

Agenda

Meeting: Finance Committee

Date: Wednesday 8 March 2023

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 28 February 2023

**Agenda
Finance Committee
Wednesday 8 March 2023**

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 23 November 2022
(Pages 1 - 8)**

General Counsel

The Committee is asked to approve the minutes of the meeting of the Committee held on 23 November 2022 and authorise the Chair to sign them.

4 Matters Arising and Actions List (Pages 9 - 16)

General Counsel

The Committee is asked to note the updated actions list.

5 Use of Delegated Authority (Pages 17 - 22)

General Counsel

The Committee is asked to note the paper.

6 Finance Report - Period 10, 2022/23 (Pages 23 - 44)

Chief Finance Officer

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

7 Treasury Activities, Policies and Strategy (Pages 45 - 88)

Director Corporate Finance

The Committee is asked to note the paper and the exempt supplementary information on Part 2 of the agenda and; approve the Treasury Management Strategy (TMS) for 2023/24 including the Investment Strategy, the Borrowing Strategy, the Liquidity Strategy, the Risk Management Strategy and the Counterparty Exposure Limits; approve the proposed TfL Treasury Management Policies; approve the proposed TfL Group Policy Relating to the Use of Derivative Investments; approve the TTL Properties Limited Treasury Management Strategy including the Borrowing Strategy, the Investment Strategy, the Liquidity Strategy and Banking and Cash Management provision; approve the Treasury Management Policies for TTL Properties Limited; and subject to approval of the TMS 2023/24 and the Derivatives Policy, to approve TfL Finance limited entering into the Derivative Investments.

8 Investment Management Strategy 2023/24 - Non-Financial Assets
(Pages 89 - 100)

Director Corporate Finance

The Committee is asked to note the paper and approve the Investment Management Strategy 2023/24 – Non-Financial Assets.

9 Taxi Fares and Tariffs Update (Pages 101 - 236)

General Counsel

The Committee is asked to note the paper and approve increasing Tariffs 1, 2 and 3 by 7.61 per cent; removing the requirement for the extra charge for taxi hirings arranged by telephone, mobile phone, smart phone, mobile application, any application software and by use of the internet to be added to the taximeter; increasing some of the fixed-fares for shared-taxis that operate during the Wimbledon Tennis Championships; and amending one of the authorised places where the fixed-fare, shared-taxi scheme operates from during the Wimbledon Tennis Championships.

10 Update on Forthcoming Key Procurement Activities (Pages 237 - 238)

Chief Finance Officer

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

11 Independent Investment Programme Advisory Group Procurement and Commercial Improvement Programme (Pages 239 - 244)

General Counsel

The Committee is asked to note report and the management response, and the exempt supplementary information on Part 2 of the agenda.

12 Future Operational Network (Pages 245 - 248)

Director Strategy and Chief Technology Officer

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

13 London Overground Class 378 Fleet Leases (Pages 249 - 250)

Director Corporate Finance

The Committee is asked to note the paper and the exempt supplementary information on Part 2 of the agenda and; approve unbudgeted Financial Authority at the sum set out in the paper on Part 2 of the agenda for Rail for London terminating the existing 2007 lease and 2013 lease relating to the Class 378 fleet; and approve unbudgeted Financial Authority and Procurement Authority at the sum set out in the paper on Part 2 of the agenda for the lease termination and purchase of the Class 378 fleet as described in the paper.

14 Members' Suggestions for Future Discussion Items (Pages 251 - 256)

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.

15 Any Other Business the Chair Considers Urgent

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

16 Date of Next Meeting

Wednesday 21 June 2023 at 10.00am.

17 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

18 Finance Report - Period 10, 2022/23 (Pages 257 - 270)

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

19 Treasury Activities, Policies and Strategy (Pages 271 - 274)

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

20 Update on Forthcoming Key Procurement Activities (Pages 275 - 278)

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

21 Independent Investment Programme Advisory Group Procurement and Commercial Improvement Programme (Pages 279 - 304)

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

22 Future Operational Network (Pages 305 - 312)

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

23 London Overground Class 378 Fleet Leases (Pages 313 - 320)

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

Transport for London

Minutes of the Finance Committee

**Conference Rooms 1 and 2, Palestra,
197 Blackfriars Road, London, SE1 8NJ
10.00am, Wednesday 23 November 2022**

Members of the Committee

Anne McMeel (Chair)
Ben Story (Vice-Chair)
Professor Greg Clark CBE
Seb Dance
Dr Nina Skorupska CBE

Government Special Representative:

Becky Wood (via Teams)

Executive Committee

Andy Lord	Interim Commissioner
Howard Carter	General Counsel
Lilli Matson	Chief Safety, Health and Environment Officer
Rachel McLean	Chief Finance Officer
Alex Williams	Chief Customer and Strategy Officer

Staff

George Barratt	Senior Category Manager IT, London Underground
Richard Burke	Commercial Manager (via Teams)
Andrea Clarke	Director of Legal (via Teams)
Daniel Curry	Senior SHE Environment Manager (via Teams)
Patrick Doig	Group Finance Director and statutory Chief Finance Officer
Carl Eddleston	Head of Asset Operations
Antony Fahy	Senior Category Manager IT, Surface
Elizabeth Fletcher	Business Strategy Manager (via Teams)
Jackie Gavigan	Secretariat Manager
Laura Grant	Head of Procurement Professional Services (via Teams)
Joanna Hawkes	Director of Corporate Finance (via Teams)
Lorraine Humphrey	Director of Risk and Assurance (via Teams)
Shamus Kenny	Head of Secretariat
Glyn Lenton	Senior Category Manager Eng and Utilities (via Teams)
Patrice Locker	Senior Risk Manager (via Teams)
Pritesh Patel	Head of Financial Planning and Analysis

52/11/22 Apologies for Absence and Chair's Announcements

The Chair welcomed everyone to the meeting. 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, to ensure the public and press could observe the proceedings and decision-making.

Howard Carter reported that an apology for absence had been received from Anurag Gupta. The meeting was quorate.

The Chair welcomed Andy Lord to his first meeting in his new role and congratulated Rachel McLean on her appointment as TfL's managing Chief Finance Officer. She thanked Patrick Doig, Group Finance Director and statutory Chief Finance Officer, who led TfL's Finance team and played a key role in securing a long-term funding settlement with Government.

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.

53/11/22 Declarations of Interests

Members confirmed that their declarations of interests, as published on tfl.gov.uk, were up to date and there were no interests to declare that related specifically to items on the agenda.

54/11/22 Minutes of the Meeting of the Committee held on 6 October 2022

The minutes of the meeting of the Committee held on 6 October 2022 were approved as a correct record and signed by the Chair.

55/11/22 Matters Arising and Actions List

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

A further update was provided in relation to an action on Crossrail Asset Restructuring from the meeting on 6 October 2022. Rachel McLean confirmed that working level discussions with the Department for Transport (DfT) continued and an agreement in principle was reached to carry out a simple restructuring through an exchange of letters. This would be put to Ministers for a decision and the time limit for completion was the end of the 2022/23 financial year, which DfT colleagues were aware of and supported.

The Committee noted the actions list.

56/11/22 Use of Delegated Authority

Howard Carter introduced the paper. Members noted that, since the meeting on 6 October 2022, there had been no use of Chair's Action. There had been two uses of unbudgeted Financial Authority by the Commissioner in relation to: Occupational Health and Wellbeing - Outsourcing Physiotherapy Services and Trauma Counselling; and Change Transformation Delivery Partner.

There had been two uses of Procurement Authority by the Commissioner in relation to; Road User Charging Next Generation 2025 Acceleration and Road User Charging Now Changes Tactical Approach using Crown Commercial Service Framework Call Off Agreements; and Hazardous Materials Framework (contractors) extension. It was clarified that the third use of Procurement Authority reported in the paper in relation to the extension of the Metro newspaper distribution agreement had not yet been decided and an update would be brought to the next meeting.

There had been five uses of Land Authority by the Chief Finance Officer in relation to: Edgware (Conditional Joint Venture); Build to Rent; Wembley Park; Lillie Bridge Depot; and Cockfosters. It was proposed that the use will be reported to the Land and Property Committee going forward.

There had been no Mayoral Directions to TfL.

The Committee noted the paper.

57/11/22 Finance Report – Period 7, 2022/23

Rachel McLean and Patrick Doig introduced the report and related supplementary information on Part 2 of the agenda, which set out TfL's financial results to the end of Period 7, 2022/23 – the year-to-date period ending 15 October 2022.

Based on performance to date and with a funding settlement with Government until the end of March 2024, TfL remained on track to achieve operating financial sustainability in 2023/24. Members noted the detail on progress against each of the funding settlement conditions and what it meant for TfL finances.

As agreed with Government, TfL was providing periodic financial reporting to the Department for Transport and its advisors, who recently noted the good progress being made towards meeting the requirements of the funding settlement. TfL was engaging with Members on the development of its first Business Plan since 2019, which would be presented to the Board at its meeting on 7 December 2022 and fed into the draft Greater London Authority (GLA) Budget.

Total income was within one per cent of Budget, with passenger journey levels at 82 per cent of pre-coronavirus pandemic levels and remained broadly in line with the prior period and with Budget. Weekends were almost back to pre-pandemic levels but Mondays and Fridays were more challenging. Journeys on the Elizabeth line were much higher than expected and showed very strong performance as TfL continued to work to the full operating service in May 2023.

Core operating costs remained within one per cent of Budget as risks identified previously continued to crystallise, such as the impact of rising inflation and increasing Road User Charging bad debt. These pressures had been offset through lower pension deficit payments as well as other tailwinds, and TfL was confident it would deliver the remaining savings required to close the funding gap for this financial year, although pressures remained and were growing for next year.

Capital enhancement was within two per cent of Budget, with the underspend primarily due to slippage on third party funded projects, largely due to factors outside of TfL's

control. It was forecast to deliver very close to the capital envelope set by the funding settlement over the full year.

Capital renewals were eight per cent lower than Budget, largely due to resource constraints, but TfL continued to actively manage its renewals portfolio to deliver its full year £600m budget, although the work bank was significant for the final quarter. TfL had challenged itself to deliver the higher level of renewals of £635m set by the funding settlement.

Cash reserves were maintained at around £1.2bn on average in line with the funding settlement condition. Total cash balances were just over £1.1bn, £182m lower than at the start of the year. Cash balances were £85m lower than Budget, largely a result of lower levels of Government support than assumed in the Budget.

TfL faced several external headwinds and risks in staying on track to achieve financial sustainability next year but was working to mitigate them and retained both budget contingency and the GLA financial facility. Key risks included economic uncertainty as UK growth remained poor with a forecast of a recession and a rise in unemployment.

Inflationary pressures on TfL's cost base, including energy costs, continued to rise with UK inflation which was forecast to take longer to reduce than previously expected. There was minimal impact for the rest of the financial year as most contracts were locked in but with increasing pressure on next year. Savings targets were stretching with a target of £230m additional savings by the end of 2023/24, following the new funding settlement with Government.

TfL had not yet seen economic conditions impact on passenger demand, although growth in bus passenger demand had plateaued. It was protected by the revenue true-up mechanism until March 2024. The funding settlement also provided some protection on inflation on operating costs but the quantum for 2023/24 was uncertain.

Andy Lord confirmed that work was underway to identify opportunities to further increase ridership and revenue that included stakeholder engagement and discussions with key business groups. TfL had a good understanding of the impact of economic cycles and employment levels pre-pandemic but could not rely on those historic travel patterns being repeated, so was looking at a range of impacts as part of the business planning analysis.

TfL continued to remain on track to achieving financial sustainability by 2023/24 despite the risks. It was working hard to mitigate the risks faced through a combination of management action, including working capital management and cost control, contingencies and other tailwinds. It was reshaping its plan which would be brought to the Board at its meeting on 7 December 2022 as part of the 2023 Business Plan.

Many areas of core delivery and expenditure were going well, particularly major enhancement projects and London Underground renewals, with challenges for annual work banks to maximise delivery within the available capital funding. Recruitment continued to be a challenge particularly for scarce resources in technology, specialist engineering and commercial skills, which was a driver for the increase in use of non-permanent labour.

Andy Lord confirmed that a robust process was in place, managed by the Executive team through the internal Change Steering Group, to track details of recurring and non-

recurring savings which were tracked against the larger savings programme target, alongside periodic business reviews. The Our TfL Programme looked at efficiencies and change across the whole of the organisation, and the sustainable delivery of savings and ambition to provide a better proposition for customers and colleagues. Details of the Our TfL Programme would feature in the upcoming business planning session and at future Board meetings. **[Action: Andy Lord/Rachel McLean]**

Members requested a briefing on key risks, progress against funding settlement actions and assumptions within the savings programme. **[Action: Rachel McLean/Secretariat]**

The Committee noted the report and the exempt supplementary information in Part 2 of the agenda.

58/11/22 TfL Power Purchase Agreements

Lilli Matson introduced the paper, which provided an update on TfL's progress towards operating a net zero railway by 2030 by procuring renewable electricity, and a summary of the issues encountered with its first Power Purchase Agreement (PPA) tender and the proposed next steps.

In June 2022, TfL launched a tender to procure a 15-year PPA for 12.5 per cent of TfL's annual volume of renewable electricity. Despite significant market engagement, the response was limited with only four submissions which failed to pass the initial stage. TfL worked with external energy advisors Arup and tested the market to improve participation, and planned to relaunch a revised PPA tender in October 2022. Since then, the Government introduced the Energy Prices Bill with potential implications for the wholesale price of renewable electricity so the proposed re-launch was paused. Developments regarding the legislation would be closely monitored and, if no structural changes were required and the Government's current timeline was maintained, TfL would be able to re-launch in early January 2023.

To date, TfL's Energy Purchasing Strategy protected it from the highest of energy prices, however there was increasing risk from energy prices to its operating cost base. TfL was reviewing its overall approach to energy purchasing to ensure it remained robust, agile and fit for purpose in the current market. An update would be provided to the Committee in spring 2023. **[Action: Lilli Matson]**

The Committee noted the paper.

59/11/22 Surface Technology Contracts Retender

Rachel McLean and Carl Eddleston introduced the paper and briefed the Committee on the procurement process for the Surface Technology Contracts Retender (STCR) for the supply, install, maintenance and disposal of Automated Traffic Signals (ATS), Variable Message Signs (VMS), Overheight Vehicle Detectors (OVD) and CCTV.

Extensive analysis determined that a change to the geographical split for the delivery of services covering ATS, VMS and OVD could deliver increased value for money. STCR had therefore moved from five geographic areas to three areas. Analysis also demonstrated that, if a bidder were to win two of the geographic areas, it could generate even greater economies of scale. STCR would award a framework agreement which

mirrored the three geographic areas and provided resilience to TfL should a main contractor deliver poor performance or suffer financial distress. The framework would also act as a mechanism to compete high value capital works to drive additional value. Under STCR, CCTV services would be delivered under one contract as per the incumbent contract. The current contracts would all expire on 31 July 2023.

It was anticipated that the procurement process would be concluded during December 2022 and approval of Procurement Authority to enter into the contracts would be required before the next meeting of the Committee in March 2023 and would therefore be sought via Chair's Action.

On the contribution made by the boroughs towards the cost of the provision of the services, Members asked that more information on the recharge mechanism be included in the paper when Procurement Authority was sought.

[Action: Rachel McLean/Carl Eddleston]

Members welcomed the opportunity for a site visit to Palestra to demonstrate the innovation and technology behind the traffic signalling systems.

[Action: Carl Eddleston/Secretariat]

The Committee noted the paper.

60/11/22 Communications, CCTV, Access Control and Security Systems Maintenance and Upgrade Services Contract – Increase to Procurement Authority

Rachel McLean introduced the paper and related supplementary information on Part 2 of the agenda. In 2019, TfL awarded a contract for the communications, CCTV, access control and security systems maintenance and upgrade services across the TfL estate. The contract was awarded for an initial period to 31 March 2027, with an option for TfL to extend for up to five years.

No fundamental changes were proposed to the contract or the operational delivery strategy. The contract continued to provide value for money but estimated values for upgrade works were based on budget allowances in the TfL approved Business Plan at that time.

Additional Procurement Authority was sought to cover immediate requirements for the services until the meeting of the Committee in March 2023, during which time further work would have been undertaken to confirm estimates for future years.

The Committee noted the paper and the exempt supplementary information in Part 2 of the agenda and granted additional Procurement Authority, in the sum set out in the paper in Part 2 of the agenda, for the provision of maintenance and upgrade services for Communications, CCTV, Access Control and Security Systems across the TfL estate.

61/11/22 Enterprise Risk Update – Changes in Customer Demand (ER09)

Alex Williams introduced the paper and related supplementary information on Part 2 of the agenda, which provided an update on the current position on changes in customer demand, which was a broad risk at the heart of TfL's business so scored highly. The financial impact it created was exceptionally high, as experienced over the course of the coronavirus pandemic. It also had a fundamental influence over TfL's relationship with customers and stakeholders and the long-term prosperity outlook for London.

Protection against revenue volatility was afforded until March 2024 as part of the Government funding settlement but did not mitigate the risk to TfL's financial sustainability from April 2024 onwards, or the risk to policy aims which were impacted by mode shift, such as carbon reduction.

TfL had experienced profound changes in customer demand due to the pandemic and faced the challenge of recovery in difficult economic times. Previous scenario planning and hybrid forecasting had proved to be accurate and would be updated in early 2023 to reflect the further period of uncertainty and the likely impact on discretionary travel during a recession.

A revised customer strategy to drive customer demand was underway which was much broader than just marketing, including factors such as how to enhance the quality of customer experience of public transport as expectations were now higher, and working with the supply chain and across the bus network on how to achieve this.

On work to anticipate the future shape and size of London, Alex Williams confirmed that the fundamentals of the London Plan and the Mayor's Transport Strategy were sound with a growing and more sustainable city forecast, although the pace of delivery would be slower. The Annual Travel in London report would be brought to the Board meeting in December 2022 and provided more data and analysis of key trends and developments affecting travel in London.

Members asked if consideration had been given to how tourists and different types of visitors coming to London for work experienced and viewed the public transport, their expectations and which channels they used to access it. Alex Williams confirmed that targeting to inform people about the network was difficult due to the nature and complexity of the city but he would look into it and consider how this might be achieved.

[Action: Alex Williams]

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

62/11/22 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, other than those already noted during the meeting.

The Chair noted that she had agreed that the Procurement Strategy on Major Contracts paper be deferred to the meeting of the Committee in March 2023.

The Committee noted the forward plan.

63/11/22 Any Other Business the Chair Considers Urgent

There was no other urgent business.

64/11/22 Date of Next Meeting

The next scheduled meeting of the Committee would be held on Wednesday 8 March 2023 at 10.00am.

65/11/22 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: Finance Report – Period 7, 2022/23; Communications, CCTV, Access Control and Security Systems Maintenance and Upgrade Services Contract – Increase to Procurement Authority; and Enterprise Risk Update – Changes in Customer Demand (ER09).

The meeting closed at 12.17pm.

Chair: _____

Date: _____

Finance Committee



Date: 8 March 2023

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 8 March 2023)

Actions from the meeting held on 23 November 2022

Minute No.	Item/Description	Action By	Target Date	Status/Note
57/11/22 (1)	Finance Report – Our TfL Programme Andy Lord confirmed that a robust process was in place, managed by the Executive team through the internal Change Steering Group, to track details of recurring and non-recurring savings which were tracked against the larger savings programme target, alongside periodic business reviews. The Our TfL Programme looked at efficiencies and change across the whole of the organisation, and the sustainable delivery of savings and ambition to provide a better proposition for customers and colleagues. Details of the Our TfL Programme would feature in the upcoming business planning session and at future Board meetings.	Andy Lord/ Rachel McLean	February/March 2023	Completed: Information was included at the February Board meeting and will feature in the business planning session in March 2023.
57/11/22 (2)	Finance Report – Funding Settlement Actions and Savings Programme Briefing Members requested a briefing on key risks, progress against funding settlement actions and assumptions within the savings programme.	Rachel McLean/ Secretariat	March 2023	Completed: The information is included in the Finance Report on the agenda for this meeting.

58/11/22	<p>TfL Power Purchase Agreements – Energy Prices and Purchasing</p> <p>To date, TfL’s Energy Purchasing Strategy protected it from the highest of energy prices, however there was increasing risk from energy prices to its operating cost base. TfL was reviewing its overall approach to energy purchasing to ensure it remained robust, agile and fit for purpose in the current market. An update would be provided to the Committee in spring 2023.</p>	Lilli Matson	June 2023	On the forward plan for the meeting of the Committee on 21 June 2023. Lilli Matson will provide a brief update at this meeting.
59/11/22 (1)	<p>Surface Technology Contracts Retender – Recharge Mechanism</p> <p>On the contribution made by the boroughs towards the cost of the provision of the services, Members asked that more information on the recharge mechanism be included in the paper when Procurement Authority was sought.</p>	Rachel McLean/ Carl Eddleston	February 2023	Completed: Procurement Authority was approved via Chair’s Action on 17 February 2023.
59/11/22 (2)	<p>Surface Technology Contracts Retender – Traffic Signalling System Site Visit</p> <p>Members welcomed the opportunity for a site visit to Palestra to demonstrate the innovation and technology behind the traffic signalling systems.</p>	Carl Eddleston/ Secretariat	May 2023	In progress.

61/11/22	<p>Enterprise Risk Update – Changes in Customer Demand (ER09) – Targeting Tourists and Visitors</p> <p>Members asked if consideration had been given to how tourists and different types of visitors coming to London for work experienced and viewed the public transport, their expectations and which channels they used to access it. Alex Williams confirmed that targeting to inform people about the network was difficult due to the nature and complexity of the city but he would look into it and consider how this might be achieved.</p>	Alex Williams	February 2023	Completed: Information was circulated on 28 February 2023.
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Actions from previous meetings

Minute No.	Item/Description	Action By	Target Date	Status/Note
39/10/22 (3)	<p>Finance Report – Income Generation Strategy</p> <p>Members suggested that there be more focus on income generation in the organisation and the potential for it, and that an income strategy be developed which focussed on the potential income streams available and a proactive approach be taken to chasing income streams. Patrick Doig would update the Committee on the best approach to achieve this.</p>	Patrick Doig	March 2023	Completed: An additional income target has been added to the Business Plan which rises to £140m p.a. by 2025/26. Informal discussions will be held with the Board to take the income generation plans forward.

