No change to the minimum fare or tariffs</p> <ul style="list-style-type: none"> • Some children and vulnerable adults will experience a negative impact if they already consider taxis to be too expensive and so still cannot afford to use them. Some may choose to use an unlicensed vehicle or unbooked PHV, or walk when this could be a less safe option • Some children and vulnerable adults will experience a negative impact if London boroughs use taxis to provide transport services for them and the number of licensed taxi drivers and supply of available taxis declines as drivers cannot cover increased operating costs and stop working as taxi drivers 	<p>No change to the minimum fare or tariffs</p> <ul style="list-style-type: none"> • Some children and vulnerable adults will experience a positive impact if there is no increase to fares, this could mean they are less likely to choose to use an unlicensed vehicle or unbooked PHV, or walk when this could be a less safe option • Some children and vulnerable adults will experience a positive impact if London boroughs use taxis to provide transport services for them and no increase to fares means that the boroughs do not have to reduce or make cuts to these services
	<p>Increasing the minimum fare or tariffs</p> <ul style="list-style-type: none"> • Some children and vulnerable adults will experience a negative 	<p>Increasing the minimum fare or tariffs</p> <ul style="list-style-type: none"> • Increasing the minimum fare or tariffs could help taxi drivers cover

⁷ DfT statutory taxi and PHV standards, July 2020, <https://www.gov.uk/government/publications/statutory-taxi-and-private-hire-vehicle-standards>

⁸ TfL taxi and PHV driver safeguarding awareness training course, <https://tfl.gov.uk/info-for/taxis-and-private-hire/safeguarding-awareness>

⁹ TfL taxi and PHV driver safety, equality and regulatory assessment, <https://tfl.gov.uk/info-for/taxis-and-private-hire/safety-equality-and-regulatory-understanding-requirement>

Option	Potential negative impacts	Potential positive impacts
	<p>impact if London boroughs use taxis to provide transport services for them and increasing the minimum fare or tariffs means they have to reduce or make cuts to these services</p> <ul style="list-style-type: none"> Some children and vulnerable adults will experience a negative impact if the minimum fare or tariffs are increased and they cannot afford to use taxis. Some may choose to use an unlicensed vehicle or unbooked PHV, or walk when this could be a less safe option 	<p>increased operating costs and mean that they continue to work as taxi drivers or that more people consider applying to become a licensed taxi driver. This could increase the supply of available taxis or reduce wait times and some children and vulnerable adults will experience a positive impact. This could also mean they are less likely to choose to use an unlicensed vehicle or unbooked PHV, or walk when this could be a less safe option</p>
Heathrow Extra	<ul style="list-style-type: none"> No negative impacts have been identified 	<ul style="list-style-type: none"> No positive impacts have been identified
Potential new Heathrow charge (TDOC)	<ul style="list-style-type: none"> No negative impacts have been identified 	<ul style="list-style-type: none"> No positive impacts have been identified

Equality impacts

Increasing taxi fares and tariffs, or fares for taxis to or from Heathrow Airport could have a negative impact on taxi users and Taxicard members as it could mean them paying higher fares or being able to travel less.

Some taxi users or Taxicard members who share a protected characteristic (e.g. older taxi users and Taxicard members, disabled taxi users and Taxicard members, female taxi users and Taxicard members, etc) may be disproportionately impacted.

Increasing taxi fares and tariffs, or fares for taxis to or from Heathrow Airport could have a negative impact on taxi drivers as it could result in a decline in the number of taxi journeys or people using taxis. If taxi drivers' incomes decline and they cannot cover their operating costs this could lead to a decline in the number of licensed taxi drivers or people applying to become a taxi driver, and the availability of taxis reducing or wait times increasing

There could be a positive impact from increasing taxi fares and tariffs, or fares for taxis to or from Heathrow Airport if this means:

- Taxi drivers can cover their operating costs
- The number of licensed taxi drivers or people applying to become a taxi driver stops decreasing, or even increases, and the availability of taxis increases and wait times reduce

Not increasing taxi fares and tariffs, or fares for taxis to or from Heathrow Airport could have a positive impact on taxi users and Taxicard members as it would mean the fares they pay do not change. However, there could be a negative impact as it could mean:

- Taxi drivers cannot cover their operating costs
- The number of licensed taxi drivers or people applying to become a taxi driver decreases, and the availability of taxis decreases and wait times increase

Further information about the negative and positive impacts, and potential mitigations is available in the separate equality impact assessment (EqIA) document.