39/10/22 (4)	Finance Report – Use of Non-Permanent Labour (NPL) and Recruitment Analysis Members asked if there were pinch points where TfL needed to supplement staff with consultants and NPL due to the recruitment challenges, where those were across different business areas, in what roles and types of personnel, and the understanding of those risks and trends. Where benefits to underlying costs and lower staff costs were shown, Members also asked if these were one-offs for efficiencies or due to a lack of staff and the struggle to recruit them. A more detailed analysis would be provided to the Safety, Sustainability and Human Resources Panel but the pressure was most acute in specific market sectors and TfL would not recruit NPL to fill vacancies unless they were in critical areas.	Fiona Brunskill	February 2023	Completed: A paper was provided to the meeting of the Safety, Sustainability and Human Resources Panel on 22 February 2023.
41/10/22 (2)	Treasury Activities – TfL’s Pension Scheme Interim Update Patrick Doig would share with the Committee the latest interim update arising from the pension scheme’s annual member meeting.	Patrick Doig	March 2023	Completed: Update included in the slides for the Annual Members Meeting on 7 October 2022 at: https://content.tfl.gov.uk/annual-members-meeting-2022-slides.pdf .

42/10/22	<p>GLA Investment Fund – Discussion Points Committee Members Ben Story and Anurag Gupta offered their experience in this area and would meet with the Greater London Authority (GLA) and TfL treasury management officers to discuss the detailed points, prior to any final proposals being made which would come back to the Committee for decision.</p>	Joanna Hawkes	March 2023	<p>Completed: A meeting was held on 11 November 2022 and details of the new proposed GLA fund collaboration discussed which focussed on the importance of governance and control including partnership arrangements and considerations have been factored into TfL engagement.</p> <p>A further follow up discussion was held with Ben Story, Paul Mason and Joanna Hawkes on 6 February 2023 on controls and options for subcontracting of front office services. This action is under discussion with the GLA.</p>
43/10/22	<p>Taxi Fares and Tariffs Update – Cost Index Consultation The cost index calculation for this year was high at 11.64 per cent and would shortly be going out to consultation to explore four different options. A paper with some recommendations would be brought to the meeting of the Committee in March 2023.</p>	Helen Chapman	March 2023	<p>Completed: A paper is on the agenda for this meeting.</p>
44/10/22 (1)	<p>Crossrail Asset Restructuring – Department for Transport Discussion The arrangements also required Sponsor approval by the Department for Transport (DfT) and these discussions were ongoing. Becky Wood encouraged the ongoing collaborative working to achieve the agreement within the tight timeframe and offered her assistance in joining the discussions with TfL and the DfT if that would be helpful.</p>	Christopher Tann/Patrick Doig	March 2023	<p>Discussions with DfT are ongoing. Completion expected by 31 March 2023.</p>

<p>44/10/22 (2)</p>	<p>Crossrail Asset Restructuring – Tax Treatments Outcome Specialist tax advice was sought to ensure there would be no tax risk and confirmed there would be no difference to the tax treatments based on the restructure. The outcome of the tax treatments would be brought back to the Committee once implemented.</p>	<p>Christopher Tann/Patrick Doig</p>	<p>March 2023</p>	<p>This will be confirmed once DfT approval has been received for the Crossrail asset restructuring. Completion expected by 31 March 2023.</p>
<p>23/06/22 (3)</p>	<p>Use of Delegated Authority – Overall Procurement Strategy on Major Contracts The Committee noted the concerns and issues raised by Bronwen Handyside in relation to the extension of the cleaning services contract, which reinforced the concerns shared by Members on the need to limit the use of Chair’s Action to agree contract extensions to allow their debate at Committee meetings. The issues would be addressed as part of the overall procurement strategy on major contracts report that would be brought to the next meeting of the Committee.</p>	<p>Rachel McLean</p>	<p>March 2023</p>	<p>Completed: A paper is on the agenda for this meeting.</p>

Finance Committee



Date: 8 March 2023

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 Financial Authority (unbudgeted), 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 23 November 2022, there have been:
 - (a) two uses of Chair's Action, in relation to the Bus Shelter advertising concession and Surface Technology Contract Retender Award;
 - (b) five uses of Procurement Authority by the Commissioner; and
 - (c) four Mayoral Directions to TfL (the first of which was omitted from the report in November) relating to: September 2022 fares revision (MD3028); permanent changes to free travel arrangements for older Londoners (MD3014); March 2023 Fare Changes (MD3083); and Low-Paid Transport Workers' Concession Scheme (MD3079).
- 1.3 Similar papers are submitted to the Land and Property Committee and 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 the remit of those Committees, 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 112, 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 two uses of Chair's Action since the last meeting.

Bus Shelter Advertising Concession

- 4.3 At its meeting on 6 October 2022, the Committee approved unbudgeted Financial Authority and Procurement Authority for the proposed extension of the Bus Shelter advertising contract. On 8 December 2022, the Committee was provided with an overview of the final negotiated position.
- 4.4 On 13 December 2022, the Chair of the Committee, in consultation with available Members, approved unbudgeted Financial Authority and Procurement Authority for the extension of the Bus Shelter advertising contract, in place of the Authorities previously given by the Committee on 6 October 2022.
- 4.5 The use of Chair's Action was considered appropriate as the decision was required ahead of this meeting. The public paper relating to this request has been published on tfl.gov.uk. The information in the appendix to that paper remains exempt from publication.

Surface Technology Contract Retender Award

- 4.6 On 15 February 2023, the Committee was asked to consider a request for Procurement Authority for the Surface Technology Contract Retender (STCR) agreements, including Automated Traffic Signals, Variable Message Signs, Overheight Vehicle Detectors and CCTV services.
- 4.7 On 18 February 2023, the Chair of the Committee, in consultation with available Members, approved Procurement Authority for the STCR agreements, noting that the Procurement Authority extended beyond the current Business Plan and Budget and provision would, therefore, need to be made in future Business Plans and Budgets.
- 4.8 The use of Chair's Action was considered appropriate as a decision was required ahead of this meeting. The decision was critical to secure an adequate mobilisation period to ensure supplier readiness to properly commence the works and services from 1 August 2023. The public paper relating to this request has been published on tfl.gov.uk. The information in the appendix to that paper remains exempt from publication.

5 Authority Approvals

- 5.1 Financial Authority is the authority to spend money, receive income, incur a financial liability or redistribute funds to relevant third parties in respect of

their respective allocated budgets. Financial Authority is automatically granted to the extent that an activity or Programme or Project is 'budgeted'. This paper reports on any use of unbudgeted Financial Authority.

- 5.2 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.
- 5.3 Land Authority is the authority to engage in a Land Transaction or to dispose of any assets. Use of Land Authority related to TTL Properties Limited will be reported to the Land and Property Committee.
- 5.4 The Board had delegated to the Committee approval of unlimited Financial Authority, 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 170.
- 5.5 Since the last meeting, the following use of delegated authority has been exercised.

Procurement Authority Commissioner:

- (a) Microsoft Retender Contract Award;
- (b) Advertising Panel LEDs Tranche 2 and 3, contract variation;
- (c) TfL spend on the GLA Collaborative Media Planning Buying Contract Award;
- (d) Extended Fleet Support Agreement for Sub Surface Lines and Victoria Line Upgrade; and
- (e) Bus Shelter Advertising Rights Concession.

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 are reported to this Committee.
- 6.8 There have been four Directions issued to TfL since the last report.

(a) **September 2022 fares revision** (MD3028 02/09/22)

The Mayor directed TfL to implement from 4 September 2022 an increase in the fee for obtaining an Oyster card from £5 to £7 and to make this fee non-refundable and to apply a peak fare to all journeys to/from Heathrow that include Zone 1 travel.

(b) **Permanent changes to free travel arrangements for older Londoners** (MD3014 17/01/23)

The Mayor approved revisions to the Older Persons' Freedom Pass and the 60+ London Oyster photocard validity to permanently remove free travel between the hours of 4:30am and 9:00am on weekdays (excluding bank holidays) and directed TfL to implement the changes on and from 18 January 2023. The time restriction had been in place temporarily since 15 June 2020 (under MD2642).

The change was introduced to meet conditions attached to Government funding settlements that were required to support TfL due to the impact of the coronavirus pandemic on TfL's finances. The change does not affect holders of the Disabled Persons' Freedom Pass on either TfL or National Rail services, where current acceptance would continue unchanged.

(c) **March 2023 Fare Changes** (MD3083 26/01/23)

The funding settlement with the Government, dated 30 August 2022, assumed that the Mayor would increase fares for 2023-24 in line with increases in national rail fares and provided that, if he did not do this, this would affect TfL's funding. The Government decided to increase national rail fares by 5.9 per cent for 2023-24. The Mayor approved an overall average increase on TfL fares under his control of 5.9 per cent. The Mayor directed TfL to implement the fare changes from 5 March 2023.

(d) **Low-Paid Transport Workers' Concession Scheme** (MD3079 02/02/23)

The Mayor directed TfL to introduce, implement and administer the Low-Paid Transport Workers' Concession Scheme as soon as practicable from April 2023. The travel concession will provide free travel on public passenger transport services on the TfL network to employees of TfL's directly contracted suppliers who are paid no more than 10 per cent above the London Living Wage, as well as to workers employed on this same level of pay by TfL's contracted public transport operators in cleaning roles dedicated to TfL's services.

List of appendices to this report:

None

List of Background Papers:

Minutes from previous meetings of the Committee.

Chair's Action paper on Bus Shelter Advertising Concession, issued on 8 December 2022.

Chair's Action paper on Surface Technology Contract Retender Award, issued on 15 February 2023.

Greater London Authority Decision Making Database.

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

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Finance Committee

Date: 8 March 2023

Item: Finance Report – Period 10, 2022/23

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 10, 2022/23 - the year-to-date ending 7 January 2023.
- 1.2 A paper is included on Part 2 of the agenda, which contains exempt supplemental information. 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 Finance Report and the exempt supplementary information on Part 2 of the agenda**

3 Financial Reporting to the Committee

Finance Report – Period 10, 2022/23

- 3.1 The Finance Report presentation provides a summary of year-to-date financial performance against the Revised Budget (approved by the Board on 7 December 2022) and last year.

List of appendices to this report:

Appendix 1: Finance Report Presentation

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

List of Background Papers:

None

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Finance Report

Period 10, 2022/23

Management results from 1 April 2022 – 7 January 2023

Page 25

TfL Finance Committee

8 March 2023



We are on track to deliver the Revised Budget set in the 2023 Business Plan.

We remain on track to achieve financial sustainability in 23/24, but there remain significant risks.

Page 26



Year to date

In the year to date, we remain on track to deliver our new Revised Budget that sets us on the path to financial sustainability as set out in the 2023 Business Plan:

- **Revenue is within 1% of our Revised Budget** – journeys continue to recover but are slightly under budget. P9 journeys were 84% of pre-pandemic levels before dropping down to 79% in P10, largely a result of prolonged industrial action across national rail services
- **Operating costs remain close to Revised Budget** – operating costs are £21m lower than Revised Budget (<1%), mainly from cost reductions partly offset by higher ULEZ bad debt
- **Capital renewals are 3% lower than Revised Budget** – our Revised Budget included the ambition to deliver the higher level of renewals of £635m set by the funding settlement part way through the year. We are challenging ourselves to deliver this target, but we now expect renewals to be closer to the level in our Original Budget of £600m.
- **Capital enhancement is within 2% of Revised Budget** – A combination of savings and slippage means we expect to outturn around £30-40m lower than Budget.

Forward look

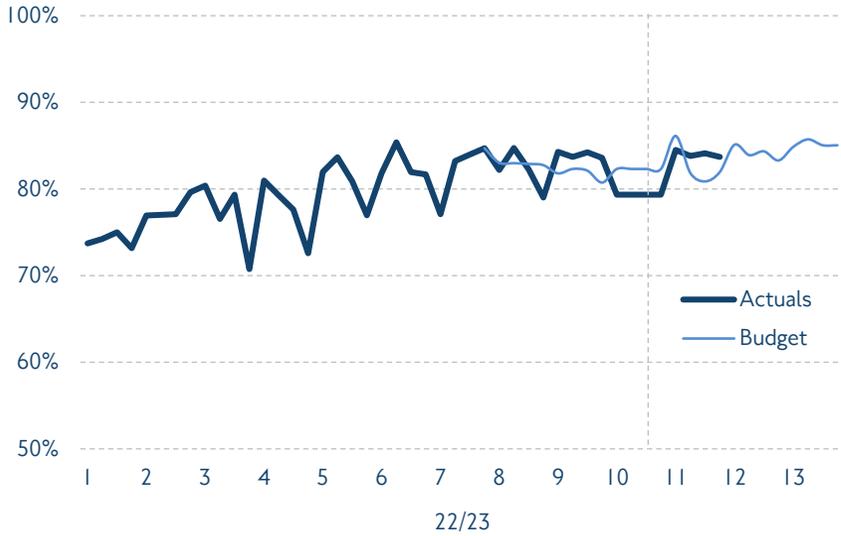
Our latest outturn indicates our operating surplus for 2022/23 will be around £100m better than Budget. On 26 January 2023, Fitch upgraded our long-term credit rating from A+ to AA-. This reflects our improving financial profile and Fitch's assessment of the link between TfL and the Government.

We are, however, facing several external headwinds and risks to achieving financial sustainability into next year, but we are working to mitigate them as part of our 2023/24 Budget, which we will publish in March 2023:

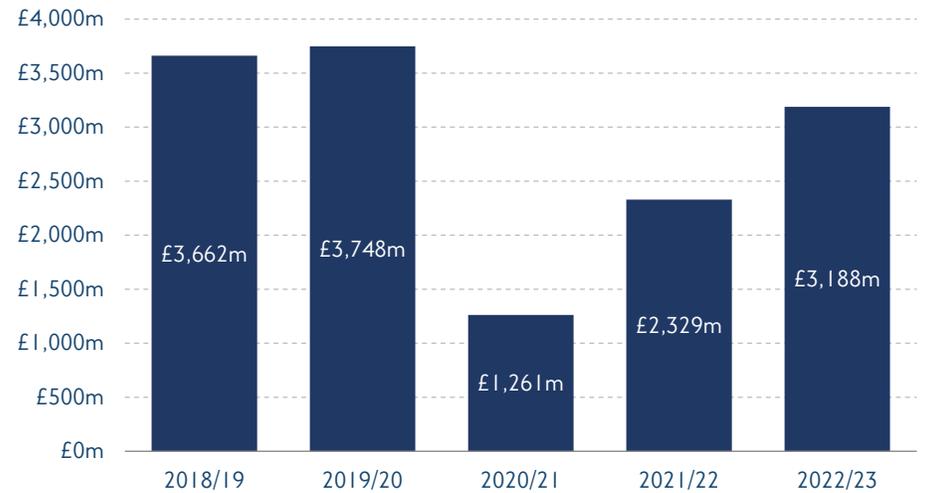
- **Economic uncertainty** – economic growth remains poor, but latest indicators give some ground for optimism: the UK avoided recession in Q4, 2022 and retail sales saw growth of 5% in January 2023. The risk on passenger income is protected by the funding settlement to March 2024.
- **Inflationary pressures on TfL cost base** – our current forecast is that higher inflation will drive around £300m of extra cost into our operating expenditure for 2023/24. This is slightly lower than our previous estimates as energy price inflation has eased. There is some protection on inflation risk in our current funding settlement, with discussions with HMG on the exact scale of support continuing
- **Savings targets** are stretching, with a target of £204m incremental recurring savings in our Business Plan by the end of 2023/24 following the new funding agreement with Government. We maintain the GLA financing facility if this risk crystallises.

Headlines

Total passenger journeys 79% of pre-pandemic levels in Period 10, up from 68% at the end of 2021/22

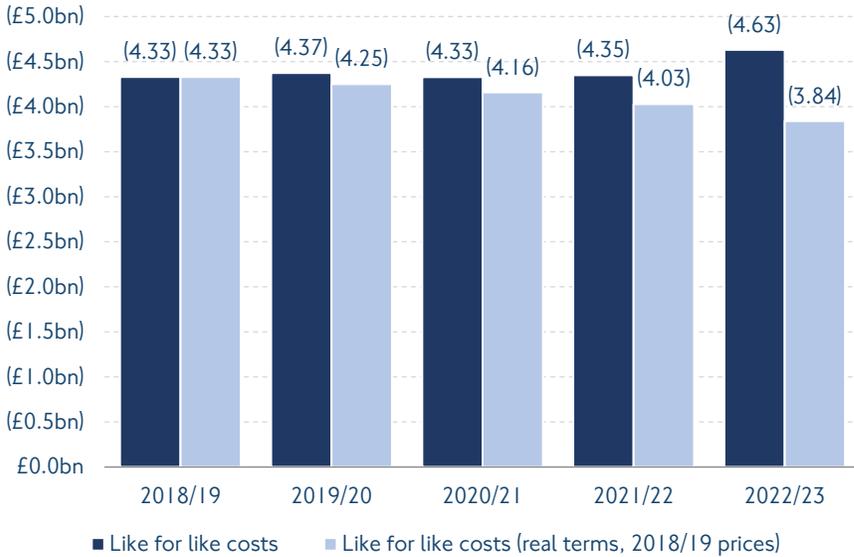


Passenger income almost £900m better than last year and £1.9bn up on 2020/21; £500m lower than pre-pandemic levels, averaging £50m lower per period

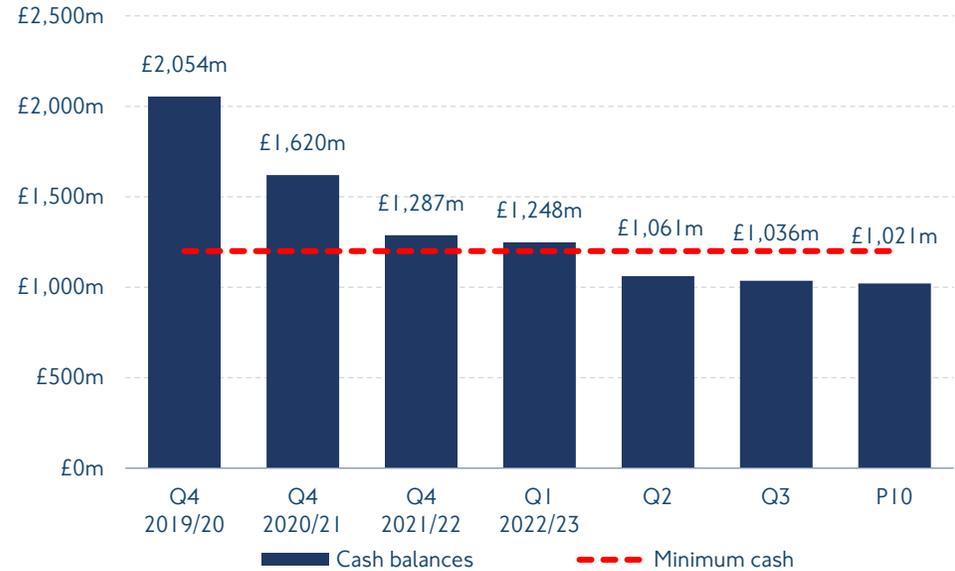


Charts show year-to-date passenger income to end of Period 10 for each year

Year to date like-for-like operating costs up on prior years as a result of inflationary pressures; real terms costs around £500m lower than 2018/19



We continue to maintain cash balances below £1.2bn on average in line with the funding settlement condition

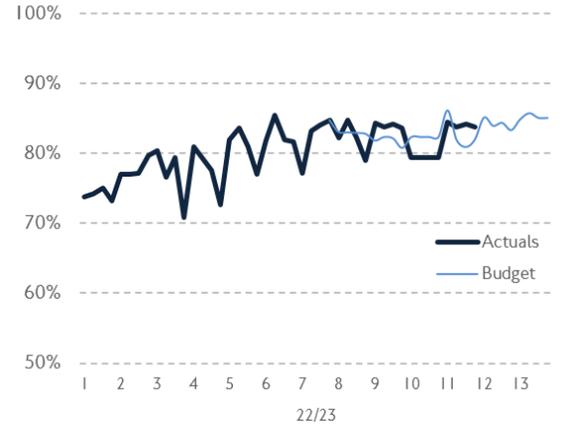


Passenger journeys

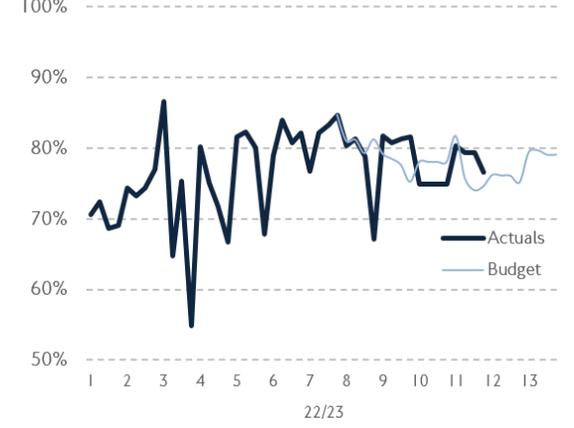
Total TfL journeys were 79% of pre-pandemic levels at the end of the Period 10, up from 68% at the start of the financial year, but down on the prior period (84%). P10 included significant periods of industrial action across the national rail network, with impacts across most of our services.

Tube journeys were 75% of pre-pandemic levels in P10, with 4 million fewer journeys as a result of rail industrial action. Bus journeys were in line with the prior period, and saw some upside from rail industrial action, with some passengers switching service. However, the bus journey trend is broadly flat since the end of Quarter 1 and there is a risk journeys (and corresponding income) may not reach the levels forecast.

TfL	% vs Pre Covid period / budget		Absolute m		Var to Bud m
	79%	82%	P	209	-8
			Y	2460	-3



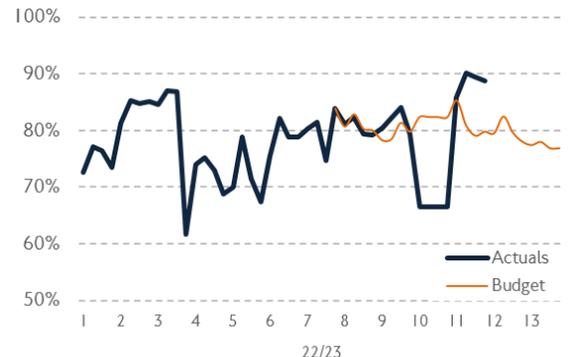
LU	% vs Pre Covid period / budget		Absolute m		Var to Bud m
	75%	78%	P	69	-2.9
			Y	806	-3.4



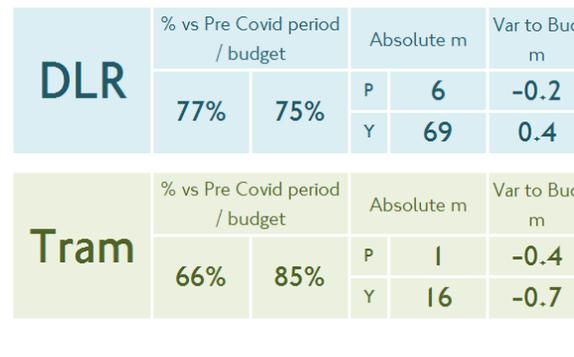
Bus	% vs Pre Covid period / budget		Absolute m		Var to Bud m
	81%	81%	P	117	-1.0
			Y	1353	0.5



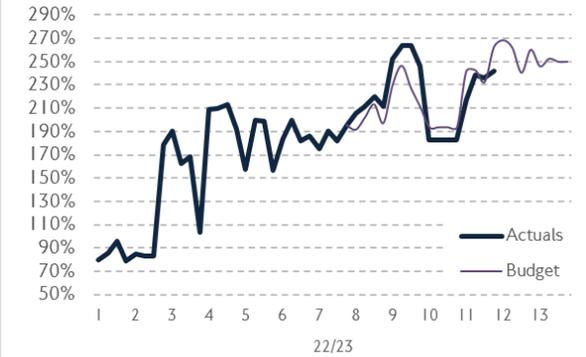
Rail	% vs Pre Covid period / budget		Absolute m		Var to Bud m
	67%	82%	P	14	-3.4
			Y	204	-2.3



LO	% vs Pre Covid period / budget		Absolute m		Var to Bud m
	60%	86%	P	7	-3.3
			Y	118	-2.0



EL	% vs Pre Covid period / budget		Absolute m		Var to Bud m
	183%	193%	P	9	-0.5
			Y	96	2.1



Income statement

Passenger income is 2% lower than Revised Budget, but now almost £900m higher than last year.

Other operating income is £35m better than Revised Budget, largely a result of higher enforcement income from ULEZ and higher third-party income. Other revenue grants includes Extraordinary revenue grant, which is £55m higher, a result of lower than expected ticket receipts.

Operating costs are £21m lower than Revised Budget and analysed in more detail overleaf.

Capital renewals are covered on slide 7.

£m	Period 10 year to date, 2022/23			Period 10 year to date, 2021/22			Full-year forecast, 2022/23		
	Actuals	Variance to Revised Budget		Last year	Variance to last year		Q3 forecast	Variance to Revised Budget	
Passenger income	3,188	(50)	-2%	2,329	859	37%	4,235	(71)	-2%
Other operating income	1,199	35	3%	840	359	43%	1,492	18	1%
Business Rates Retention	1,442	0	0%	1,489	(47)	-3%	1,819	0	0%
Other revenue grants	898	55	6%	1,713	(815)	-48%	1,068	44	4%
Revenue	6,727	39	1%	6,372	355	6%	8,614	(9)	0%
Operating cost	(5,371)	21	0%	(4,952)	(419)	-8%	(7,003)	106	1%
Operating surplus before interest and renewals	1,356	60	5%	1,420	(64)	-5%	1,611	97	6%
Capital renewals	(418)	12	3%	(353)	(66)	-19%	(615)	20	3%
Operating surplus before interest	938	72	8%	1,067	(130)	-12%	996	117	13%
Net interest costs	(326)	(1)	0%	(342)	16	5%	(425)	(8)	-2%
Operating surplus / (deficit)	612	71	13%	725	(113)	-16%	571	110	24%
Operating surplus/ (deficit) excl. extraordinary revenue grant	(226)	19	8%	(932)	706	76%	(339)	64	16%

* Other operating income and operating costs shown excl. Elizabeth line regulatory income from P7, 2022/23

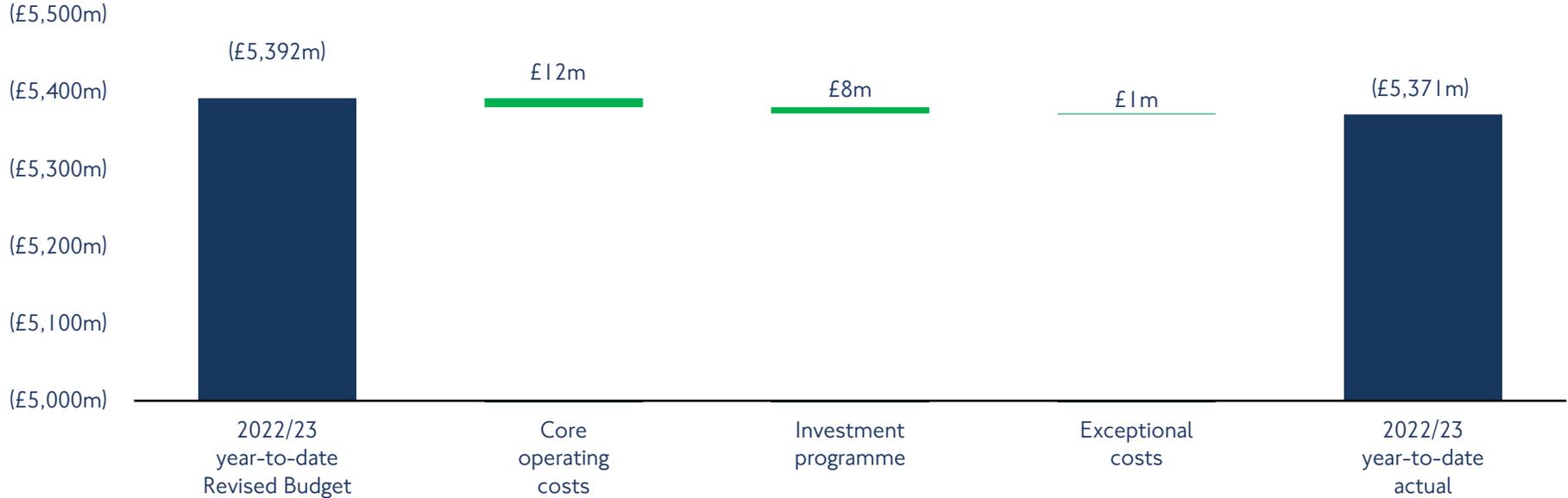
Operating costs

Total operating costs are £21m lower than Budget.

We have continued to see pressures on RUC bad debt (£23m), a result of higher ULEZ contravention rates, lower rates of customers paying PCNs at the initial discount rates, and PCNs issued to non-UK based owners for historical contraventions.

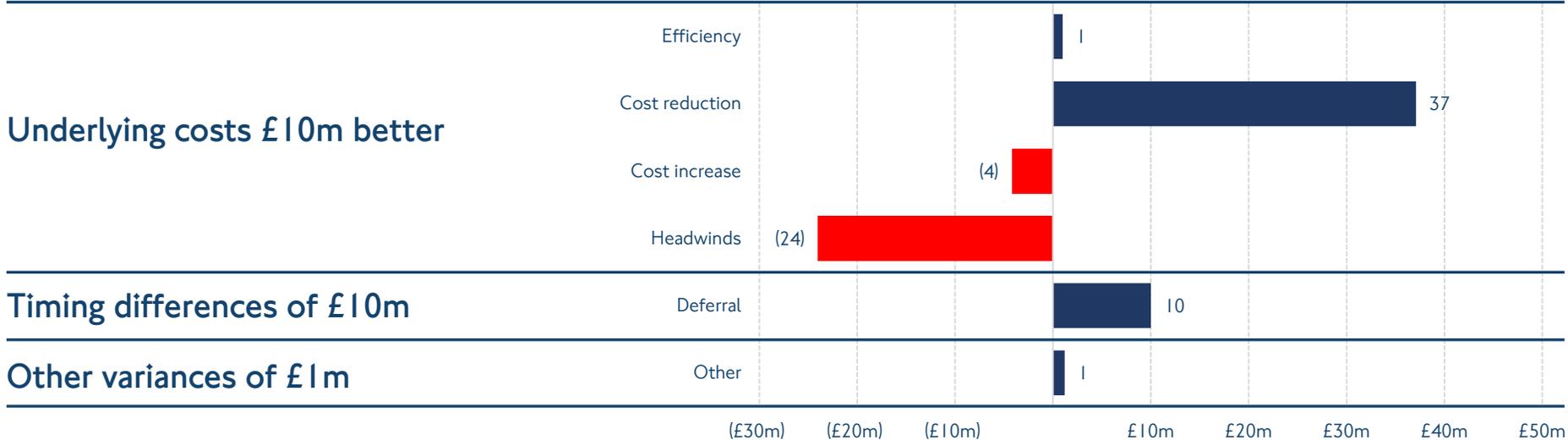
These pressures have been mitigated through cost reductions of £37m, including lower LU maintenance costs; lower utilities costs; lower performance payments on buses and London Overground; and a central exercise to clear previously accrued costs for goods not received.

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



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

Underlying costs £10m better - with headwinds of (£24m) offset by £37m of cost reductions - and £10m from deferral of spend which we expect to reverse by year end



Underlying costs £10m better

Timing differences of £10m

Other variances of £1m

Staff

Total staff levels are just over 200 lower than pre-pandemic levels and are now slightly up from the end of last year.

Permanent employee numbers are around 500 lower than before the pandemic and are over 200 down from last year; ongoing labour market issues, and funding uncertainty earlier in the year hampered our ability to recruit; we have also seen an increase in staff leaving the organisation, a result of reward constraints as well as a buoyant external market.

Agency and NPL staff have increased by over 300 since the end of 2019/20, but remain significantly lower than 2015/16 levels.

Headcount trends since 2019/20



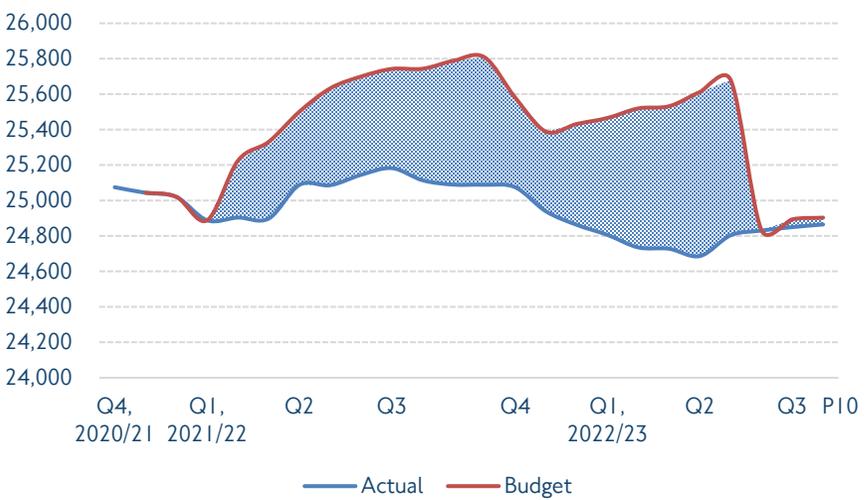
Total staff over 200 lower than pre-pandemic levels

Agency, NPL and consultants over 300 higher than pre-coronavirus levels as a result of labour market challenges

Permanent employees down by over 500 since 2019/20 and in line with last year

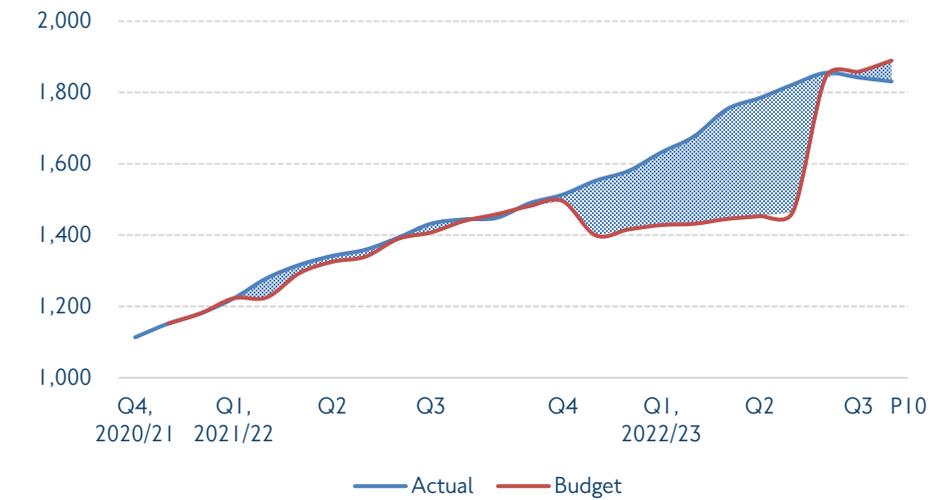
Permanent staff (FTE): actuals and Budget

Permanent employees down by 200 since the end of 2021/22, driven by large number of retirees and leavers. Staff levels now close to Revised Budget, with forecasting significantly improved. We are still seeing a competitive external market and high resignation rates, with leavers averaging 150 per period.



Agency and NPL staff (FTE): actuals and Budget

Agency and NPL FTE up by over 300 since the end of 2021/22 and higher than Budget. Driven by labour market challenges and funding uncertainty.



Capital renewals expenditure

Capital renewals are £12m lower than Budget, driven by timing differences for the DLR and in LU.

We are aiming to deliver as much as possible with the £635m envelope set by the funding settlement part way through the year, but will likely outturn closer to our original budget of £600m.

Capital renewals (£m)	Period 10 year to date, 2022/23			Period 10 year to date, 2021/22			Full-year forecast, 2022/23		
	Actuals	Variance to Revised Budget		Last year	Variance to last year		Q3 forecast	Variance to Revised Budget	
CCO	(136)	6	4%	(112)	(24)	-21%	(198)	6	3%
Four lines modernisation	(3)	0	8%	(5)	2	47%	(3)	0	8%
Surface assets	(71)	(1)	-1%	(62)	(9)	-15%	(99)	(1)	-1%
Air Quality and Environment	(9)	(0)	-2%	(2)	(7)	-292%	(12)	1	7%
Public transport	(35)	5	12%	(32)	(3)	-10%	(57)	3	4%
Technology	(18)	2	9%	0	(18)	0%	(26)	2	7%
Savings challenge and deliverability	(0)	0	81%	(11)	11	99%	(0)	1	94%
COO	(240)	4	2%	(214)	(26)	-12%	(352)	7	2%
LU	(239)	3	1%	(214)	(25)	-12%	(350)	4	1%
Elizabeth line	(1)	0	22%	0	(1)	0%	(2)	3	56%
CCSO excluding TTLP	(39)	1	2%	(24)	(15)	-63%	(60)	5	8%
Estates	(1)	(0)	-176%	(1)	0	21%	(2)	(2)	-882%
CCSO incl. T&D	(39)	1	3%	(23)	(15)	-65%	(58)	7	11%
Corporate	(3)	2	34%	(3)	(1)	-28%	(5)	3	35%
Total TfL excl. TTLP	(418)	12	3%	(353)	(66)	-19%	(615)	20	3%

Capital enhancements expenditure

Capital enhancements (£m)	Period 10 year to date, 2022/23			Period 10 year to date, 2021/22			Full-year forecast, 2022/23		
	Actuals	Variance to Revised Budget		Last year	Variance to last year		Q3 forecast	Variance to Revised Budget	
Rolling Stock and Signalling	(340)	(9)	-3%	(266)	(74)	-28%	(470)	(4)	-1%
Piccadilly line upgrade	(171)	(5)	-3%	(110)	(61)	-56%	(229)	(5)	-2%
Four lines modernisation	(88)	2	2%	(96)	9	9%	(114)	3	3%
Rail System Enhancements	(5)	0	7%	(4)	(1)	-28%	(6)	1	9%
MPD Savings challenge	0	(7)	100%	0	0	0%	10	(5)	36%
Trams	(1)	0	29%	(1)	0	27%	(2)	1	24%
DLR Rolling Stock replacement	(75)	0	0%	(54)	(21)	-38%	(130)	2	2%
Major Enhancements	(76)	1	1%	(143)	67	47%	(112)	(3)	-3%
Silvertown Tunnel	(15)	(3)	-29%	(9)	(6)	-70%	(45)	(4)	-9%
Northern Line Extension	(0)	0	28%	(50)	50	100%	(1)	(0)	-206%
Barking Riverside	(4)	1	17%	(28)	24	87%	(6)	(5)	-424%
Elephant & Castle Station Capacity	(6)	(0)	0%	(2)	(4)	-176%	(5)	4	43%
Bank Congestion Relief	(51)	2	3%	(45)	(7)	-15%	(56)	0	1%
HS2	(0)	0	100%	(0)	0	100%	(0)	0	100%
Elizabeth line	0	2	140%	(9)	10	105%	0	1	138%
Other Enhancements	(141)	20	12%	(152)	11	7%	(216)	39	15%
Major stations	(1)	0	2%	(2)	1	51%	(1)	0	24%
DLR RSRP HIF	(3)	1	15%	(1)	(2)	-129%	(4)	2	34%
Surface assets	(1)	(0)	-15%	(5)	4	73%	(1)	(0)	-21%
Air Quality and Environment (AQE)	(35)	5	12%	(33)	(2)	-6%	(54)	14	20%
Public transport	(6)	1	20%	(6)	1	13%	(9)	2	18%
Healthy Streets	(48)	(1)	-1%	(32)	(16)	-48%	(75)	2	3%
Technology	(6)	(1)	-9%	(9)	3	35%	(6)	2	21%
LU	(10)	2	15%	(16)	5	34%	(14)	2	12%
CCSO excl. TTLP	(30)	12	28%	(46)	16	34%	(49)	11	18%
Estates	(1)	1	70%	(0)	(0)	-41%	(1)	5	85%
Corporate	(0)	0	50%	(1)	0	77%	(1)	0	4%
Total TfL excl. TTLP and Crossrail	(557)	12	2%	(561)	4	1%	(799)	32	4%
TTLP	(41)	62	60%	(22)	(19)	-86%	(191)	58	23%
Crossrail	(184)	15	7%	(470)	285	61%	(211)	35	14%
Total	(782)	88	10%	(1,052)	271	26%	(1,201)	126	9%

Cash flow statement

We have continued to generate free cash flow during the year, although the operating surplus before capital renewals and interest (equivalent to EBITDA) is still supported by operating funding from Government.

In 2023/24, all base funding from Government will go to fund capital investment.

We have taken advantage of interest rate movements to repurchase £716m of existing debt at lower prices.

Cash balances

£m
Opening balance
Change in cash balance
Closing balance

Cash flow statement

£m
Operating surplus before capital renewals and interest
Less TTLP, LTIG and LTM
<i>Cash generated / (used) from operating activities</i>
Capital renewals
New capital investment
Investment grants and ring-fenced funding
Working capital movements
<i>Cash generated / (used) from investing activities</i>
Free cash flow
Net interest costs
Existing debt maturing
New debt issued
Short-term net borrowing change
<i>Cash generated / (used) from financing activities</i>
Change in cash balance

Period 10 year to date, 2022/23		
Actuals	Variance to Revised Budget	
1,287	0	0%
(267)	(215)	412%
1,021	(215)	-17%

Period 10 year to date, 2022/23		
Actuals	Variance to Revised Budget	
1,356	60	5%
(39)	(2)	6%
1,317	58	5%
(418)	12	-3%
(557)	12	-2%
68	(8)	-10%
16	(122)	-89%
(891)	(106)	13%
426	(48)	-10%
(326)	(1)	0%
(1,303)	(669)	106%
1,223	669	121%
(286)	(165)	136%
(692)	(167)	32%
(267)	(215)	412%

Year to date, 2021/22		
Actuals	Variance to last year	
1,620	(333)	-21%
(223)	(44)	20%
1,397	(376)	-27%

Year to date, 2021/22		
Actuals	Variance to last year	
1,420	(64)	-5%
(20)	(19)	91%
1,399	(82)	-6%
(353)	(66)	19%
(561)	4	-1%
85	(18)	-21%
(436)	452	-104%
(1,264)	373	-29%
135	291	215%
(342)	16	-5%
(305)	(998)	327%
334	889	266%
(45)	(241)	536%
(358)	(334)	93%
(223)	(44)	20%

Cash balances

Total cash balances (excl. cash balances identified for Crossrail construction) are just over £1.0bn at the end of Period 10, £267m lower than at the start of the year. Cash balances are (£215m) lower than Revised Budget, largely a result of working capital movements and matured commercial paper which has not yet been re-borrowed – we expect to re-borrow this by year end while managing cash balances.

A condition of the current funding agreement is that our cash balances will average no more than £1.2bn for the duration of the agreement.

2021/22 closing cash	2022/23 cash movement	P10, 2022/23 closing cash	P10, 2022/23 variance to Revised Budget
1,287	(267)	1,021	(215)

TfL closing cash balances

Cash balances reduced from £2,054m at the end of 2019/20 to £1,021m at the end of Period 10, 2022/23.