Potential mitigations

Listed below are ways the negative impacts identified might be potentially mitigated:

- Capped fares have been introduced for Taxicard members and these help partly mitigate the impact on them from increases to the minimum fare or tariffs
- We are continuing to work with City Fleet, who have the contract to provide the Taxicard service, and London Councils to explore measures to improve the availability of taxis for Taxicard members, reduce wait times and help ensure that members can make a Taxicard journey by increasing the number of taxi drivers who can access and accept Taxicard bookings
- Increasing the number of taxi drivers who can access and accept Taxicard bookings may mitigate some of the negative impacts on taxi drivers as they will have the opportunity to increase their income
- Some people may be able to use a PHV instead of a taxi and information about licensed private hire operators in London, the services they offer, areas they cover, times they operate and contact details is available on our website.¹⁰ Information about PHV operators is also available from TfL's Travel Information Call Centre
- Some PHV operators may offer fares that are cheaper than taxis, although there have been recent reports the fares for some PHV journeys being more expensive than taxis
- Some people may be able to use the bus, Night Bus or trams instead of a taxi for all or part of their journey. Bus and trams fares have been frozen for four years in a row¹¹ although on 1 March 2021 average fares were increased by 2.6 per cent¹²
- Some people may be able to use the Tube or Docklands Light Railway (DLR) for all or part of their journey instead of using a taxi. Single pay as you go and paper single tickets on the Tube and DLR have been frozen for four years in a row¹³ although on 1 March 2021 average fares were increased by 2.6 per cent¹⁴

¹⁰ TfL Findaride service, <https://tfl.gov.uk/forms/12389.aspx>

¹¹ TfL fares freeze, <https://tfl.gov.uk/campaign/fares-freeze>

¹² TfL fares increase, <https://tfl.gov.uk/campaign/new-fares>

¹³ TfL fares freeze, <https://tfl.gov.uk/campaign/fares-freeze>

¹⁴ TfL fares increase, <https://tfl.gov.uk/campaign/new-fares>

- At the weekends some people may be able to use the Night Tube or Night Overground service instead of a taxi for all or part of their journey. Services were suspended during the coronavirus pandemic but:
 - Night Tube services will resume on the Central and Victoria lines on Saturday 27 November 2021
 - Night Tube services will resume on the other lines as soon as possible
 - Night Overground services between Highbury & Islington and New Cross Gate will restart on Friday 17 December 2021
- The average duration of a taxi journey is 19 minutes and the average distance is 2.6 miles.¹⁵ Some people may be able to walk or cycle for all or part of their journey instead of using a taxi. All Santander Cycle hire and access charges have been frozen for four years in a row¹⁶. Dockless cycle schemes which allow people to hire a bicycle also operate in some parts of London. We've also worked with Go Jaunty¹⁷ to make walking information, including station accessibility information, walking times and step by step directions, available on smartphones
- We've launched the TfL Go app¹⁸ to help people plan journeys in London. The app allows people to:
 - Use our live map to see their route or search for any place or address across London
 - Get live bus and train times for every station and the quieter times to travel
 - Get live updates on all bus, Tube, London Overground, DLR, TfL Rail and tram lines
 - Check walking and cycling routes for all or part of a journey
 - Use step-free mode for planning accessible journeys - this includes information on toilet availability, platform access and live lift status
- Some people may require step free access and so choose to use a taxi however, they may be able to use the Tube, DLR, London Overground or tram for all or part of their journey. Currently 89 Tube stations, 60 London Overground stations and 27 stations served by TfL Rail have step-free access. All DLR stations and tram stops are step-free. Two new stations created as part of the Northern line extension – Nine Elms and Battersea Power Station – have step-free access and all stations on the Elizabeth Line will have step-free access. In some places portable ramps or platform humps are being made available to help ensure a full step-free route from the street to the train¹⁹
- We advise the public of safer options when travelling late at night and to not use to use an unlicensed vehicle or unbooked PHV. We also work closely with the police and taxi and private hire trades to detect, disrupt and deter unlicensed drivers from