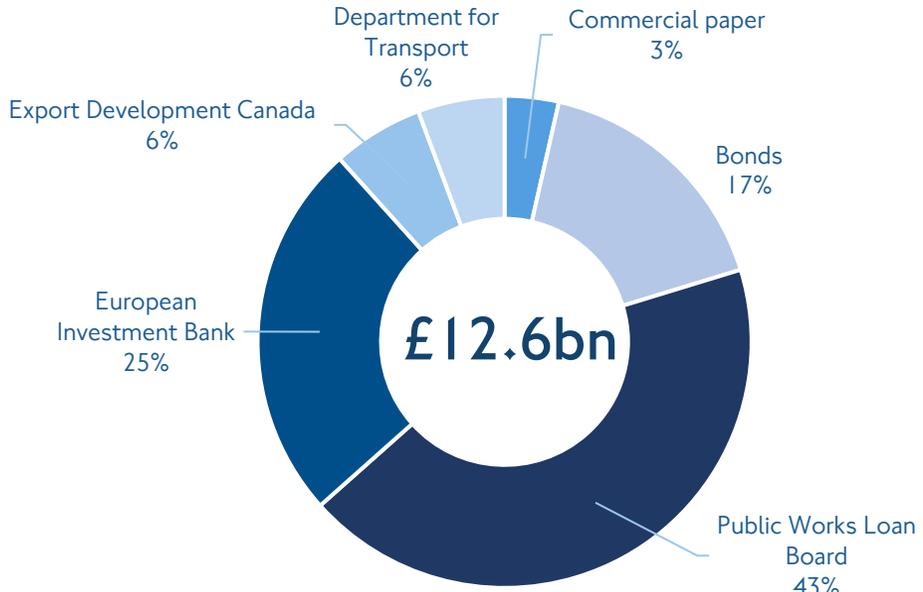


Debt position

We have borrowed from a range of sources in previous years to help fund our capital programme, including Crossrail and major upgrades to our tube network.

In December we repurchased £715m of our bonds for a market price of £669m. The purchase was funded with loans from the PWLB with no material impact on interest costs.

TfL total debt



90%

Around 90% of our borrowing is at a fixed rate of interest

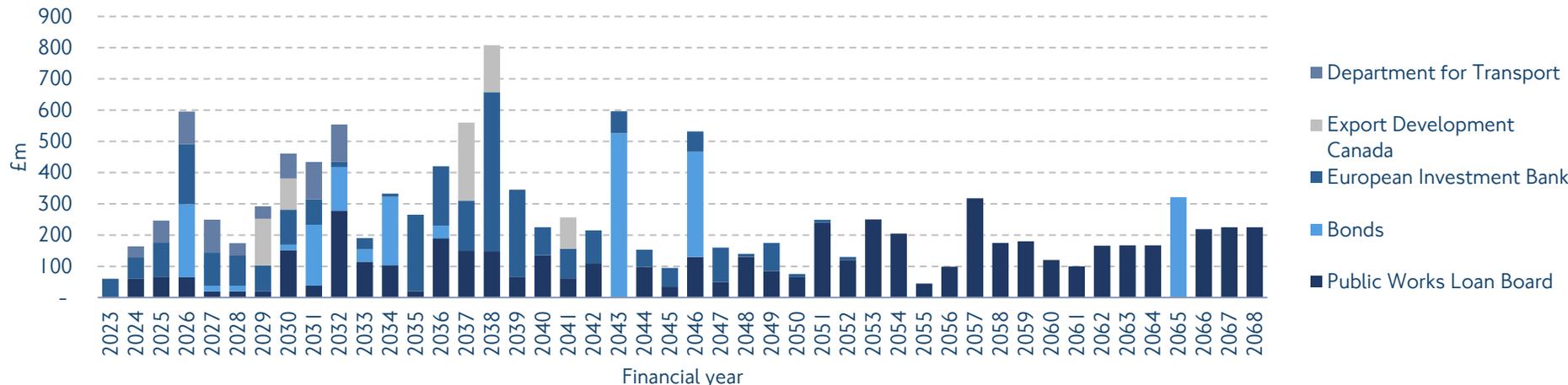
3.4%

The weighted average interest rate on our borrowing is 3.4%

19.6 years

The weighted average tenor of our borrowing is 19.6 years

TfL borrowing maturity profile



The debt maturity profile excludes around £450m of short-term commercial paper, which we intend to continue to re-issue on a rolling basis.



Credit ratings

We are rated by the three major credit rating agencies. This allows us to attract interest from the widest pool of investors possible.

	Standard & Poor's	Moody's	Fitch
Long-term rating	A+	Baa 1	AA-
Outlook	Stable	Stable	Negative
Short-term rating	A-1	P-2	F1+
Last changed/affirmed	May 2022	October 2022	January 2023

Standard and Poor's (S&P)

- S&P affirmed our credit rating at A+/A-1 in May 2022, which reflected its view that the government would continue to provide adequate support to TfL until performance returns to sustainable levels.
- In September 2022, S&P published a bulletin on TfL covering the recent funding settlement. It is noted that the agreement with central government left a funding gap, but that it believes this could be bridged with additional cost savings or temporary support from the GLA. S&P noted that overall, it expected TfL's financial metrics to stay broadly in line with previous expectations.
- Our S&P rating was downgraded from AA- to A+ in May 2020, around the start of the pandemic.

Moody's

- Moody's affirmed our credit rating in October 2022 and maintained the stable outlook, stating that our operating strengthening performance and protections under the funding agreement will partially mitigate economic and fiscal risks
- Moody's previously downgraded our credit rating from A3 to Baa 1 in May 2022, citing its concern around the ongoing uncertainty over long-term funding arrangements, and stating that operating performance was expected to be weaker than previously predicted due to lower economic growth and higher inflation.
- In September 2022, Moody's published a research piece containing its view on the most recent funding agreement and GLA facility. It noted that the funding is credit positive, enabling TfL to balance its budget.
- Moody's had previously downgraded our rating in October 2020 (from Aa3 to A1) and June 2021 (from A1 to A3).

Fitch

- On 26 January 2023, Fitch upgraded our long-term credit rating from A+ to AA-. This reflects our improving financial profile and Fitch's assessment of the link between TfL and the Government. Fitch have assigned a negative outlook, which reflects the negative outlook they have assigned to the Government's credit rating.

Divisional summaries



London Underground

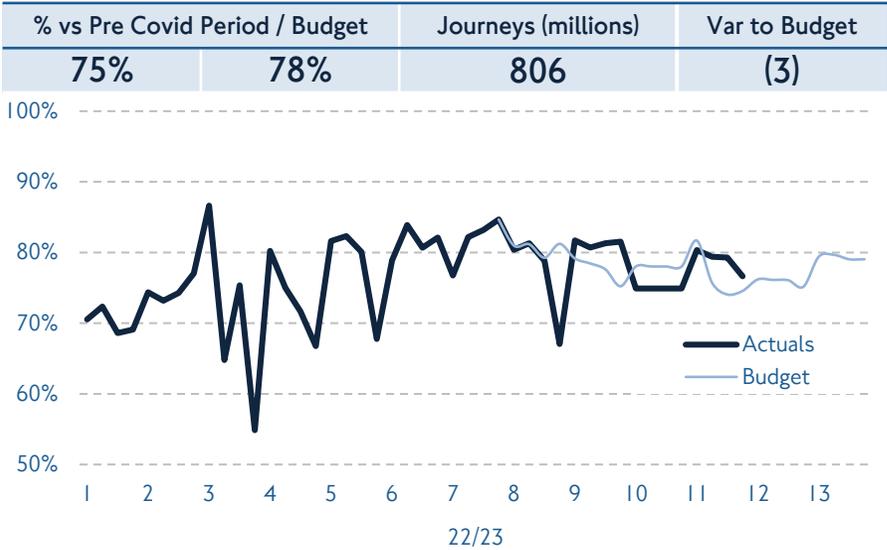
Tube journeys are 75% of pre-pandemic levels, up from 65% at the end of last year but down from 81% in the prior period. Journeys and income are broadly in line with the Revised Budget, although P10 saw some large scale impact from national rail industrial action, estimated to have reduced revenue by £13m.

Operating costs are £1,591m in the year to date, £12m (1%) lower than Budget. This is mainly driven by lower maintenance spend, timing and one off benefits from utilities costs.

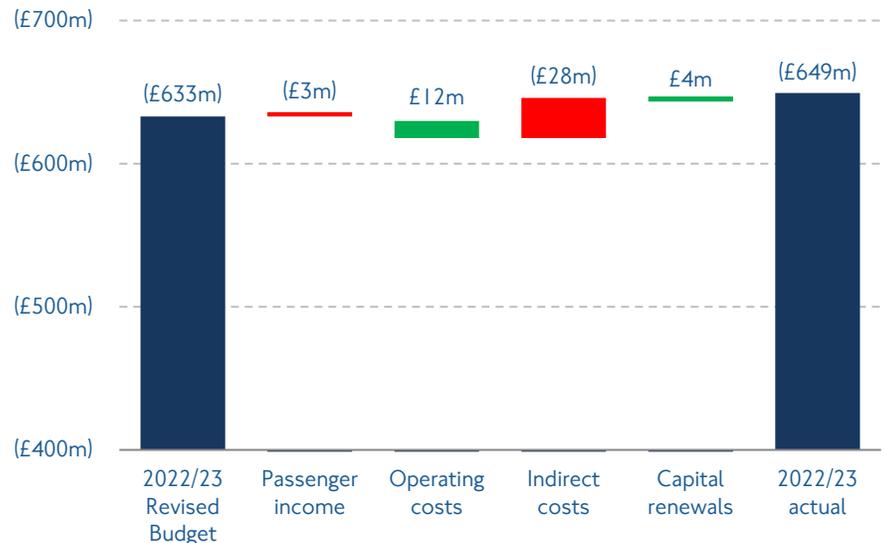
Capital renewals are £242m, over £20m higher than last year, but slightly under Budget.

Operating account (£m)	Period 10, year to date, 2022/23				Period 10, year to date, 2021/22		
	Actuals	Revised Budget	Variance to Revised Budget		Last year	Variance to last year	
Passenger income	1,678	1,681	(3)	0%	1,137	541	48%
Other operating income	21	21	-	0%	16	5	31%
Revenue	1,699	1,702	(3)	0%	1,153	546	47%
Operating costs	(1,591)	(1,603)	12	-1%	(1,526)	(65)	4%
Net contribution	108	99	9	9%	(373)	481	-129%
Indirect costs	(304)	(276)	(28)	10%	(219)	(85)	39%
Net financing costs	(211)	(210)	(1)	0%	(217)	6	-3%
Capital renewals	(242)	(246)	4	-1%	(219)	(23)	11%
Operating surplus / (deficit)	(649)	(633)	(16)	3%	(1,028)	379	-37%
New capital investment	(358)	(357)	(1)	0%	(357)	(1)	0%

Tube journeys compared to pre-pandemic baseline



Net operating surplus/ (deficit) compared to Budget



Elizabeth line

Elizabeth line journeys are tracking close to Budget, and are 2 million higher in the year to date. Passenger income is £11m better, a result of some favourability in ticket yield.

Operating costs are in line with Budget. We have seen a slight increase in staff costs, which have been offset by lower concession costs.

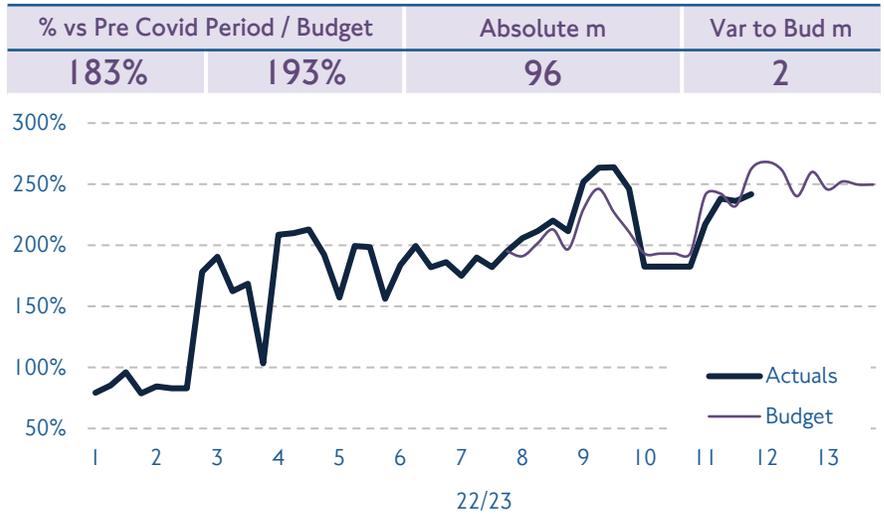
Page 40

Operating account (£m)
Passenger income
Other operating income
Revenue
Operating costs
Net contribution
Indirect costs
Net financing costs
Capital renewals
Operating surplus / (deficit)
New capital investment
Crossrail project
New capital investment

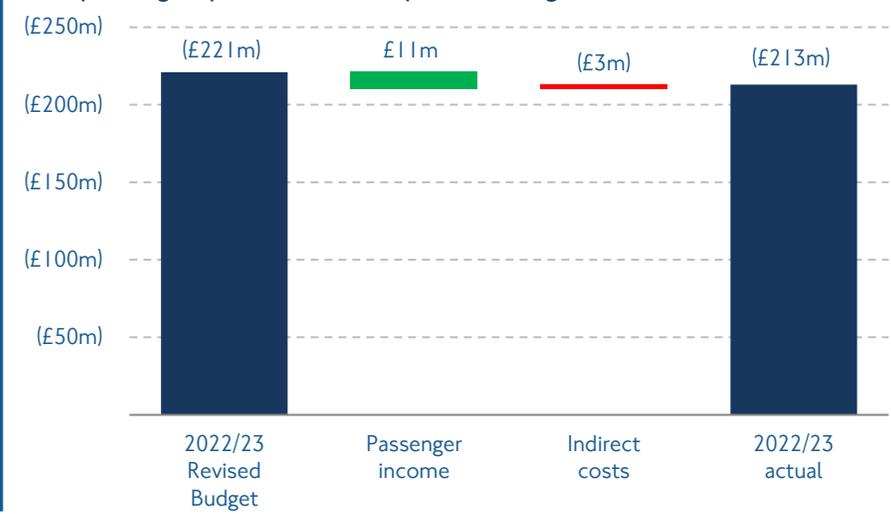
Period 10, year to date, 2022/23			
Actuals	Revised Budget	Variance to Revised Budget	
209	198	11	6%
13	13	-	0%
222	211	11	5%
(357)	(357)	-	0%
(135)	(146)	11	-8%
(11)	(8)	(3)	38%
(66)	(66)	-	0%
(1)	(1)	-	0%
(213)	(221)	8	-4%
-	(1)	1	-100%
(184)	(199)	15	-8%
(184)	(200)	16	-8%

Period 10, year to date, 2021/22		
Last year	Variance to last year	
67	142	212%
10	3	30%
77	145	188%
(313)	(44)	14%
(236)	101	-43%
(6)	(5)	83%
(73)	7	-9%
-	(1)	N/A
(315)	102	-32%
(9)	9	-100%
(470)	286	-61%
(479)	295	-62%

EL journeys compared to pre-pandemic baseline



Net operating surplus/ (deficit) compared to Budget



Buses, Streets & Other operations

Including Congestion Charge and Ultra Low Emission Zone (ULEZ)

Bus journeys are 81% of pre-pandemic levels, up from 70% at the end of last year, and in line with last period. While journeys are in line with Budget, passenger income is £25m (2%) higher than Budget; a result of higher ticket yield of £0.02.

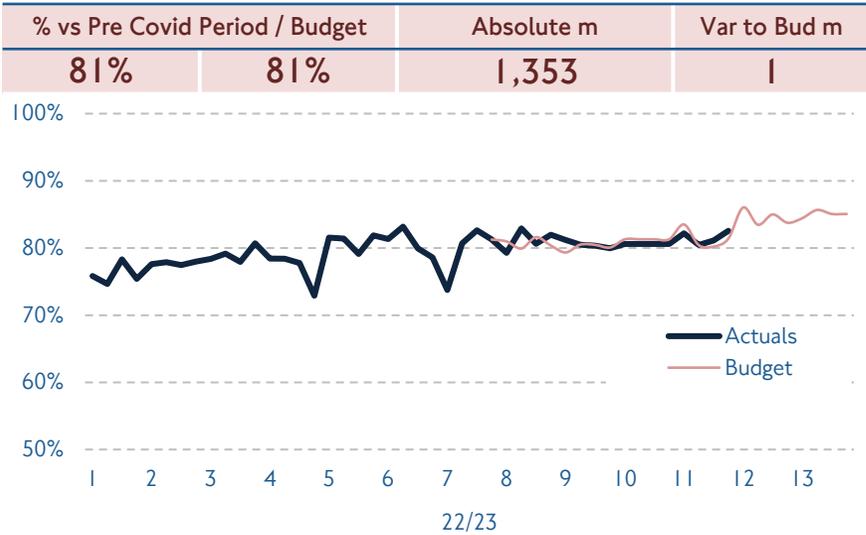
Other operating income is £845m, £26m higher than Budget. This is mainly driven from higher ULEZ enforcement income, and includes PCN income issued to non-UK drivers from P10. This has resulted in higher than expected bad debt levels (£24m) in operating costs. This has been partly offset by lower bus performance payments.

Operating account (£m)
Passenger income
Other operating income
Revenue
Operating costs
Net contribution
Indirect costs
Net financing costs
Capital renewals
Operating surplus / (deficit)
New capital investment

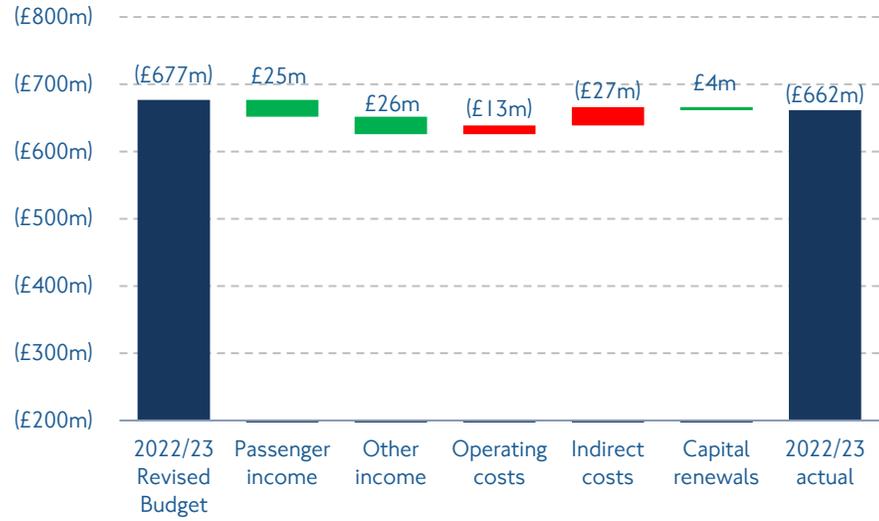
Period 10, year to date, 2022/23			
Actuals	Revised Budget	Variance to Revised Budget	
1,049	1,024	25	2%
845	819	26	3%
1,894	1,843	51	3%
(2,366)	(2,353)	(13)	1%
(472)	(510)	38	-7%
(57)	(30)	(27)	90%
(19)	(19)	-	0%
(113)	(118)	4	-4%
(662)	(677)	15	-2%
(106)	(106)	-	0%

Period 10, year to date, 2021/22		
Last year	Variance to last year	
829	220	27%
587	258	44%
1,416	478	34%
(2,180)	(186)	9%
(764)	292	-38%
(20)	(37)	185%
(21)	1	-6%
(88)	(26)	29%
(892)	231	-26%
(90)	(16)	18%

Bus journeys compared to pre-pandemic baseline



Net operating surplus/ (deficit) compared to Budget



Rail

Rail journeys are at 67% of pre-pandemic levels in the period, which were partly affected by national rail industrial action. Journeys are 2 million lower than Budget in the year to date, with income £4m lower.

Operating income is £6m up on Budget, largely from Network Rail compensation for industrial action.

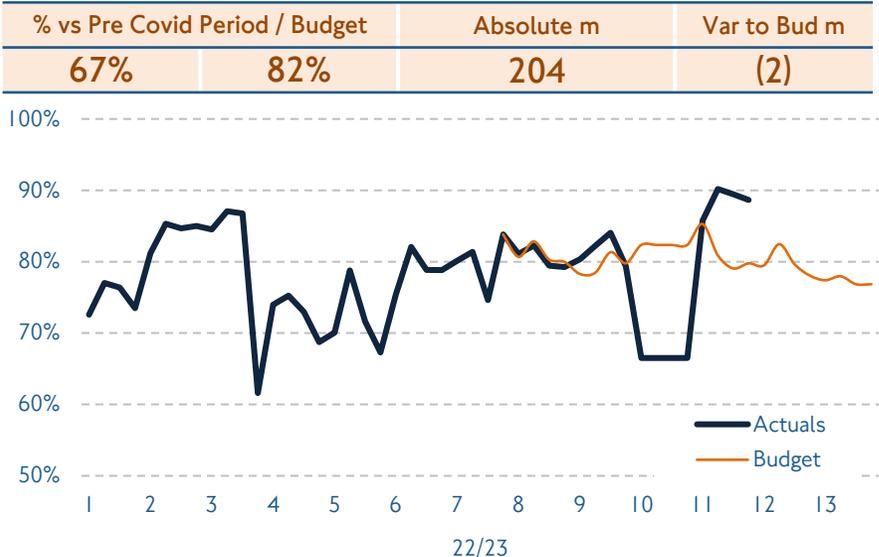
Operating costs are (£418m) in the year to date. Costs are £9m lower than Budget, mainly from lower operator performance payments, lower utilities costs and smaller one off savings.

Operating account (£m)
Passenger income
Other operating income
Revenue
Operating costs
Net contribution
Indirect costs
Net financing costs
Capital renewals
Operating surplus / (deficit)
New capital investment

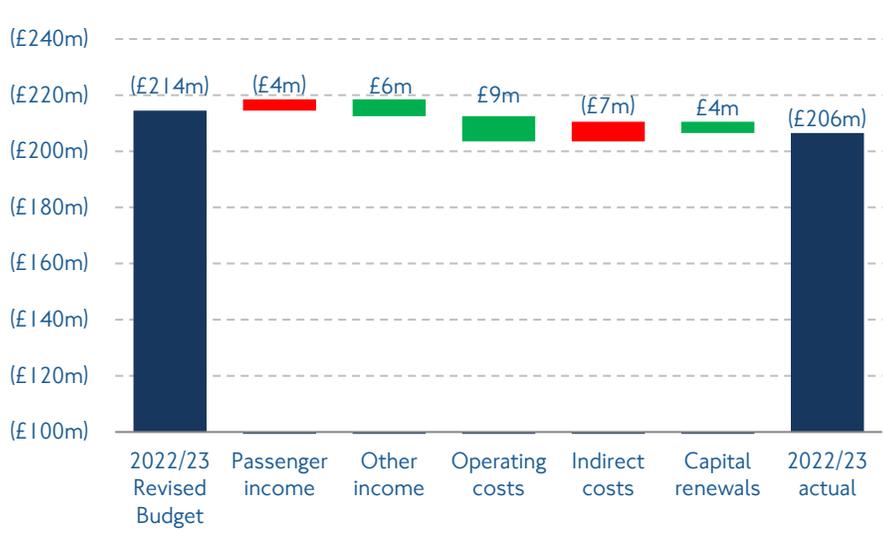
Period 10, year to date, 2022/23			
Actuals	Revised Budget	Variance to Revised Budget	
269	273	(4)	-1%
20	14	6	43%
289	287	2	1%
(418)	(427)	9	-2%
(129)	(140)	11	-8%
(20)	(13)	(7)	54%
(27)	(27)	-	0%
(30)	(34)	4	-12%
(206)	(214)	8	-4%
(88)	(91)	3	-3%

Period 10, year to date, 2021/22		
Last year	Variance to last year	
218	51	23%
13	7	54%
231	58	25%
(362)	(56)	15%
(131)	2	-1%
(9)	(11)	122%
(31)	4	-13%
(28)	(2)	7%
(199)	(7)	4%
(91)	3	-3%

Rail journeys compared to pre-pandemic baseline



Net operating surplus/ (deficit) compared to Budget



Major Projects

Four Line Modernisation



We are planning to introduce signal migration area seven from Dagenham Heathway to Upminster in March 2023. This will extend the roll out of the new signalling system on the District line and connect the first depot to the network.

Software development continues for future signalling migration areas covering the Metropolitan line between Finchley Road and Preston Road (signal migration area eight), including the interface with Neasden depot and the Jubilee line.

Design and installation of trackside signalling assets continues on the Uxbridge (signal migration area 14) and Amersham (signal migration areas 9 and 13) branches of the Metropolitan line beyond Preston Road. Installation is targeted for completion in March 2023.

Railway systems enhancements



Delivery of the scheduled Northern line signalling software updates continue. These software updates address residual issues and requirements following completion of the Northern Line Extension and the Bank station closure works.

Delivery of the Jubilee line signalling software updates continue, with the updates addressing residual issues. The first software release was commissioned onto the railway in Quarter 3 2022/23, and the final software release is being planned, accounting for dependencies on other projects such as the Four Lines Modernisation programme.

The enhancement work for the Northern line power supply is due to be completed in Quarter 1 2023/24. This will provide system capacity and resilience for reliable services during planned or unplanned outages.

Piccadilly line upgrade



New rolling stock

In December Siemens completed the manufacture of the second in type Key Motor car shell for the first new Piccadilly line train. This follows the successful assembly of the first Intermediate Motor cars back in June. This keep us on target for the first train to be fully formed and ready to start testing from Summer 2023.

Power

The DC Power team completed the delivery of the DC cabling required to connect the new sidings at South Harrow with the substation at Sudbury Hill. In total the team have now delivered and installed 8.2km of DC cabling and 1.4km of AC cabling. This supports our key milestone to bring all 12 sidings at South Harrow into use to support the upcoming timetable change in May 2023.

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Date: 8 March 2023

Item: Treasury Activities, Policies and Strategy

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 2022 to 17 February 2023 (the Reporting Period) including a summary of the changes to the Treasury Management Policies and Strategies.
- 1.2 This paper also sets out the proposed TfL Treasury Management Strategy (TMS) for 2023/24, the proposed TfL Treasury Management Policies (TMP) and the proposed TfL Group Policy Relating to the Use of Derivative Investments (Derivatives Policy), along with the proposed TTL Properties Limited (TTLP – TfL’s property development company) Treasury Management Strategy (TTLP TMS) and the TTLP Treasury Management Policies (TTLP TMP).
- 1.3 Approval of these strategies and policies is within the authority of the Committee. The Committee is asked to exercise that authority in relation to each of the TfL and TTLP TMS, each of the TfL and TTLP TMP and the Derivatives Policy.
- 1.4 We have been largely insulated from the impact of rising interest rates, due to a high level of fixed rate debt, at 92.3 per cent. Our cash balance has been invested in short-term instruments, consistent with our TMS, and therefore we have seen upward movement in the interest receivable on these funds.
- 1.5 In December 2022, we purchased £715.5m of our outstanding Medium Term Note Programme bonds on the open market, for £669.2m.
- 1.6 In January 2023, Fitch upgraded our long-term credit rating from A+ to AA-. Our ratings with Moody’s and Standard & Poor’s remain unchanged
- 1.7 We have been looking at ways that we can develop our approach to environmental, social and governance (ESG) investing. In particular, we will continue to follow the Greater London Authority (GLA) Responsible Investment Policy as it further develops.
- 1.8 TfL has separated the commercial property arm of its business, TTLP, in line with government requirements in the February 2022 funding letter. TTLP remains a core part of the TfL estate, however, is able to act in an agile way to deliver a long term, sustainable property business aligned to the core objectives of TfL. Since this separation in April 2022, TTLP has developed and solidified its processes. As such its proposed TTLP TMS and TTLP TMP have been updated significantly to reflect these changes.
- 1.9 During the Reporting Period, we have complied at all times with the TfL TMS, the TfL TMP and the Derivatives Policy, each approved by the Committee (as

delegated by the Board) on 9 March 2022, along with the GLA Responsible Investment Policy, the TTLP TMS and TTLP TMP which were both approved by Chair's Action, following consultation with the Committee (as delegated by the Board) on 22 June 2022.

- 1.10 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 Recommendations

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

- (a) approve the TfL Treasury Management Strategy 2023/24, attached as Appendix 1 to this paper, including the Investment Strategy, the Borrowing Strategy, the Liquidity Strategy, the Risk Management Strategy and the Counterparty Exposure Limits;**
- (b) approve the proposed TfL Treasury Management Policies, attached as Appendix 2 to this paper;**
- (c) approve the proposed TfL Group Policy Relating to the Use of Derivative Investments, attached as Appendix 3 to this paper;**
- (d) note that the managing Chief Finance Officer will approve any non-material changes they consider necessary to the proposed TfL Pension Fund Policy, approved by the Committee in draft in March 2022, once the final regulations have been published, and will issue in final form and, if any material changes are necessary, further approval from the Committee will be sought;**
- (e) approve the TTL Properties Limited Treasury Management Strategy, attached as Appendix 4 to this paper, including the Borrowing Strategy; the Investment Strategy; the Liquidity Strategy and Banking and Cash Management provision;**
- (f) approve the Treasury Management Policies for TTL Properties Limited, attached as Appendix 5 to this paper; and**
- (g) subject to the approval of the TMS 2023/24 and approval of the TfL Group Policy Relating to the Use of Derivative Investments (Derivatives Policy) by the Committee (pursuant to paragraph 2.1(c) above), 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 2023/24, 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 2023/24;**
- 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 2023/24;**
- 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 Liquidity

- 3.1** The TfL TMP 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, on average. 60 days' worth of forecast annual operating expenditure is approximately £1.2bn for 2022/23. The Long-term Funding Settlement agreed with Government in August 2022 requires that usable cash reserves are maintained at no more than £1.2bn, on average. Should usable cash reserves increase above £1.2bn, no top-up grant will be paid until they fall below this level again. We continue to balance these requirements by aiming to maintain our cash balances around £1.2bn on average, however there may be occasions when our cash balances fall slightly below the 60 days aim stated by our Liquidity Policy but would still be within the minimum requirements of the Policy.
- 3.2** This situation will be more pronounced as we move into 2023/24, where 60 days' worth of forecast operating expenditure will be £1.3bn. While the Liquidity Policy allows for fluctuations in cash reserves, we do expect cash to remain slightly below £1.3bn during 2023/24 to ensure we comply with the government funding agreement.

3.3 Despite the above, we are confident that we will retain sufficient liquidity to meet our financial obligations when they become due and continue to maintain a £100m overdraft facility and £100m money market facility to supplement our cash balances as and when required.

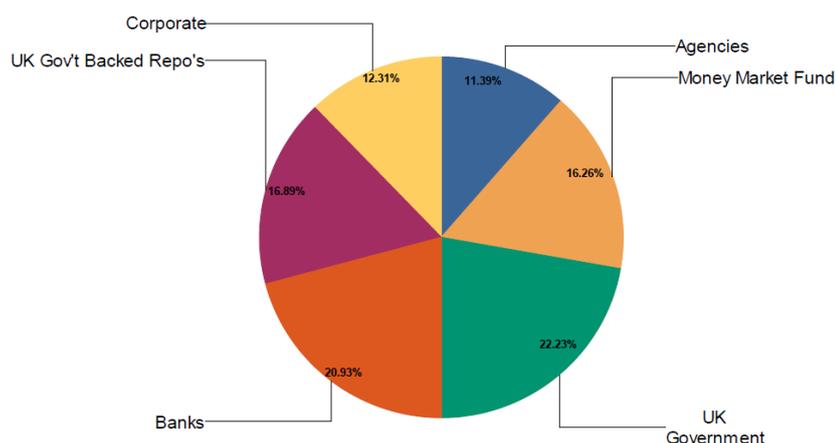
4 Investment Update

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. During the Reporting Period, Bank of England base rates have continued to rise rapidly from 1.75 per cent on 17 September 2022, to 4 per cent by the end of the Reporting Period. The short-term nature of our investment strategy has meant that our investment yield has quickly reflected increases in interest rates.

4.2 On 17 February 2023, 16.3 per cent of our investments were held in highly rated overnight money market funds (MMF) and 16.9 per cent in government collateralised repurchase agreements. Our investments remain short dated with 95 per cent maturing within two months. The weighted average maturity of investments over the Reporting Period decreased from 25 days to 23 days.

4.3 While we have continued to prioritise investments in short dated, highly rated instruments, we continue to seek opportunities to diversify the portfolio and maximise yield. As of 17 February 2023, we held a diversified portfolio of investments in supra-nationals, government agencies and highly rated financial and corporate investments, as shown in Chart 1.

Chart 1 – Sector breakdown of cash position on 17 February 2023



4.4 The weighted average investment yield on 17 February 2023 was 3.8 per cent, 12 basis points lower than the Sterling Overnight Index Average (SONIA) benchmark.

5 Risk Management

- 5.1 The level of floating rate borrowing, as a percentage of all borrowings outstanding, has decreased slightly over the Reporting Period, from 8.0 per cent to 7.7 per cent, primarily due to a small reduction in our Commercial Paper (CP) balance. This remains within the maximum target of 25 per cent set out in our TMS for 2022/23.
- 5.2 Although 7.7 per cent, or £985m, of total debt is exposed to floating interest rates, there is an element of natural hedge in the form of our short-term investments. This is because the income on our investments is also exposed to short-term interest rates. Therefore, a rise in interest rates on our floating rate debt is somewhat offset by a rise in interest receivable from our investment portfolio.

6 Borrowing Update

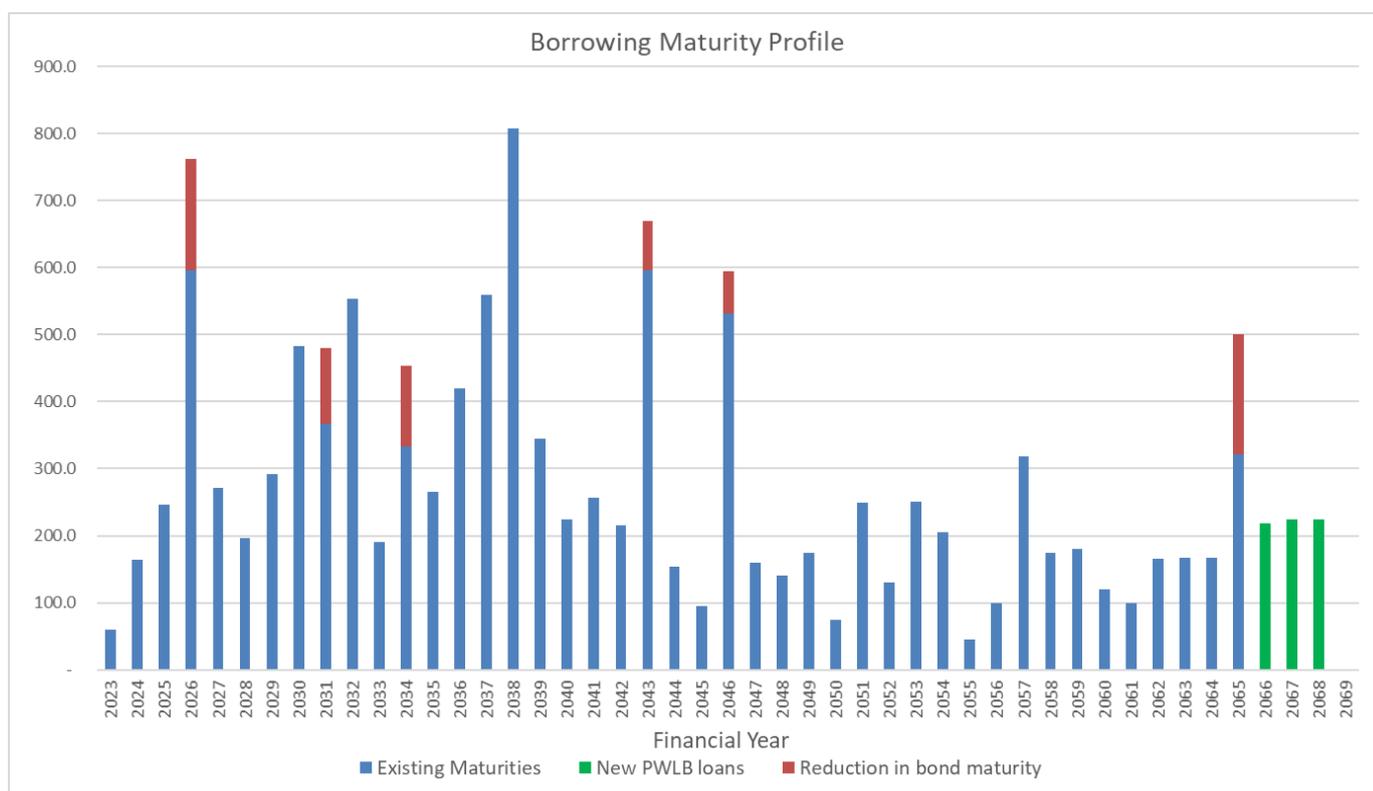
Borrowing during the Reporting Period

- 6.1 As of 17 February 2023, we had £12,721m in outstanding borrowing with an average tenor of 19.25 years and a weighted average interest rate of 3.4 per cent. We remained within the Authorised Limit for borrowing of £14,569m at all times during the Reporting Period.
- 6.2 On 30 September 2022, we arranged a £53.8m variable rate loan with the Public Works Loan Board (PWLB) to refinance maturing loans with the PWLB and the European Investment Bank (EIB).
- 6.3 In December 2022, we repurchased £715.5m of our Medium Term Note Programme bonds as part of a tender offer. The bonds were trading below their face value, and we were able to purchase £715.5m worth of our debt for £669.2m. The repurchase was financed by three fixed rate long-term loans from the PWLB, as shown in Table 1. Financing costs have been reduced by around £25m, spread over several years, as a result of this transaction. Chart 1 shows the maturity profile of our long-term debt, and how it has changed following the bond repurchase.

Table 1: Details of the PWLB loans used to finance our bond repurchase

Tenor (years)	Interest Rate (%)	Loan amount (£m)
43	4.07	219,186,000
44	4.06	225,000,000
45	4.04	225,000,000

Chart 1: Long-term debt maturity profile including changes from bond buyback



- 6.4 We have £60.3m of maturing borrowing (excluding commercial paper) to refinance during the remainder of 2022/23. We will continue to monitor all of our refinancing options; however, it is likely we will utilise the PWLB to refinance these maturing loans.
- 6.5 In addition, there may be new PWLB borrowing in March 2023 in relation to the purchase of the London Overground Class 378 rolling stock. This borrowing was not included in the 2022/23 TMS and any increase in borrowing as a result of this transaction would be offset by a reduction in outstanding lease liabilities. However, this additional borrowing will be within the Authorised Limit for borrowing. Further detail on the purchase of the Class 378 rolling stock is included in a separate item elsewhere on the agenda for this meeting.
- 6.6 During the Reporting Period we have updated our CP Programme. Our previous Issue and Paying Agent (IPA) had announced that it would no longer be performing IPA services for any of its clients. We therefore appointed Bank of New York Mellon as our new IPA under our CP programme, following negotiation with potential IPAs. At the same time, we updated the programme to bring our documentation in line with some changes in market standards.

7 Credit ratings

7.1 Our credit ratings, as of 17 February 2023, are shown in the table below.

Table 2: TfL's credit ratings as of 17 February 2023

	Standard & Poor's	Moody's	Fitch
Long-term rating	A+	Baa1	AA-
Outlook	Stable	Stable	Negative
Short-term rating	A-1	P-2	F1+

7.2 We continued to engage with all three credit rating agencies on a regular basis during the Reporting Period, including discussing our latest Business Plan with the agencies.

7.3 On the 25 October 2022, Moody's affirmed our long-term credit rating as Baa1 and our short-term credit rating as P-2. The outlook was maintained at stable. On 21 December 2022, Moody's published a credit opinion detailing their views on several factors, including the new multi-year funding agreement with government, TfL's "relatively inflexible cost and revenue base", as well as TfL's "strategic importance as the main public transport provider in London and its strong management and governance".

7.4 On 26 January 2023, Fitch upgraded our long-term credit rating from A+ to AA-. This reflects our improving financial profile and Fitch's assessment of the link between TfL and the Government. Fitch have assigned a negative outlook, which reflects the negative outlook they have assigned to the Government's credit rating. No changes have been made to our short-term rating from Fitch.

7.5 There has been no rating action from Standard & Poor's during the Reporting Period.

8 Banking

8.1 We continue to work with our banking provider and the Business Support Function (BSF) to automate the daily 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. The BSF are now sending low value same day payments to the bank. Full automation of this process is expected to be implemented in March 2023.

8.2 As part of our collaboration with the GLA for Payroll Services we have opened two new bank accounts for the GLA and Old Oak and Park Royal Development Corporation (OPDC) and linked all associated liquidity services to the accounts and banking platform in order facilitate employee payments. The first employee payments were successfully paid on 28 November 2022.

9 TfL Treasury Management Policies and Strategy

- 9.1 The Committee is asked to approve the proposed TfL TMP, and Derivatives Policy. These policies support our commitment to financial prudence through risk management. The Committee is also asked to approve the proposed TfL TMS for 2023/24.

TfL Treasury Management Strategy

- 9.2 The TfL TMS 2023/24 includes TfL's proposed strategies for investment, borrowing, liquidity and risk management for the financial year 2023/24, as well as proposed counterparty exposure limits. It sets out TfL's borrowing requirement for 2023/24 and can be found in Appendix 1, with changes shown tracked against the version approved by the Committee in March 2022.
- 9.3 As part of the ongoing collaboration with the GLA, we will invest in the London Treasury Liquidity Fund LP and have added a £10m initial investment counterparty limit. This fund does not have its own credit rating and therefore the fund was not covered within existing counterparty investment limits.
- 9.4 All references to 'investments' in the TMS 2023/24 refer to investments held for treasury management purposes only and do not cover non-treasury related investments.
- 9.5 In relation to the Risk Management Strategy, the proposals to the Committee for derivative investments set out in Recommendation 2.1(g) have been approved by the statutory and managing Chief Finance Officers, as required under the Derivatives Policy.
- 9.6 We have removed reference to the use of third party ESG data as part of the process for updating and maintaining the Approved Investment Counterparty List. This is because we will instead adhere to the proposed GLA Responsible Investment Policy to inform investment decisions, as discussed in 9.13.

2023/24 Borrowing requirement and sources

- 9.7 TfL's borrowing requirement for 2023/24 is expected to be up to £288.9m, excluding rolling commercial paper, as set out in the TMS. This amount consists of £128.9m maturing borrowing that TfL intends to refinance and up to £160m of incremental borrowing. 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.

Derivative Exposure Limits Update

- 9.8 Following a review of our counterparty limits, we are proposing to increase our derivative counterparty limits by 50 per cent to ensure they remain appropriate given recent material market volatility. This change is shown in Table 3 below.
- 9.9 In March 2022, the Committee approved a reduction in derivative counterparty limits to align with our counterparty investment limits, however this year our limit utilisation has increased despite a stable level of hedging activity. Our derivative counterparty exposures are calculated by adding the current mark to market of each derivative to the potential future exposure (PFE). The increase in limit

utilisation has been driven by increases in our mark to market positions, as well as recent market volatility increasing the PFE. The proposed increase to limits will ensure that there is adequate capacity to hedge upcoming risks and deliver value for TfL, whilst allowing continued diversification away from counterparty specific risks.

- 9.10 Our one-way credit support annexes remain in place, giving us the ability to call collateral from counterparties if the aggregate mark to market exposure exceeds the agreed threshold.