¹⁵ Taxi and Private Hire Driver Diary Survey 2016/17, Steer Davies Gleave, October 2017

¹⁶ Fares Freeze, <https://tfl.gov.uk/campaign/fares-freeze>

¹⁷ TfL and Go Jaunty partnership, <https://www.gojaunty.com/tfl-partnership>

¹⁸ TfL Go app, https://tfl.gov.uk/maps_/tfl-go

¹⁹ TfL step-free access, <https://tfl.gov.uk/travel-information/improvements-and-projects/step-free-access>

touting and licensed private hire drivers accepting jobs that have not been booked through a licensed PHV operator

- Work is already underway to reduce emissions from diesel taxis and the initiatives listed in the environmental impacts section will help continue to mitigate the negative environmental impacts
- The MTS sets out a number of initiatives to reduce congestion (e.g. reducing the number of lorries and vans entering central London in the morning peak, investigating proposals for the next generation of road user charging systems). The initiatives in the MTS and other measures (e.g. new bus lanes that taxis can also use) may help to reduce taxi journey times and this could mean fares are reduced for some journeys
- Blue Badge holders travelling to Heathrow Airport will be eligible for a 100 per cent discount from the new Terminal Drop-Off Charge (TDOC) and so won't have to pay this when taking a taxi to the airport and being dropped off at one of the terminals
- Some taxi users can avoid any new extra charge when being dropped off at Heathrow Airport by asking to be dropped off in the long stay car park and taking the free bus to the terminal
- Some taximeters can be updated remotely or by new sim cards which are posted to taxi vehicle owners. This reduces the risk from the coronavirus being spread during any update of taximeters

Recommendations

24 February 2022

After reviewing all of the responses to the consultation and considering the issues raised, including the alternative proposal put forward by the taxi driver representatives, and the positive and negative impacts identified, we are making the following recommendations to the TfL Finance Committee:

- Increase the minimum fare by 60 pence, from £3.20 to £3.80
- Increasing Tariffs 1 and 2 by 5.51 per cent
- Freeze Tariffs 3 and 4
- Increase the maximum Heathrow Extra from £2.80 to £3.60
- Introduce of a new Heathrow drop off charge which taxi drivers can add to the fare when dropping off passengers in one of the terminal drop-off zones at Heathrow Airport
- The new drop-off charge not applying to a journey when an exemption or discount from the Heathrow Terminal Drop Off Charge has been issued by Heathrow Airport Limited to the taxi for that journey
- The new Heathrow drop off charge being a maximum of £5.20

The paper submitted to the Finance Committee sets out our reasons for making these recommendations.

Finance Committee

Date: 9 March 2022

Item: **GLA Group Collaborative Procurement of Power Purchase Agreements**

This paper will be considered in public

1 Summary

- 1.1 TfL has been engaged in the GLA Energy Procurement Collaboration Programme with the Greater London Authority (GLA), the Metropolitan Police, the London Fire Commissioner, and the London Legacy Development Corporation (the GLA Group) for the past year. It aims to pool the electricity demand of TfL with that of other GLA Group bodies with smaller energy requirements, to allow the GLA Group to benefit from enhanced purchasing power, reduce carbon emissions and reduce the cost of the electricity procured, through the joint procurement of renewable Power Purchase Agreements (PPAs).
- 1.2 Alongside, but independently of this, the GLA has been working to establish a financing facility, with the GLA as a minority investor, that could contribute to the funding of the renewable assets developed to deliver those PPAs (the GLA Financing Facility).
- 1.3 This paper provides an update on this work and presents an overview of the proposed Memorandum of Understanding (MoU) between members of the GLA Group which has been produced to establish cooperation for future joint procurement of renewable energy. Upon signing the MoU, TfL will be committing to evolve from its current own energy procurement strategy for PPAs, to developing one with the rest of the GLA Group in respect of electricity demand.