Table 3: Revised derivative counterparty exposure limits

Moody's		Standard & Poor's		Fitch		2022/23 derivative counterparty limit (£m)	Proposed 2023/24 derivative counterparty limit (£m)
ST	LT	ST	LT	ST	LT		
P-1	Aaa		AAA		AAA	120	180
	Aa1		AA+		AA+	115	172.5
	Aa2	A-1+	AA	F1+	AA	110	165
	Aa3		AA-		AA-	105	157.5
	A1				A+	100	150
						A+	90
P-2	A2	A-1	A+	F1	A+	80	120
	A3		A		A	70	105
	A3		A-		A-	60	90
	Baa1	A-2	BBB+	F2	BBB+	0	0
	Baa2				BBB	0	0

TfL Treasury Management Policies

- 9.11 The background section of the TfL TMP document has been updated to clarify that the Policies only cover treasury related investments and provide further detail on some of the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA) guidance. This information was in previous TMP annual approvals included in a public paper, but since it is relevant to the Policies and does not change on a regular basis, we consider it more appropriate to provide this context in the Policies themselves.
- 9.12 We consider that paragraph 4.4 of the TfL TMP authorises the managing Chief Finance Officer to approve the pre-payment, refinancing, re-purchase or redeeming of existing debt instruments, including loans, debt securities and leases. The document has been updated to make this clearer.
- 9.13 In October, we updated the Committee on potential plans to use a third party Environmental, Social and Governance (ESG) data provider to inform investment decisions. Since then, we have been collaborating with the GLA on the development of their GLA Responsible Investment Policy and will instead follow this policy to inform investment decisions once the final version has been approved in due course. The revised GLA Responsible Investment Policy covers

ESG investment considerations as well as an approach in respect of sanctioned countries and fossil fuel companies. We have updated the TfL TMP to confirm that intend to comply with the GLA Responsible Investment Policy.

- 9.14 The proposed TfL TMP document is included as Appendix 2, with changes shown tracked against the version approved by the Committee in March 2022.

TfL Group Policy Relating to the Use of Derivative Investments

- 9.15 The Derivatives Policy must be reviewed annually. This is because prior to section 49 (power to plan for risk mitigation) of the Transport for London Act 2008 being enacted, TfL agreed with the House of Commons Committee that were considering the original TfL promoted Bill, that an annual policy on the use and governance of derivative investments entered into under section 49 would be put in place and approved annually.

- 9.16 The Derivatives Policy has been reviewed and there are no changes to the proposed policy which can be found in Appendix 3;

Draft TfL Pension Fund Policy

- 9.17 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). In March 2022, the Committee approved a proposed TfL Pension Fund Policy in draft form and authorised the managing Chief Finance Officer to approve any changes they considered necessary once related final regulations had been published. The draft policy relates to proposed new notifiable events that had been anticipated to come into effect on 6 April 2022; however, the relevant regulations relating to such notifiable events have since been delayed for an unknown amount of time. This is because the responses to a related consultation are still being analysed by the Department for Work and Pensions.
- 9.18 No changes have been made to the proposed policy since it was presented to the Committee in March 2022, and it remains in draft form pending the final regulations. In line with the authorisation given by the Committee in March 2022, the managing Chief Finance Officer will approve any non-material changes they consider necessary to the draft TfL Pension Fund Policy once the final regulations have been published in due course, and then issue a final form. If any material changes are necessary once the regulations are published, further approval from the Committee will be sought.

10 TTL Properties Treasury Management Policies and Strategy

TTL Properties Limited Treasury Management Strategy

- 10.1 In June 2022, a final form of the TTLP TMS was approved by the Chair of the Committee, following consultation with the Committee. The TTLP TMS comprises of TTLP's Borrowing Strategy; Investment Strategy; Liquidity Strategy and Banking and Cash Management. The TTLP TMS has now been updated to reflect how TTLP has evolved further since it was separated in April 2022. In particular we can now provide fully developed strategies around cash forecasting, the investing of cash balances and associated limits as well as an indication of how much we expect to borrow. As the strategy has been updated substantially, it

has been provided without any tracked changes in Appendix 4.

TTL Properties Limited Treasury Management Policies

- 10.2 In June 2022, a final form of the TTLP TMP was approved by the Chair of the Committee, following consultation with the Committee. The proposed TTLP TMP have now been updated to reflect how TTLP has evolved further since it became financially independent in April 2022. In particular, the Borrowing Policy has been updated to ensure that the financial covenants of TTLP's external Revolving Credit Facility are met, and the Liquidity Policy has been updated. As the TTLP TMP has been updated substantially, it has been provided without any tracked changes in Appendix 5.

List of appendices to this report:

Appendix 1: TfL Treasury Management Strategy

Appendix 2: TfL Treasury Management Policies

Appendix 3: TfL Group Policy Relating to the Use of Derivative Investments

Appendix 4: TTL Properties Limited Treasury Management Strategy

Appendix 5: TTL Properties Limited Treasury Management Policies

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

List of background papers:

None

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TRANSPORT FOR LONDON

TREASURY MANAGEMENT STRATEGY 2023/24

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1 SUMMARY

1.1 This Treasury Management Strategy (TMS) 2023/24 comprises the:

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

2 BACKGROUND

2.1 The TMS 2023/24 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:

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

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

2.3 All references to 'investments' in the TMS 2023/24 refer to investments held for treasury management purposes only.

3 POLICIES AND DELEGATIONS

3.1 The TMS 2023/24 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.

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3.2 The arrangements for the implementation, execution, operation and administration of the TMS 2023/24, including the arrangements for banking,

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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 2023/24, the Treasury Management Policies, or the TfL Group Policy Relating to the Use of Derivative Investments.

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3.3 With respect to the investment of cash balances, the Investment Strategy and Investment Counterparty Exposure Limits contained within the TMS 2023/24 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.

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3.4 With respect to TTL Properties Limited (TTLP), TTLP's borrowing, investment and liquidity strategies and its banking and cash management will be subject to such strategies and banking and cash management related provisions set out in any Finance Committee approved TTLP Treasury Management Strategy.

4 STRATEGIC OBJECTIVES

4.1 The objectives underpinning the TMS 2023/24 are:

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- (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;

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

- (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.

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 ~~TfL will invest in the London Treasury Liquidity Fund LP, in addition to any other investments which meet the requirements of this investment strategy.~~
- 5.6 ~~Save in respect of the London Treasury Liquidity Fund LP, 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. Investments with counterparties that have a credit rating of less than any of A-1, P-1 or F1 will have a combined total of no more than £240m.~~
- 5.7 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.
- 5.8 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. ~~Save in respect of the London Treasury Liquidity Fund LP, due to the short term~~

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nature of TfL's investments and the desire not to lose any principal, TfL will not invest in equity.

5.9 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.

5.10 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.

5.11 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

6.3 TfL's borrowing requirement for 2023/24 is expected to be up to £288.9m, excluding rolling commercial paper. This amount consists of £128.9m maturing borrowing that we intend to refinance, and up to £160m of incremental borrowing.

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Table 1 – expected 2022/23 refinancing requirement ¶
Description

6.4 In addition to the expected TfL borrowing, TTL Properties Limited (TTLP) is expected to raise its own borrowing to meet its capital requirements. This funding would be non-recourse to TfL and is included in the TTLP Treasury Management Policy and TTLP Treasury Management Strategy.

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6.5 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). 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

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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.

6.6 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.

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6.7 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.

6.8 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.

6.9 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 2023/24 financial year, in order to mitigate interest rate risk related to future borrowing requirements.

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6.10 The source, tenor, currency (subject to 6.7) 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.

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6.11 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 a minimum balance of cash and short-term investments of £10m as set out in the TTLP Treasury Management Strategy.

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- 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 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.~~

9.3 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.

9.4 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

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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

- 9.5 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.
- 9.6 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).
- 9.7 The exposure limit for London Treasury Liquidity Fund LP will be £10m.
- 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 (save for example where underlying exposure comes to end on contract termination). 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.

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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	180
	Aa1		AA+		AA+	172.5
	Aa2		AA		AA	165
	Aa3		AA-		AA-	157.5
	A1	A-1	A+	F1	A+	150
	A2		A		A	135
	A3		A-		A-	120
	A3		A-		A-	105
P-2	Baa1	A-2	BBB+	F2	BBB+	90
	Baa2		BBB		BBB	0
	Baa2		BBB		BBB	0

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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 2023/24. Derivative exposures are allocated over numerous approved counterparties to minimise concentration risk.

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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.

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

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1.2 The Investments Guidance requires investment strategies to be published for treasury and non-treasury investments such as property portfolios. All references to 'investments' in this document and the TfL Group Policy Relating to the Use of Derivative Investments refer to investments held for treasury management purposes and/or risk management purposes only.

1.3 CIPFA recommends that all public service organisations adopt a series of clauses for effective treasury management, and which this document duly incorporates, including the creation and maintenance of:

- (i) a treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities; and
- (ii) 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.

1.4 Under the Treasury Management Code, Transport for London (TfL) is required to adopt Prudential Indicators and Treasury Management Indicators (together the 'Prudential Indicators') that support planned capital expenditure, borrowing and treasury management activities. TfL's Prudential Indicators (approved separately at least annually by the Board) are outside the scope of this Treasury Management Policies document.

1.5 This document therefore sets out TfL's treasury management policies and practices, including approach to risk management of its treasury management activities. It also sets out authorities and delegations for treasury management activities.

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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.

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 respect of TTL Properties Limited (and/or its subsidiaries).

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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 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/or its subsidiaries) 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.

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.

- 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 and/or as described in 2.5. 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 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.

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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.

- 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 TfL's 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, refinancing, re-purchase or redeeming of existing loans, leases, debt securities or any other debt instruments.
- 4.5 TfL Officers will follow ongoing compliance and disclosure procedures set out in the TfL Disclosure Procedures Policy.

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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, ~~LTM~~ and ~~TTLP~~) 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. ~~TTLP monies will be under the control of the Director of Corporate Finance and the Group Treasurer but will not 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.

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 STRATEGY

1 **Borrowing Strategy**

- 1.1 TTL Properties Limited has an indicative borrowing requirement of up to £50m in 2023/24, subject to phasing of its capital programme.
- 1.2 TTL Properties Limited will make use of its £200m unsecured Revolving Credit Facility for this requirement, which has sufficient undrawn funds. This facility is non-recourse to TfL.
- 1.3 TTL Properties Limited and its subsidiaries (TTLP) may also set up short term intercompany loan facilities with TfL and/or group companies, to be used for working capital purposes.

2 **Investment Strategy**

- 2.1 Cash balances will be invested in accordance with this TTLP Treasury Management Strategy, the TTLP Treasury Management Policies, the TfL Treasury Management Policies, and the TfL Treasury Management Strategy.
- 2.2 TTLP may invest cash balances in Money Market Funds (MMFs). Counterparty investment limits for MMFs will be aligned with TfL's counterparty investment limits, as set out in the TfL Treasury Management Strategy.
- 2.3 TTLP may invest cash balances in fixed deposits with its clearing bank. There will be no restriction on the amount of cash TTLP can hold with its clearing bank although investments will be diversified as soon as practicable within the bounds of this Strategy.
- 2.4 TTLP will not invest cash balances in any other instruments without prior approval from the Director of Corporate Finance or the Group Treasurer.
- 2.5 TfL and TTLP counterparty exposures will be considered and recorded separately, such that an investment by TfL will not impact how much TTLP can invest in any permitted counterparty, and vice versa.

3 **Liquidity Strategy**

- 3.1 TTLP will regularly produce a 12 week cash forecast, showing daily liquidity movements. TTLP will also produce a cash flow forecast which will be updated periodically and show liquidity demand every period for the next 18 months.
- 3.2 TTLP will aim to hold a minimum balance of cash and short-term investments of £10m.

4 **Banking and Cash Management**

- 4.1 TTLP will use independent accounts which operate outside the TfL Group Pool.

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TTL Properties Limited

TREASURY MANAGEMENT POLICIES

1 BACKGROUND

- 1.1 This document sets out TTL Properties Limited policies and practices, authorities and delegations of its treasury management activities which apply to TTL Properties Limited and its subsidiaries (TTLP).
- 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.
- 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 period a cash flow forecast that will show liquidity demand each period over the next 18 months. TTLP will ensure that it can meet short-term and long-term liquidity requirements through a combination of its existing cash balances, operating cashflows, undrawn committed facilities and planned asset disposals.
- 2.2 For prudent financial management purposes, TTLP will aim to maintain a minimum level of cash reserves of £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 The statutory and managing Chief Finance Officers¹ will be notified of any expected material liquidity issues.

3 BORROWING

- 3.1 Subject to and in accordance with paragraph 3.3 and/or 3.4 TTLP can enter into borrowing facilities and drawdown borrowings provided this is without recourse to TfL.
- 3.2 Subject to and in accordance with paragraph 3.3 and/or 3.4 TTLP can enter into short term loan arrangements with TfL Group entities for working capital purposes.

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.

- 3.3 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 and Chief Executive TTLP or the Chief Finance Officer TTLP 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.
- 3.4 The Director and Chief Executive TTLP, Chief Finance Officer TTLP, 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.
- 3.5 Authorised Treasury officers may execute drawdowns under existing debt facilities.
- 3.6 Subject to and in accordance with paragraph 3.3 and/or 3.4 the Director and Chief Executive TTLP, Chief Finance Officer TTLP or the Director of Corporate Finance are authorised to approve the pre-payment, refinancing re-purchase or redeeming of existing loans, leases, debt securities or any other debt instruments.
- 3.7 TTLP may not, without the written consent of the managing or statutory Chief Finance Officer or Director of Corporate Finance or Group Treasurer and in accordance with paragraph 6.6, enter into any financial guarantee, that may have the commercial effect of a borrowing or be otherwise classified as borrowings or debt liabilities including any performance bond, letter of credit or any other product or instrument.

4 INVESTMENTS

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

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, in collaboration with the TTLP Finance team.
- 6.2 The Chief Finance Officer TTLP is responsible for advising the Finance 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 Chief Finance Officer TTLP 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 Chief Finance Officer TTLP 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. In practice the Finance Committee will be updated by the Director of Corporate Finance or the Group Treasurer.
- 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 3.5.
- 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 Group Treasurer.
- 6.7 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 at all times.

7 TREASURY MANAGEMENT PRACTICES

Treasury Management Reporting

- 7.1 The following reports will be produced
 - (i) an annual report to the Finance Committee on the TTLP Treasury Management Strategy for the coming year and;

- (ii) a periodic cash flow report to the Chief Finance Officer TTLP 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.

Finance Committee

Date: 8 March 2023

Title: Investment Management Strategy 2023/24 – Non-Financial Assets

This paper will be considered in public

1 Summary

- 1.1 This paper sets out the proposed Investment Management Strategy 2023/24 – Non-Financial Assets (the Strategy) attached at Appendix 1 to this paper.
- 1.2 The Strategy provides an overview of how TfL plans to manage and grow its various commercial assets.

2 Recommendations

- 2.1 **The Committee is asked to note the paper and approve the Investment Management Strategy 2023/24 – Non-Financial Assets, attached at Appendix 1 to this paper.**

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.
- 3.4 This is an annual update of an existing strategy which was approved by the Committee in March 2022.
- 3.5 We have updated the strategy to reflect changes made to two documents issued by the Chartered Institute of Public Finance and Accountancy in 2021: (i) The Prudential Code for Capital Finance in Local Authorities; and (ii) Treasury Management in Public Services.
- 3.6 Since the last annual update of this strategy, TfL has separated the commercial property arm of its business, TTL Properties Limited (TTLP), in line with government requirements in the February 2022 funding letter. TTLP remains a core part of the TfL estate, **however**, is able to act in an agile way to deliver a long term, sustainable property business aligned to the core objectives of TfL.
- 3.7 The statutory Chief Finance Officer certifies that TfL's capital spending plans do not include the acquisition of assets primarily for yield, as required by The Prudential

Code for Capital Finance in Local Authorities. Further information is included in Appendix 1.

List of appendices to this report:

Appendix 1 – Investment Management Strategy 2023/24 – Non-Financial Assets

List of Background Papers:

None

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TRANSPORT FOR LONDON

INVESTMENT MANAGEMENT STRATEGY 2023/24 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) 2023/24 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 2023/24 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 issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) as updated in 2021 (the Prudential Code);
 - (ii) the Statutory Guidance on Local Authority Investments issued by the then Ministry of Housing, Communities and Local Government in 2018 (the 2018 Investments Guidance); and
 - (iii) Treasury Management in the Public Services issued by CIPFA and last updated in 2021 (the Treasury Management Code).
- 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 2023/24 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 updated in 2021 and have been fully reflected in this Investment Management Strategy.

3 STRATEGIC OBJECTIVES

- 3.1 The objectives underpinning the IMS 2023/24 are to:
- (i) by 2031, have started on sites capable of delivering 20,000 homes 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, creating significant social value. 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 for investment in Transport through growing 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 Limited (TTLP) through a mix of external borrowing, land sales, asset disposals and development returns;
- (v) to develop the media and telecommunications activities within TfL generating long-term cash flows, and positive income returns;
- (vi) to ensure investments made by TfL for commercial purposes are proportionate to financial capacity of TfL; and
- (vii) to confirm compliance with paragraphs 51 to 53 of the Prudential Code.

4 INVESTMENT PROGRAMME

- 4.1 The IMS 2023/24 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, while others are set up to deliver an ongoing rental stream and associated asset value.
- 4.2 The majority of capital expenditure on non-financial assets is allocated to non-financial assets following an annual prioritisation process, published as the TTLP business plan and investment strategy.
- 4.3 As TfL's commercial property company, TTLP will be the delivery vehicle for property within TfL (items 1 to 4 in the table below). Items 5 and 6 are delivered by the operational businesses of TfL.

Table 1 – Main programmes of capital expenditure 2022/23 to 2031/32

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

Residential – For Sale Joint Ventures and Build to Rent

- 4.4 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 well located for residential development, with good transport links. TTLP's Business Plan would see TTLP starting on sites capable of delivering 20,000 homes by 2031. Schemes to deliver over 1,800 homes are currently on site and this number is projected to rise to just under 4,000 by the end of March 2023. Development of For-Sale residential properties will deliver future profits, and provide cash flow to reinvest, while contributing to new home delivery in London. Our largest developments are managed through joint ventures mainly with housebuilders, providing expertise and superior buying powers to offset risk in planning and construction. TTLP is close to announcing a new joint venture in West London with the potential to deliver over 2,500 new homes including affordable housing and Build to Rent homes.
- 4.5 To deliver the BtR programme, TTLP is investing through a joint venture with Grainger plc, a major residential rental specialist. We have started on site at Montford Place and expect to start on site at Nine Elms, Southall Sidings and Arnos Grove by March 2023.
- 4.6 Almost £3.2 billion of capital was committed to the UK BtR sector during the first three quarters of 2022, up 10.2 per cent year-on-year. Some £1.5 billion was spent in the third quarter alone, the second strongest quarterly investment figure on record. Investment activity has been more subdued in recent months, reflecting a period of 'price discovery' following the recent increase in interest rates and the reduction in debt availability. Pricing is expected to adjust, albeit the impact is expected to be less acute than other sectors, due to the robust and resilient nature of the income.
- 4.7 Grainger's February trading update saw like-for-like rental growth of 6.1 per cent and record occupancy levels at 98.7 per cent. Driven by an acute supply and demand imbalance, alongside wage inflation, rental growth is expected to continue to be strong in 2023. CBRE forecast growth of four per cent in 2023, rising to five per cent in 2024. These are whole of market forecasts, and the BtR sector has the potential to outperform this. This strong rental growth is expected to mitigate against yield expansion.
- 4.8 While investment demand is expected to remain strong for BtR assets, development viability is challenging in the short term, given asset value re-pricing, continued construction cost inflation and rising debt costs. This is leading to a reduced construction pipeline and fewer forward funding opportunities.
- 4.9 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 2022/23 with the submission of a new masterplan application in 2024 with consent and start on site envisaged in 2025. The consolidation of the site was finalised in 2022 with the transfer of development rights of London Underground's adjoining Lillie Bridge Depot to Earls Court Partnership Limited (subject to a leaseback to London Underground Limited until vacant possession is provided). Earls Court Partnership Limited now controls a 40-acre Zone 1 development site. 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, albeit with a recent small decline.

Retail Expansion and Estate Improvement

- 4.10 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.
- 4.11 Our arches portfolio offers iconic, unique commercial spaces, home to restaurants, cafes, gyms and maker spaces and has the potential to do much more to enhance local communities. Businesses located in railway arches make a significant contribution to making London a thriving city, as well as to the economy. With 93% Small & Medium Enterprise occupants (from music studios to mechanics), the portfolio is agile and can react to market conditions. The portfolio extends to over 800 arches and is worth around £180m generating over £11m a year. The Arches Strategy will provide and future-proof the right spaces for London's small business entrepreneurs. The portfolio will generate and grow sustainable net income through partnership and mutual growth plans. However, as with much of the estate there has been a historic underspend on maintenance works. Given the intrinsic operational interface and nature and condition of arches this needs rectifying with significant capital investment and will be a short-term focus. In addition, several key arch estates have been identified for repurposing and redevelopment.
- 4.12 A strategic plan has been created to deliver enhanced income by focusing on a number of prime sites with small interventions at other locations. Historical 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 returns throughout the portfolio. TTLP will improve asset utilisation 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

- 4.13 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.
- 4.14 The independent research firm Property Market Analysis LLP forecasts annual rental growth for prime central London offices to average between 1.6 per cent and 2.1 per cent until 2026. 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.

- 4.15 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.

Digital Media

- 4.16 TfL has invested significantly in the upgrade and expansion of its digital advertising assets across the rail estate. This has included the implementation of new formats across LU with the implementation of Digital Escalator Ribbons and large format landmark displays, as well as Videowalls and Digital screens integrated into the platform edge doors on the Elizabeth Line. This investment is in line with wider market developments regarding the move to more digital advertising infrastructure.
- 4.17 Returns across all media (digital and traditional posters) were significantly disrupted by the pandemic, with our Rail estate hit extremely hard as initially we directed customers not to travel. Even though the last few years have been volatile, we have continued to rebuild and drive commercial media revenues, including the building of successful commercial partnerships which help to showcase our estate. We have continued to maintain our ability to attract brands to our advertising network and to deliver creative executions that have made national, and even global, headlines.

Telecommunications

- 4.18 In July 2022, we announced that customers using all four major mobile operators are set to have access to BAI Communications' 4G and 5G-ready mobile network across the London Underground and Elizabeth line, including within tunnels.
- 4.19 We believe that this project will give customers on these networks access to uninterrupted coverage while on the Tube and within the stations. When completed, the network will be the most advanced of any city in the world.

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. A large proportion of external funding will be from TTLP's committed £200m revolving credit facility.
- 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 in the process of being identified and included in plans although, as previously noted, the disposal programme has slowed through the pandemic, however it is expected to grow again as a core funding source for TTLP.
- 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 and limit risk.

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 contractual 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 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 let-ability, 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. 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 income 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 the locations of 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 continue to work closely with the Land and Property Committee, which gives strategic guidance and direction.
- 6.14 Governance structures for TTLP follow the standing orders for TfL, and the regular Investment Group chaired by the Chief Finance Officer oversees investment decisions. Governance will continue to be reviewed with input from the Independent Investment Programme Advisory Group (IIPAG) and TfL Assurance, to ensure that governance structures are appropriate for the level of risk.

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 will be used by TfL to assess and monitor investments. These metrics were endorsed by the Land and Property Committee in June 2022 and will be reviewed at least annually.
 - (i) all projects will be expected to produce a positive net present value discounted at an appropriate Internal Rate of Return (IRR) hurdle rate;

- (ii) target IRR in a range between seven per cent and fifteen per cent. This metric 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
- (iii) TfL will measure return on capital employed, showing levels of profit compared to TfL capital invested, and targeted at 20 per cent; and
- (iv) incremental yield on expenditure greater than 3.6 per cent, ensuring that we are allocating capital and generating a return on investment that is aligned with our strategic objective of delivering net income growth.

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.

7.4 We will also review liquidity and 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.

7.6 To ensure that commercial investments made by TfL remain proportionate to financial capacity, TfL will monitor the debt and equity of subsidiary entity TTL Properties Limited as set out in 6.5 above.

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.
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.

Investment Area	Overview	Rationale
Commercial Office Developments	Opportunity to create prime Central London commercial office space with leading environmental sustainability credentials. Options exist to rationalise TfL's existing office facilities and estate.	Will provide a long-term income stream from assets. Station environment enhancement. Create options for new, high quality TfL head offices in attractive locations.

Finance Committee

Date: 8 March 2023

Item: Taxi Fares and Tariffs Update

This paper will be considered in public

1 Summary

- 1.1 The paper updates the Committee on the outcome of the taxi fares and tariffs review and seeks approval of changes to fares and tariffs, which try to strike an appropriate balance between taxi drivers being fairly paid and taxi users getting fair, reasonable and affordable fares.

2 Recommendations

2.1 **The Committee is asked to note the paper and approve:**

- (a) increasing Tariffs 1, 2 and 3 by 7.61 per cent;**
- (b) removing the requirement for the extra charge for taxi hirings arranged by telephone, mobile phone, smart phone, mobile application, any application software and by use of the internet to be added to the taximeter;**
- (c) increasing some of the fixed-fares for shared-taxis that operate during the Wimbledon Tennis Championships; and**
- (d) amending one of the authorised places where the fixed-fare, shared-taxi scheme operates from during the Wimbledon Tennis Championships.**

3 Background

- 3.1 Taxi and private hire services in London are licensed and regulated by TfL's Licensing and Regulation Department. TfL also regulates taxi fares.
- 3.2 Taxi fares are calculated using a taximeter and the meter shows the maximum fare that can be charged at the end of a journey in London. 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. When the tariffs apply is 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

4 Reviewing taxi fares and tariffs

4.1 When considering changes to taxi fares and tariffs, we try to strike an appropriate balance between taxi drivers being fairly paid and taxi users getting fair, reasonable and affordable fares. To achieve this we:

- (a) use the Cost Index 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 between the tariffs and as journey distance or duration increases;
- (d) 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](#). All licensed taxi drivers must pass the Knowledge of London and this takes considerable time and investment. Only vehicles that meet the requirements in the Conditions of Fitness are licensed in London for use as taxis; and
- (e) have due 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 are more reliant on them because they are in a protected group (e.g. older people, disabled people).

5 Cost Index

5.1 The Cost Index is a tool to track changes to taxi drivers' operating costs and average national earnings. The Cost Index includes a number of different components covering drivers' operating costs (e.g. vehicle costs, parts, servicing, insurance, etc). We update the figures for these components when we review taxi fares and tariffs. The change in average national earnings uses figures published by the Office for National Statistics.

5.2 The 2022 total Cost Index figure was high compared to previous years. Large increases in fuel and electricity/charging made up 1.71 per cent and 4.03 per cent of the total Cost Index figure respectively.

Cost Index figures	2018	2019	2020	2021	2022
Taxi drivers' operating costs	+2.30%	+2.00%	+0.58%	+1.00%	+7.61%
Average national earnings	+1.30%	+2.15%	-0.58%	+4.80%	+4.02%
Total Cost Index figure	+3.60%	+4.16%	-0.01%	+5.80%	+11.64%

5.3 We consulted on five different options for consideration by respondents, including a “do nothing” option. Of these five options, four included an increase in fares. The consultation options were:

Option	Details
1	Increase all tariffs by the full total Cost Index figure <ul style="list-style-type: none"> • Freeze the minimum fare at £3.80 • Increase Tariffs 1, 2, 3 and 4 by the full total Cost Index figure of 11.64 per cent
2	Use the total Cost Index figure but spread the increases across the minimum fare and the four tariffs <ul style="list-style-type: none"> • Increase the minimum fare by 40 pence (£3.80 to £4.20) • Increase Tariffs 1, 2, 3 and 4 by 8.80 per cent
3	Increase Tariffs 1 and 2 by the drivers' operating costs part of the Cost Index <ul style="list-style-type: none"> • Freeze the minimum fare at £3.80 • Increase Tariffs 1 and 2 by 7.61 per cent • Freeze Tariffs 3 and 4
4	Increase Tariffs 1 and 2 by the average national earnings part of the Cost Index <ul style="list-style-type: none"> • Freeze the minimum fare at £3.80 • Increase Tariffs 1 and 2 by 4.02 per cent • Freeze Tariffs 3 and 4
5	No change <ul style="list-style-type: none"> • Freeze the minimum fare at £3.80 • Freeze Tariffs 1, 2, 3 and 4

6 Taxicard

6.1 When we review taxi fares and tariffs we take into account the potential impacts on the Taxicard scheme and Taxicard members. Disabled residents in London are eligible for subsidised taxi journeys under the Taxicard scheme which provides a door-to-door service¹. The scheme is funded by TfL and the London boroughs and taxis are used for the majority of Taxicard journeys.

7 Taxi fares and tariffs consultation

7.1 In addition to the five different options for fares and tariffs above, we also sought views on changes to the extra charge for booked taxis and the fixed-fare, shared-taxi scheme that operates at Wimbledon during the Tennis Championships.

¹ Taxicard scheme, <https://tfl.gov.uk/modes/taxis-and-minicabs/taxicard-and-capital-call>

Extra charge for booked taxis

- 7.2 Up to £2.00 can be added to taxi fares for a taxi hiring arranged by telephone, mobile phone, smart phone, mobile application, any application software and by use of the internet. The extra charge is intended to help cover the arrangement costs associated with hirings being taken via a booking service.
- 7.3 At present the Cab Order² requires the extra charge to be added to the taximeter. In the consultation we proposed removing the requirement for the extra charge to be added to the taximeter, but no changes to the amount were proposed. This charge would continue to be listed on the taxi fare card displayed in the passenger compartment of all licensed taxis.
- 7.4 Customers will still be able to request a receipt, including details of the overall sum paid, where they request one from the taxi driver and also request a receipt from the company they booked the taxi with.

Wimbledon Tennis Championships fixed-fare, shared-taxi scheme

- 7.5 During the Wimbledon Tennis Championships a fixed-fare, shared-taxi scheme operates.
- 7.6 Fixed-fare, shared-taxis operate between the Wimbledon Tennis Championships and Wimbledon and Southfields stations. No changes to this were proposed in the consultation.
- 7.7 Fixed-fare, shared-taxis also operate from the Wimbledon Tennis Championships to other parts of London but it has been suggested that these fixed-fares are too low, they do not reflect the increases in the minimum fare and tariffs in recent years, and the fixed-fares are not appealing to taxi drivers. For several years there has been a taxi rank outside Gate 4 during the Wimbledon Tennis Championships and fixed-fare, shared-taxis were available from this taxi rank. The taxi rank is now being moved.
- 7.8 In the consultation we proposed to:
- (a) increase the fixed-fares from the Wimbledon Tennis Championships to other parts of London; and
 - (b) amend the authorised place where the fixed-fare, shared-taxi scheme operates and change from 'Taxi boarding point outside Gate 4 of the All England Lawn Tennis and Croquet Club, London SW19' to 'Taxi ranks serving the All England Lawn Tennis and Croquet Club, London SW19'.

² The London Cab Order 1934 sets out the rates for each tariff and the extra charges that can be added to the taximeter <https://content.tfl.gov.uk/london-cab-order-1934-consolidated-sept-2022.pdf>

8 Consultation responses

- 8.1 The consultation³ ran for six weeks, from 11 November to 22 December 2022. As part of the consultation we also published the Impact Assessments and other factors to consider, Equality Impact Assessment (EQIA) and associated evidence base, and an explanation of the Cost Index among other factsheets.⁴ We also produced an easy read version of the consultation material and consultation questions and British Sign Language videos⁵. Finally, we sought views from a wide range of stakeholders using our stakeholder database, including stakeholder groups representing the interests of those with disabilities, women's safety and older people.
- 8.2 We received 944 responses to the consultation, with 43 per cent of responses from 'taxi users', 43 per cent from 'taxi drivers' and the remaining from Taxicard members, non-taxi users and representatives of organisations. A summary of the consultation responses is in Appendix 1 and a summary of the stakeholder responses is in Appendix 2.
- 8.3 Taxi drivers were most likely to support Option 1 (Increase all tariffs by the full total Cost Index figure), with 75 per cent of drivers supporting this option. Taxi drivers were most likely to oppose Option 5 (80 per cent of responses). The reverse was true for taxi users, with Option 5 (no change i.e. freeze) being the most popular, supported by 47 per cent of taxi users. Users were most opposed to Option 2 (52 per cent of responses).
- 8.4 The taxi trade associations (London Cab Drivers Club, Licensed Taxi Drivers' Association, RMT, United Cabbies Group and Unite the Union) submitted a joint response in support of Option 1, emphasising the need to increase tariffs to maintain driver earnings in the face of rising costs and provide continuity of supply by ensuring driving remained viable. They also supported Tariffs 3 and 4 being increased after being frozen for several years. The taxi trade associations also provided an additional submission (Appendix 8) about Tariff 3. They strongly support Tariff 3 being increased and in their additional submission they outlined how Tariff 3 has been frozen for a number of years, that if it was frozen again this year it would cause a proportion of taxi drivers who work at night to change to working days, and that it would be grossly unfair to night-time taxi drivers to freeze Tariff 3 again.
- 8.5 Business groups supported various options, with Camden Town Unlimited fully supporting Option 5 and partly supporting Option 1, whereas Heathrow Airport Limited supported Option 2 as they felt this balanced the need to have a financially viable taxi industry with an attractive price for passengers.

³ 2022 Review of taxi (black cab) fares and tariffs in London consultation, <https://haveyoursay.tfl.gov.uk/taxi-fares-review-2022>

⁴ 2022 Review of taxi (black cab) fares and tariffs in London, consultation documents, <https://haveyoursay.tfl.gov.uk/taxi-fares-review-2022/widgets/56152/documents>

⁵ 2022 Review of taxi (black cab) fares and tariffs in London, BSL videos, <https://haveyoursay.tfl.gov.uk/taxi-fares-review-2022/widgets/58694/videos/3513> and <https://haveyoursay.tfl.gov.uk/taxi-fares-review-2022/widgets/58694/videos/3512>

- 8.6 A number of organisations and groups raised concerns about increasing taxi fares, including Hammersmith and Fulham Council, Lewisham Council, London Councils, London TravelWatch and Transport for All. They flagged the ongoing cost of living crisis and the impact increased fares could have on users, in particular disabled taxis users who may be more reliant on taxis and women who may feel less safe using other modes of transport. There was also feedback regarding the negative impacts on Taxicard members, with journeys declining in recent years and London boroughs were concerned more widely about the level of funding received being too low to cover subsidised travel schemes.

Recommendation

- 8.7 The potential outcomes of the consultation were to:
- (a) recommend one of the options proposing changes to taxi fares and tariffs as set out in the consultation (Options 1, 2, 3 and 4);
 - (b) recommend no changes (Option 5); or
 - (c) modify one of the options in the consultation and recommend this.
- 8.8 After reviewing all of the responses to the consultation and considering the issues raised, and the positive and negative impacts identified, we recommend an increase to taxi fares and tariffs and that we implement a modified version of Option 3.
- 8.9 The only difference in the modified version of Option 3 is that Tariff 3 is increased by 7.61 per cent instead of being frozen.
- 8.10 We are making this recommendation for the following reasons:
- (a) the Cost Index shows there has been a large increase in taxi drivers' operating costs including the costs of diesel and electricity/electric vehicle charging;
 - (b) we recognise that some taxi drivers may be under greater financial pressure at the moment as taxi drivers have been affected by the coronavirus pandemic and may still be trying to recover from this;
 - (c) it is important that taxi drivers are fairly paid to try and ensure that taxi driving remains a viable career, licensed taxi drivers do not stop being a taxi driver and people will consider applying to become a licensed taxi driver. If the number of licensed taxi drivers falls, then this could 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;
 - (d) the negative impact on taxi users, including those who share one or more of the protected characteristics, and Taxicard members should be less compared to Options 1 and 2 because the recommended increase is

lower, although we acknowledge that taxi fares will still increase for all taxi users;

- (e) it is important to try to ensure that taxis remain affordable for users particularly because:
 - (i) taxis may be particularly important for some people who require an accessible vehicle or a door-to-door service; and
 - (ii) some people may choose a less safe option (e.g. using an unlicensed vehicle or unbooked private hire vehicle);
- (f) when considering changes to taxi fares and tariffs, we 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. Taxis are particularly important for public safety during overnight hours (i.e. between 10pm and 5am) when Tariff 3 applies and other modes of transport including buses and the Underground can be less readily available. The last increase to Tariff 3 was +1.6 per cent in April 2016, and we kept it at the same level since then because of feedback that taxi fares overnight were too high which we considered might result in some customers being placed in dangerous situations if they decide to an unlicensed vehicle as a result. While a perception that overnight fares are too high still exists, there is now evidence that maintaining overnight fares at their current level is leading to supply issues at night as some taxi drivers feel it is not worth working at night. We consider that this could have an adverse impact in terms of public safety as customers might be less able to locate a taxi and more likely to use an unlicensed vehicle during overnight hours as a result. We therefore recommend an increase Tariff 3 by the same level as Tariffs 1 and 2 in order to encourage drivers to make themselves available to work at these times;
- (g) taxi drivers who only work when Tariff 3 applies were more likely to oppose Option 3 (which froze Tariff 3) than drivers who rarely or never work when Tariff 3 applies (69 per cent and 43 per cent respectively);
- (h) when making this recommendation we have considered the potential impacts identified in our EQIA, the impacts on children and vulnerable adults, and also other impacts identified. The EQIA is provided in Appendix 3 and the EQIA evidence base is provided in Appendix 4. The assessment of other impacts is provided in Appendix 5; and
- (i) overall we think this recommendation helps us best achieve an appropriate balance between taxi drivers being fairly paid and taxi users getting fair, reasonable and affordable fares.

9 Extra charge for booked taxis

- 9.1 We asked respondents for their views on removing the requirement for taxi drivers to add the extra charge for booked taxis to the taximeter.

Recommendation

9.2 After reviewing all of the responses to the consultation and considering the issues raised, and the positive and negative impacts identified, we recommend that the requirement for taxi drivers to add the extra charge for booked taxis to the taximeter be removed.

9.3 We are making this recommendation for the following reasons:

- (a) the extra charge for booked taxis is listed on the taxi fare card displayed in the passenger compartment of all licensed taxis and would continue to be shown. It will also continue to be listed as one of the extra charges on the taxi fares page on the TfL website; and
- (b) extra charges can only be added to the taximeter in increments of 40 pence. This means the amount that can currently be charged is limited by what can be added to the taximeter (i.e. 40 pence, 80 pence, £1.20, £1.60 or £2.00). Removing the requirement for the extra charge to be added to the taximeter will mean that there is the flexibility to charge any amount up to the maximum set by us.

10 Wimbledon Tennis Championships fixed-fare, shared-taxi scheme

10.1 We asked for views on increasing some of the fixed fares for shared-taxis during the Wimbledon Tennis Championships and amending one of the authorised places where the fixed-fare, shared-taxi scheme operates from.

Recommendation

10.2 After reviewing all of the responses to the consultation and considering the issues raised, and the positive and negative impacts identified, we're recommending that we implement the proposed increases to fares and change how we describe one of the authorised places where the scheme operates from.

10.3 We are making these recommendations for the following reasons:

- (a) we want to encourage taxi drivers to provide shared-taxi services from the Wimbledon Tennis Championships;
- (b) by encouraging more taxi drivers to provide shared-taxi services, we want to reduce the time passengers have to wait for a shared-taxi and reduce the risk that they are unable to take a shared-taxi from the taxi rank;
- (c) we want to make these taxi fares more attractive to taxi drivers and acknowledge that general taxi fares and tariffs have increased since April 2014, when these shared fares were last reviewed;

- (d) we want to round the fares up to the nearest 50 pence or £1.00 to make it simpler for taxi drivers and passengers to calculate the total fare when passengers take a shared-taxi; and
- (e) we want to change how we describe one authorised place where the scheme operates from as the current entry in the London Taxi Sharing Order is no longer correct. The authorised place in the London Taxi Sharing Order currently is 'Taxi boarding point outside Gate 4 of the All England Lawn Tennis and Croquet Club, London SW19'. For this year's Championships the taxi rank will not be in this location. As the exact location of the taxi rank has not been confirmed yet and may not be finalised until shortly before the Championships starts, the authorised place in the London Taxi Sharing Order will be replaced with the following text 'Taxi rank (eastern side of the All England Lawn Tennis and Croquet Club), London SW19'. This change is slightly different to the formulation that we consulted on and we recommend this more narrowly defined descriptor so that members of the public are not confused as to the location of the different ranks around the Wimbledon site.

10.4 Concerns were raised by Transport for All about amending the authorised place and this negatively impacting disabled people and causing them stress if it means the new place is not in the most convenient location, or changes are not appropriately or adequately communicated. To reduce the risk of this we are working with Merton Council, the All England Lawn Tennis and Croquet Club and the taxi trade on the best location for the taxi rank. We will also work to ensure that there is an accessible pick-up and drop-off point.

11 Equality and other impacts

11.1 TfL is subject to an ongoing obligation, under section 149 of the Equality Act 2010, to have due regard to the need to:

- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act;
- advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
- foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

11.2 The characteristics which are protected under the Equality Act include age, sex, disability, race and religion or belief.

11.3 Our EQIA identified a number of adverse impacts of increasing taxi fares and tariffs for persons with protected characteristics, and that these may be even greater for individuals with more than one protected characteristic (e.g. if someone is disabled and elderly). These primarily relate to the increased financial impact on those who may rely on taxi services more, but reference was also made to the impact of declining taxi driver numbers on supply of taxi services for passengers if driver earnings fail to keep up, as well as the impact

on older taxi drivers if they were unable to work more or longer hours in response to demand possibly falling following any fare increase.

- 11.4 Notwithstanding these adverse impacts, we believe the recommendation of increasing tariffs 1, 2 and 3 by 7.61 per cent is justified. All options would have some level of negative impact on those with protected characteristics, and we believe this option strikes the most appropriate balance between taxi drivers being fairly paid and taxi users getting fair, reasonable and affordable fares by:
- (a) Not increasing to the minimum fare;
 - (b) Increasing Tariffs 1, 2 and 3 by an amount lower than the total Cost Index figure (11.64 per cent) but in line with increases to operating costs; and
 - (c) Recognising that not increasing fares and tariffs may have an adverse impact on drivers and driver supply, in particular those working at night, which in turn may have had disproportionate impacts on those with protected characteristics who may rely on taxi services more.
- 11.5 The EQIA is provided in Appendix 3, the EQIA evidence base is provided in Appendix 4, and the assessment of other impacts and factors to consider is provided in Appendix 5.
- 11.6 As part of this review of taxi fares and tariffs, we also considered:
- (a) impacts relating health and safety as well as crime and disorder;
 - (b) economic impacts;
 - (c) environmental impacts; and
 - (d) impacts in relation to the protection of children and vulnerable adults.
- 11.7 Some potential negative impacts were identified including:
- (a) some taxi users and Taxicard members would be negatively impacted by increases to the minimum fare or tariff rates as the fares could increase;
 - (b) if the minimum fare or Tariff 3 is increased there may be a greater impact on people travelling late at night as they may be more likely to use a taxi and their other transport options may be limited;
 - (c) if the minimum fare or tariffs increase and some taxi drivers can earn the same money but work fewer hours, this could have a negative impact on passengers as this could reduce the supply of available taxis and passengers may have to wait longer to get a taxi or be unable to find an available taxi when they want to travel;
 - (d) not increasing the minimum fare or tariffs despite drivers' operating costs increasing could mean drivers stop working at certain times or stop being a taxi driver altogether. It could also deter people from applying to become a licensed taxi driver. This could reduce the supply of available

taxis. People travelling late at night may be disproportionately negatively impacted;

- (e) some children and vulnerable adults will experience a negative 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;
- (f) some taxi users and Taxicard members would be negatively impacted by increases to some of the fares for the fixed-fare, shared-taxi scheme that operates during the Wimbledon Tennis Championships. If they use shared-taxis during the Championships then the fares they pay could increase; and
- (g) some taxi users and Taxicard members would experience a negative impact if the total number of licensed taxi drivers reduces as this could mean increased wait times for taxi passengers or taxis not being available when they want to travel.