2 Recommendations

- 2.1 **The Committee is asked to note the paper and the proposed entry by TfL into the Memorandum of Understanding described in it.**

3 Background

- 3.1 On 23 June 2021, the Committee noted the proposed approach to work with the GLA Group bodies (listed in paragraph 1.1) to identify group synergies in the procurement of renewable electricity. This has led to the development of a proposed MoU which establishes an understanding and cooperation by which PPAs could be jointly procured. The procurement would be overseen by a joint team comprising of TfL and other GLA Group bodies' staff, with TfL leading the project and procurement activity and the GLA providing strategic co-ordination resource. The MoU has been agreed in principle by other members of the GLA Group but has not yet been entered into.
- 3.2 Independently of the envisaged PPA procurements and the MOU, the GLA is seeking to establish a Financing Facility that could be offered to and (optionally) used by renewable developer bidders to fund the renewables assets needed to deliver those PPAs.

4 Anticipated Benefits

4.1 There are two principle (but separate) benefits to this approach:

- (a) **Collaborative procurement:** Across the GLA Group, annual electricity consumption totals approximately 1.7TWhs. Of this, TfL is the majority user, with an annual requirement of approximately 1.6TWh. A principal benefit of working jointly to procure PPAs is the other GLA Group bodies gaining access to TfL's purchasing power and enabling them to pursue renewable PPAs. This should accelerate the overall transition to zero carbon energy supplies in London in a cost-effective manner and contribute towards delivery of the Mayor's ambition for London to reach net zero carbon by 2030. To undertake such a procurement takes specialist expertise and requires larger energy volumes to be attractive to the market.
- (b) **Finance Facility:** Instructed by the GLA, and independently of TfL, KPMG undertook an analysis of the potential financial benefit (informed through market engagement) of combining a PPA with a finance facility. KPMG concluded that there are potentially estimated benefits of £76m – over 15 years – greater than procuring PPAs without a finance facility (TfL's current strategy). This is based on 50 per cent of the GLA Group's total energy consumption being procured via this mechanism. As TfL is the largest energy consumer within the GLA Group, it would receive the majority (>90 per cent) of any saving realised. These benefits are thought to be accrued through simplification of the financing transaction, ultimately lowering the PPA price (noting this benefit has not been yet tested in the market).

4.2 The GLA Group Collaboration Board agreed with the proposal to move forward with the collaboration work as proposed under the MoU, based on the benefits outlined.

5 The Memorandum of Understanding

5.1 The MoU outlines the approach by which the GLA Group will explore the joint procurement of PPAs. The document is not legally binding, save for clauses related to confidentiality, variation, transparency, principles of cost sharing, and governing law and jurisdiction. However, it does demonstrate a commitment to work jointly.

5.2 A summary of the main elements of the MoU are outlined below:

- (a) it commits each member of the GLA Group to explore the procurement of up to 50 per cent of its total electricity consumption from new build PPAs¹. This aligns with TfL's existing energy purchasing strategy as noted by the Committee in September 2020;
- (b) to achieve 50 per cent of the GLA Group electricity demand being supplied by renewable PPAs by 2030, procurement tranches will be staggered throughout the 2020s, with no two procurements being run concurrently. The intention is that the GLA Group bodies with smaller energy requirements participate in only one or two tranches in total, to reduce the complexity of each procurement and therefore deliver the programme in the most economically efficient manner;

¹ TfL's 50 per cent contribution includes the TfL-only PPA2

- (c) the process will be governed through the formation of a Steering Committee. Each GLA Group member will assign a senior representative to sit on the Committee. The Committee is not decision making but each member will have the requisite delegated authority in respect of its own organisation to approve (or for such representative to seek internal organisational approval for) the award of a PPA contract. Due to the volume of energy being procured by TfL in any given tranche, however, any contract award would also continue to require agreement in accordance with TfL's Standing Orders prior to execution. The Steering Committee will be used to agree the procurement parameters and GLA Group body participation for each tranche, as well as each Steering Committee member approve on behalf of its organisation in due course, the decision to award a contract;
- (d) a core project team will be formed, with representatives from each GLA Group member participating as required. The core project team will be made up predominantly of TfL officers, with GLA representatives to oversee the process and co-ordinate with the other GLA Group bodies. The project team will produce the documentation required to enable GLA Group bodies to decide upon participating in any given tranche, as well as run each procurement process; and
- (e) TfL will incur costs for each PPA tranche to the extent that TfL would incur such costs if it were to procure PPAs on its own (without other GLA Group bodies). The additional cost incurred because of added complexity of joint procurement will be borne by the other functional bodies. To enable this, a budget will be agreed by the Steering Committee prior to the launch of any PPA tranche. Where external advisors are required, they will be procured in such a manner so as to split the costs between what would be required for a TfL-only activity, and one involving other GLA Group bodies. These cost sharing principles are a legally binding element of the MoU.

5.3 The details of the proposed memorandum are subject to approval by the current GLA energy procurement collaboration steering group, and the endorsement of all the relevant GLA Group bodies'.

6 Programme

- 6.1 Upon signing the MoU, the joint TfL and GLA project team will be established to undertake the "planning for delivery" phase, which will be fully funded by the GLA. This stage will engage with renewables developers and seek external legal support to test the deliverability of the joint procurement approach and develop a detailed programme for the first tranche. This activity is expected to complete in Quarter 2, 2022/23.
- 6.2 As noted in paragraph 5.2(b), procurement tranches will be staggered throughout the 2020s. An indicative timeline is appended to this paper and will be refined through the first phases.

List of appendices to this report:

Appendix 1: Draft Collaborative Procurement Timeline

List of Background Papers:

June 2021 TfL Energy Purchasing & GLA Energy Procurement Collaboration Programme

Contact Officer: Lilli Matson, Chief Safety, Health & Environment Officer
Email: lillimatson@tfl.gov.uk

Appendix 1: Draft Collaborative Procurement Timeline

#	Activity	2021/2022		2022/2023				2023/2024				2024/2025				2025/2026				2026/2027				2027/2028				2028/2029				2029/2030					
		Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4						
Planning for delivery phase																																					
	Establishing governance groups			█																																	
	Developing approach to sleeving			█	█																																
	Developing PPA Documentation template				█																																
	Development of detailed programme plan				█																																
Delivery phases																																					
Tranche 1	Phase 1: Strategy development					█	█																														
	Go / No Go																																				
	Phase 2: Tender preparation							█	█																												
	Phase 3: Procurement									█	█	█	█																								
	Sign Contract																																				
	Take delivery of power																																				
Tranche 2	Phase 1: Strategy development																																				
	Go / No Go																																				
	Phase 2: Tender preparation																																				
	Phase 3: Procurement																																				
	Sign Contract																																				
	Take delivery of power																																				
Tranche 3	Phase 1: Strategy development																																				
	Go / No Go																																				
	Phase 2: Tender preparation																																				
	Phase 3: Procurement																																				
	Sign Contract																																				
	Take delivery of power																																				
Tranche 4	Phase 1: Strategy development																																				
	Go / No Go																																				
	Phase 2: Tender preparation																																				
	Phase 3: Procurement																																				
	Sign Contract																																				
	Take delivery of power																																				

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Finance Committee



Date: 9 March 2022

Item: **Members' Suggestions for Future Discussion Items**

This paper will be considered in public

1 Summary

- 1.1 This paper presents the current forward plan for the Committee and explains how this is put together. Members are invited to suggest additional future discussion items for the forward plan. Members are also invited to suggest items for future informal briefings.

2 Recommendation

- 2.1 **The Committee is asked to note the forward plan and is invited to raise any suggestions for future discussion items for the forward plan and for informal briefings.**

3 Forward Plan Development

- 3.1 The Board and its Committees and Panels have forward plans. The content of the plans arise from a number of sources:
- (a) Standing items for each meeting: Minutes; Matters Arising and Actions List; and any regular quarterly or periodic reports. For this Committee, these are the Finance Report and Group Treasury Activities.
 - (b) Regular items (annual, half year or quarterly) which are for review and approval or noting: Examples for this Committee include the Prudential Indicators Outturn.
 - (c) Matters reserved for annual approval or review: Examples include the Treasury Management Strategy and policies on derivative investments.
 - (d) Programmes, Projects and Land Transactions at a level requiring Committee approval or review prior to Board approval. These are scheduled following advice from the operating business.
 - (e) Items requested by Members: The Deputy Chair of TfL and the Chair of this Committee will regularly review the forward plan and may suggest items. Other items will arise out of actions from previous meetings (including meetings of the Board or other Committees and Panels) and any issues suggested under this agenda item.

4 Current Plan

- 4.1 The current plan is attached as Appendix 1. Like all plans, it is a snapshot in time and items may be added, removed or deferred to a later date.

List of appendices to this report:

Appendix 1: Finance Committee Forward Plan

List of Background Papers:

None

Contact Officer: Howard Carter, General Counsel

Email: HowardCarter@tfl.gov.uk

Finance Committee Forward Plan 2022/23

Membership: Anne McMeel (Chair), Ben Story (Vice-Chair), Prof Greg Clark CBE, Seb Dance, Anurag Gupta and Dr Nina Skorupska CBE

Abbreviations: CFO (Chief Finance Officer), CTO (Chief Technology Officer), D (Director), CCSO (Chief Customer and Strategy Officer), Comm Dev (Commercial Development), CSHEO (Chief Safety, Health and Environment Officer), GC (General Counsel)

22 June 2022		
Use of Delegated Authority	GC	To note.
Finance Report	CFO	To note.
Developer Income Update (MCIL/CIL/s.106)	D City Planning	To approve.
Enterprise Risk Update – Supply Chain Disruption (ER5)	CFO	To note.

6 October 2022		
Use of Delegated Authority	GC	To note.
Finance Report	CFO	To note.
TfL Prudential Indicators Outturn	CFO	To note.
Treasury Activities	CFO	To note.
Enterprise Risk Update – Financial Sustainability (ER7)	CFO	To note.

Finance Committee Forward Plan 2022/23

23 November 2022		
Use of Delegated Authority	GC	To note.
Finance Report	CFO	To note.
TfL Business Plan 2022/23	CFO	To recommend Board approval.
TfL Capital Strategy 2022/23	CFO	To recommend Board approval.
General Fund Balance – deferred from March 2021	CFO	To approve.
Enterprise Risk Update – Changes in Customer Demand (ER9)	CCSO	To note.

8 March 2023		
Use of Delegated Authority	GC	To note.
Finance Report	CFO	To note.
Treasury Activities	CFO	To note.
Treasury Management Strategy 2023/24	CFO	To approve (delegated by the Board).
Treasury Management and Derivative Investments Policies 2023/24	CFO	To approve (delegated by the Board).
General Fund Balance	CFO	To approve.
TfL Budget 2023/24 - informal	CFO	To note and recommend Board approval.
TfL Prudential Indicators 2023/24 to 2025/26 - informal	CFO	To note and recommend Board approval.
TfL Investment Management Strategy 2023/24 – Non-Financial Assets	D Comm Dev	To note and recommend Board approval.

Finance Committee Forward Plan 2022/23

Regular items:

- Use of Delegated Authority (covers Chair's Action, Procurement Authority etc.) (GC)
- Finance Report (progress against budget including revenue generation targets like fares and Commercial Development activities) (CFO)
- Business Plan (annual – November) (CFO)
- Capital Strategy (annual – November) (CFO)
- Budget (annual informal – March) (CFO)
- Prudential Indicators Outturn (outcome from previous year – October) (CFO)
- Prudential Indicators (setting for current year - annual informal - March) (CFO)
- Treasury Activities (semi-annual – October and March) (CFO)
 - Additional updates to be provided where necessary
- Treasury Management Strategy (annual – March) (CFO)
- Treasury Management and Derivative Investments Policies (annual – March) (CFO)
- Developer Income (MCIL/CIL/s.106) (annual – June) (D City Planning)
- Enterprise Risk Update – Supply Chain Disruption (ER5) (annual – June) (CFO)
- Enterprise Risk Update – Financial Sustainability (ER7) (annual – October) (CFO)
- Enterprise Risk Update – Changes in Customer Demand (ER9) (annual – November) (CCSO)

Additional items to be scheduled:

- Spending Review Issues (e.g. Business Rates Devolution) (CFO)
- Income Generation Proposals (CFO & CCSO)
- Securing New Income Streams (CFO & CCSO)
- TfL Strategy on Working Capital
- Commercial Development: Royal Oak
- Southwark Station Development Update
- Victoria Coach Station
- App Based Culture – paper to cover TfL perspective on the strategy, plans and issues for TfL e.g. TPH regulation
- Applied Solutions – pending the outcome of review on Consulting (D Comm Dev)
- Cubic and NY RUC Bid (D Strategy & CTO)

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