11.8 Our consideration of the impacts above is included in Appendix 5.

11.9 Section 177 of the Policing and Crime Act 2017 requires licensing authorities such as TfL to “have regard” to the Department for Transport’s Statutory Taxi and Private Hire Vehicle Standards when exercising its functions and a note on our consideration of the Standards is provided in Appendix 7.

12 Heathrow taxi demand following Elizabeth line launch

12.1 An update on the potential impact on taxi drivers at Heathrow Airport following the opening of the Elizabeth line was provided to the Committee in October 2022. A further update was requested for this meeting.

12.2 As reported in October, there has been a strong recovery in demand for taxis at the airport. To date there have not been any reported decreases in the demand for taxis as a result of the Elizabeth line opening, and last year was the busiest year in terms of taxi movements through the feeder park since figures started being recorded in 2010.

12.3 Additional information on taxi demand at Heathrow Airport and competitiveness of taxi fares is provided in Appendix 6.

13 Next steps

13.1 Approval of proposals to make, vary or revoke orders which prescribe taxi fares is delegated to the Committee under TfL’s Standing Orders. If approved, any changes to taxi fares and tariffs would come into effect in April 2023.

13.2 Approval of changes to London taxi sharing scheme orders including orders which prescribe fees of up to £20 is delegated to the General Counsel or officers reporting to him and any such changes would be implemented before the start of this year’s tournament.

List of appendices to this report:

- Appendix 1: Summary of consultation responses
- Appendix 2: Summary of stakeholder responses
- Appendix 3: Taxi Fares and Tariffs Review Equality Impact Assessment (EQIA)
- Appendix 4: EQIA evidence base
- Appendix 5: Assessment of other impacts and factors to consider
- Appendix 6: Additional information
- Appendix 7: Consideration of the DfT's Statutory Standards
- Appendix 8: Addendum to Taxi driver organisations joint submission to the Committee

List of background papers:

The consultation webpage and documents as part of the consultation are available here: <https://haveyoursay.tfl.gov.uk/taxi-fares-review-2022>.

Contact Officer: Helen Chapman, Director of Licensing and Regulation
Email: HelenChapman@tfl.gov.uk

Summary of consultation responses

Current minimum fares and tariffs

Respondents were asked if they thought the current minimum fare and tariffs were too expensive, too low, or about right. The tables below summarise the responses from taxi users, taxi drivers and all respondents.

Taxi users

Item	Too expensive	About right	Too low
Minimum fare • £3.80 at all times	26%	42%	31%
Taxi fares during the weekday daytime (Tariff 1) • Monday to Friday, 05:00-20:00	34%	29%	36%
Taxi fares during the weekday evenings (Tariff 2) • Monday to Friday, 20:00-22:00	42%	26%	30%
Taxi fares during the and weekend daytime (Tariff 2) • Saturday and Sunday, 05:00-22:00	41%	25%	32%
Taxi fares late at night (Tariff 3) • Every night 22:00-05:00	42%	25%	31%
Taxi fares on public holidays (Tariff 3)	44%	22%	29%
Taxi fares for journeys over six miles (Tariff 4)	41%	24%	27%

Taxi drivers

Item	Too expensive	About right	Too low
Minimum fare • £3.80 at all times	2%	38%	60%
Taxi fares during the weekday daytime (Tariff 1) • Monday to Friday, 05:00-20:00	1%	22%	77%
Taxi fares during the weekday evenings (Tariff 2) • Monday to Friday, 20:00-22:00	2%	31%	66%
Taxi fares during the and weekend daytime (Tariff 2) • Saturday and Sunday, 05:00-22:00	2%	29%	68%
Taxi fares late at night (Tariff 3) • Every night 22:00-05:00	6%	34%	57%
Taxi fares on public holidays (Tariff 3)	4%	39%	56%
Taxi fares for journeys over six miles (Tariff 4)	4%	34%	60%

All respondents

Item	Too expensive	About right	Too low
Minimum fare • £3.80 at all times	18%	40%	42%
Taxi fares during the weekday daytime (Tariff 1) • Monday to Friday, 05:00-20:00	23%	25%	50%
Taxi fares during the weekday evenings (Tariff 2) • Monday to Friday, 20:00-22:00	28%	26%	43%
Taxi fares during the and weekend daytime (Tariff 2) • Saturday and Sunday, 05:00-22:00	27%	25%	44%
Taxi fares late at night (Tariff 3) • Every night 22:00-05:00	30%	27%	40%
Taxi fares on public holidays (Tariff 3)	29%	28%	38%
Taxi fares for journeys over six miles (Tariff 4)	29%	26%	39%

Value for money of taxi fares in London

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). The table below summarises the responses from taxi users, taxi drivers and all respondents. There are clear and expected differences in the views of drivers and passengers.

Rating	Taxi users	Taxi drivers	All respondents
0-4	31%	3%	23%
5-7	21%	5%	15%
8-10	44%	91%	59%

Taxi fares and tariffs options

Consultation responses

Respondents were asked if they supported or opposed each of the five options shown below.

Option	Details
1	Increase all tariffs by the full total Cost Index figure <ul style="list-style-type: none"> • Freeze the minimum fare at £3.80 • This option would increase Tariffs 1, 2, 3 and 4 by the full total Cost Index figure of 11.64
2	Use the total Cost Index figure but spread the increases across the minimum fare and the four tariffs <ul style="list-style-type: none"> • Increase the minimum fare by 40 pence (£3.80 to £4.20) • Increase Tariffs 1, 2, 3 and 4 by 8.80

Option	Details
3	Increase Tariffs 1 and 2 by the drivers' operating costs part of the Cost Index <ul style="list-style-type: none"> Freeze the minimum fare at £3.80 Increase Tariffs 1 and 2 by 7.61 Freeze Tariffs 3 and 4
4	Increase Tariffs 1 and 2 by the average national earnings part of the Cost Index <ul style="list-style-type: none"> Freeze the minimum fare at £3.80 Increase Tariffs 1 and 2 by 4.02 Freeze Tariffs 3 and 4
5	No change <ul style="list-style-type: none"> Freeze the minimum fare at £3.80 Freeze Tariffs 1, 2, 3 and 4

Respondents were asked if they supported or opposed each option, if they were neutral, or if they had no opinion. The table below summarises the level of support and opposition for each option amongst taxi users, taxi drivers and all respondents.

Option	Taxi users		Taxi drivers		All respondents	
	Support	Oppose	Support	Oppose	Support	Oppose
1	42%	51%	75%	17%	54%	38%
2	37%	52%	63%	25%	46%	42%
3	32%	51%	31%	52%	30%	53%
4	37%	47%	24%	64%	30%	56%
5	47%	46%	13%	80%	35%	57%

The table below lists the statistically significant differences amongst groups who responded to the consultation.

Option	Responses
1	<ul style="list-style-type: none"> Respondents aged 61 and above were more likely to support Option 1 (50%) than those aged 31 to 60 (28%) Frequent taxi users were more supportive of Option 1 than less frequent users, with 75% of those who use taxis daily supporting Option 1, compared to 29% of those who use taxis once a month and 23% of those who use taxis less than once a month
2	<ul style="list-style-type: none"> Taxi users who were not disabled are more likely to oppose Option 2 than disabled taxi users (61% and 38% respectively) Frequent taxi users were more likely to support Option 2 than less frequent users, with 49% of those who use taxis daily supporting Option 2, compared to 31% of those who use taxis once a month and 27% of those who use taxis less than once a month
3	<ul style="list-style-type: none"> Taxi users aged under thirty-years-old were more likely to oppose Option 3 than those aged between thirty-one and sixty, and sixty-one and over (70%, 53% and 38% respectively)

Option	Responses
	<ul style="list-style-type: none"> <li data-bbox="403 237 1382 342">Taxi drivers who only work when Tariff 3 applies were more likely to oppose Option 3 than those who rarely or never work when Tariff 3 applies (69% and 43% respectively)
4	<ul style="list-style-type: none"> <li data-bbox="403 349 1382 454">Daily taxi users were most likely to oppose Option 4 (73%) compared with those who use taxis 2-3 times a week (48%), once a month (45%) or less often than that (39%)
5	<ul style="list-style-type: none"> <li data-bbox="403 461 1382 602">Frequent taxi users were more opposed to Option 5 (74% daily users and 61% 2-3 times a week) than less frequent users (35% once a month users and 33% less often). The less frequently respondents use taxis, the more in favour of Option 5 they are

The taxi trade associations (LCDC, LTDA, RMT, UCG and Unite the Union) submitted a joint response and said they supported Option 1. They said that the Cost Index indicates that an 11.64 per cent increase is needed in the tariffs in order to maintain taxi drivers' earnings, that taxi fares have an inelastic price elasticity of demand, and they supported Tariffs 3 and 4 being increased after being frozen for several years.

The five trade associations also said that they understood that TfL have a duty to consider the needs of disabled people to afford taxi fares, particularly Taxicard members, but there would be little value in maintaining taxi fares at an artificially low price should that result in an insufficient supply of taxis to maintain the service to vulnerable people. They said the Taxicard scheme is already facing increasing problems with late and cancelled taxis since the economy has returned to something like normal and restricting any increase below 11.64 per cent would exacerbate this situation, particularly as drivers receive only 80 per cent of the metered fare on Taxicard fares.

The taxi booking companies FREE NOW and Gett responded to the consultation. FREE NOW said they were disappointed that no consideration was given within the consultation to introducing a cancellation fee and they would be calling on TfL to introduce this. They also said that there should be a separate minimum fare for apps (e.g. £10) and that this could improve acceptance rates for certain jobs (e.g. short trips, those with a longer drive to pick up the passenger, jobs in outer London). Gett fully supported Options 1 and 2 but opposed the other options, they said the cost of living, inflation and fuel had increased and so fares should increase.

Camden Town Unlimited is the elected representative of businesses within Camden. They fully supported Option 5, partly supported Option 1 and fully opposed the other options. HAL supported Option 2 and said this balanced the need to have a financially viable taxi industry with an attractive price for passengers.

Hammersmith & Fulham Council, Lewisham Council, London Councils, LTW and TfA all raised concerns about increasing taxi fares. Concerns raised included:

- the impact on disabled taxis users who may be more reliant on taxis and for some disabled people taxis may be essential;

- the impact on women who may feel less safe using other modes of transport, particularly late at night;
- fares being too high in relation to PHV app operators' fares;
- residents being unable to cope with the impacts of the cost of living crisis and any increase in costs for vulnerable people being a concern;
- issues in some areas with uneven public transport provision and a lack of alternative, sustainable ways to travel;
- impact on costs for providing special educational needs (SEN) transport;
- financial constraints on boroughs and the level of funding received being too low to cover subsidised travel schemes;
- negative impacts on the Taxicard scheme and Taxicard members;
- Taxicard journeys forecast to fall this year and this being mostly due to the fare increase in 2022;
- taxis being important for travel at night, that Tariff 3 should be protected from high increases, and if it is increased then it may need to be by a smaller amount than Tariffs 1 and 2;
- there has been a decrease in the number of taxis and it is important to protect those that are still available;
- the minimum fare is too high and is not always the actual minimum charge for disabled people who may pay more as a result of taxi drivers starting the meter early and before providing assistance to disabled people with getting into a taxi;
- taxis are already prohibitively expensive for disabled people and there may be a disproportionate negative effect on them if fares are increased; and
- the cost of taxis is already a significant barrier to use for disabled people.

A summary of the stakeholders' responses to the consultation is available in Appendix 2.

During the consultation a meeting was held with Action Disability Kensington & Chelsea (ADKC) and Kensington & Chelsea Council to discuss the consultation options and for them to share their views. They had questions about the effects on the Taxicard scheme and if taxi fares go up would this mean Taxicard fares also go up. ADKC said that some Taxicard members had reported longer waits for a taxi or not being able to get a taxi.

Extra charge for booked taxis

Consultation responses

We asked respondents for their views on removing the requirement for taxi drivers to add the extra charge for booked taxis to the taximeter.

The table below summarises the responses from taxi users, taxi drivers and all respondents.

	Taxi users	Taxi drivers	All respondents
Agreed with the proposal	56%	19%	41%
Disagreed with the proposal	33%	53%	40%

Only six respondents provided a comment about extra charges for booked taxis. The themes raised were that:

- there should be no extra charge unless the booker doesn't turn up, in which case a minimum fare should apply;
- there should be no extra booking charge for older or disabled people;
- the booking charge should increase if the service becomes more reliable; and
- removing the charge will provide essential flexibility in a challenging time.

Camden Town Unlimited and Gett agreed that the requirement to add the extra charge for booked taxis to the taximeter should be removed. FREE NOW said they had been calling for the extra charge for booked taxis to be increased and wanted this to be £5.00.

Wimbledon Tennis Championships fixed-fare, shared-taxi scheme

Consultation responses

We asked respondents for their views on increasing some of the fixed fares for shared taxis during the Wimbledon Tennis Championships.

The increases to the fixed fares range from 40 pence to £1.00. The table below shows the current fares, and the proposed fares and increases.

Destinations	Current fare	Proposed fare	Increase
Addresses in the Borough of Hammersmith and Fulham on and south of Hammersmith Bridge Road, Hammersmith Broadway and Hammersmith Road	Tariff 1: £7.20 Tariff 2: £7.20 Tariff 3: £7.20	Tariff 1: £8.00 Tariff 2: £8.00 Tariff 3: £8.00	80 pence
Addresses in Postal Districts SW4, SW8 and SW11; addresses on Clapham Road, Harleyford Street, Kennington Oval and Harleyford Road	Tariff 1: £8.40 Tariff 2: £8.40 Tariff 3: £8.40	Tariff 1: £9.00 Tariff 2: £9.00 Tariff 3: £9.00	60 pence
Addresses in the Royal Borough of Kensington and Chelsea in the area bounded by Cromwell Road, Brompton Road, Sloane Street, Sloane Square, Lower Sloane Street and Chelsea Bridge Road inclusive	Tariff 1: £9.60 Tariff 2: £9.60 Tariff 3: £9.60	Tariff 1: £10.00 Tariff 2: £10.00 Tariff 3: £10.00	40 pence
Addresses in Postal District SW1 east of Sloane St, Sloane Square, Lower Sloane Street and Chelsea Bridge Road	Tariff 1: £10.80 Tariff 2: £10.80 Tariff 3: £10.80	Tariff 1: £11.50 Tariff 2: £11.50 Tariff 3: £11.50	70 pence

Destinations	Current fare	Proposed fare	Increase
Addresses in the area bounded by Warwick Road north of Cromwell Road, Russell Road, Russell Gardens Mews, Holland Road, Holland Park Avenue, Notting Hill Gate, Pembridge Road, Pembridge Villas, Westbourne Grove, Bishops Bridge Road, Bishops Bridge Harrow Road, Edgware Road, Marble Arch, Park Lane and Knightsbridge inclusive and Brompton Road and Cromwell Road exclusive	Tariff 1: £12.00 Tariff 2: £12.00 Tariff 3: £12.00	Tariff 1: £13.00 Tariff 2: £13.00 Tariff 3: £13.00	£1.00
Addresses in Postal District W1; addresses in the area bounded by Edgware Road, Church St NW8, Lisson Grove, Rossmore Road, Park Road, Allsop Place, York Terrace, Upper Harley Street, Marylebone Road, Euston Road, Tottenham Court Road inclusive	Tariff 1: £12.00 Tariff 2: £12.00 Tariff 3: £12.00	Tariff 1: £13.00 Tariff 2: £13.00 Tariff 3: £13.00	£1.00
Addresses in Postal District WC2; Waterloo Station; addresses in the area bounded by the River Thames, Waterloo Bridge, Waterloo Road, Baylis Road, Lower Marsh, Westminster Bridge Road and Westminster Bridge inclusive	Tariff 1: £12.00 Tariff 2: £12.00 Tariff 3: £12.00	Tariff 1: £13.00 Tariff 2: £13.00 Tariff 3: £13.00	£1.00
Addresses in Postal District WC1; addresses on Euston Road East of Tottenham Court Road; Euston, Kings Cross and St Pancras Stations	Tariff 1: £14.40 Tariff 2: £14.40 Tariff 3: £14.40	Tariff 1: £15.00 Tariff 2: £15.00 Tariff 3: £15.00	60 pence
Addresses in postal districts EC1, EC2, EC3 and EC4; addresses in the area bounded by London Bridge, Duke Street Hill, Tooley Street, Bermondsey Street, Thomas Street, Bedale Street, Borough High Street, Southwark Street, Blackfriars Bridge and the River Thames inclusive	Tariff 1: £14.40 Tariff 2: £14.40 Tariff 3: £14.40	Tariff 1: £15.00 Tariff 2: £15.00 Tariff 3: £15.00	60 pence

The table below summarises the responses from taxi users, taxi drivers and all respondents on increasing some of the fixed fares for shared taxis during the Wimbledon Tennis Championships.

	Taxi users	Taxi drivers	All respondents
Supported the proposed increases	42%	54%	48%
Opposed the proposed increases	17%	7%	15%

Camden Town Unlimited opposed the proposed fare increases. Gett and Unite the Union supported the proposed fare increases.

We asked respondents for their views on amending one of the authorised places where the fixed-fare, shared-taxi scheme operates from.

The table below summarises the responses from taxi users, taxi drivers and all respondents on amending one of the places where the fixed-fare, shared-taxi scheme operates from. Although less than one third (28 per cent) of all respondents supported the amendment, the majority (63 per cent) were neutral (33 per cent) or had no opinion (30 per cent).

	Taxi users	Taxi drivers	All respondents
Supported the amendment	29%	27%	28%
Opposed the amendment	9%	8%	9%

TfA were concerned about the proposal to amend one of the authorised places where the fixed-fare, shared-taxi scheme operate from. They said that if this is not the most convenient place for being picked up and the changes are not appropriately or adequately communicated this could negatively impact disabled people's taxi journeys. Unite the Union supported amending the authorised place where the fixed-fare, shared-taxi scheme operates from.

Comments received

The comments received in the consultation were grouped under different codes. The tables below show the codes used and the number of comments under each code.

General comments about taxi fares

Code	A taxi (black cab) user	A Taxicard member	A taxi (black cab) driver	A non-taxi (black cab) user	All respondents
Taxi fares are already expensive/too high/should be reduced	36	1	0	22	61
Taxi fares should be increased because of cost of living/running costs/overheads of taxi drivers	18	1	26	4	56
Increasing taxi fares will put me/taxi drivers out of business/reduce the number of people using taxis/ruin the taxi trade	21	1	5	2	29
Support/agree with increasing the cost of fares/tariffs/need to support taxi drivers	12	0	9	1	27

Comments raised about Option 1

Code	A taxi (black cab) user	A Taxicard member	A taxi (black cab) driver	A non-taxi (black cab) user	All respondents
Minimum taxi fare should remain the same (i.e. at £3.80)/should not be increased	4	0	7	5	19
Tariff 1 rates should be increased by 11.64%	2	0	6	1	11
Tariff 2 rates should be increased by 11.64%	2	0	6	1	11
Tariff 3 rates should be increased by 11.64%	2	0	7	1	12
Tariff 4 rates should be increased by 11.64%	2	0	6	1	11

Comments raised about Option 3

Code	A taxi (black cab) user	A Taxicard member	A taxi (black cab) driver	A non-taxi (black cab) user	All respondents
Minimum taxi fare should remain the same (i.e. at £3.80)/should not be increased	4	0	7	5	19
Tariff 3 rates should remain as they are/should not change	5	0	6	4	16
Tariff 4 rates should remain as they are/should not change	5	0	5	4	15

Comments raised about Option 4

Code	A taxi (black cab) user	A Taxicard member	A taxi (black cab) driver	A non-taxi (black cab) user	All respondents
Minimum taxi fare should remain the same (i.e. at £3.80)/should not be increased*	4	0	7	5	19
Tariff 3 rates should remain as they are/should not change	5	0	6	4	16
Tariff 4 rates should remain as they are/should not change	5	0	5	4	15
Tariff 1 rates should be increased by 4.02%	0	0	0	0	0
Tariff 2 rates should be increased by 4.02%	0	0	0	0	0

Comments raised about Option 5

Code	A taxi (black cab) user	A Taxicard member	A taxi (black cab) driver	A non-taxi (black cab) user	All respondents
Minimum taxi fare should remain the same (i.e. at £3.80)/should not be increased*	4	0	7	5	19
Tariff 2 rates should remain as they are/should not change	6	1	5	4	17
Tariff 3 rates should remain as they are/should not change	5	0	6	4	16
Tariff 1 rates should remain as they are/should not change	5	1	5	4	16
Tariff 4 rates should remain as they are/should not change	5	0	5	4	15

Other comments about tariffs

Code	A taxi (black cab) user	A Taxicard member	A taxi (black cab) driver	A non-taxi (black cab) user	All respondents
Other comments/suggestions about tariffs	11	3	8	1	23
Tariff 3 rates should be increased	2	1	12	0	16
Minimum taxi fare should be increased	4	0	7	1	13
Tariff 1 rates should be increased	2	0	9	0	12
Tariff 2 rates should be increased	1	0	7	0	9
Tariff 4 rates should be increased	1	1	7	0	9
Minimum taxi fare is too high/should be reduced/should be no minimum fare	0	0	1	0	2

Comments on removing the requirement to add the extra charge for booked taxis to the taximeter

Six respondents provided a comment about extra charges for booked taxis. Themes raised were that:

- there should be no extra charge unless the booker doesn't turn up, in which case a minimum fare should apply;

- there should be no extra booking charge for older or disabled people;
- the booking charge should increase if the service becomes more reliable; and
- removing the charge will provide essential flexibility in a challenging time.

Comments on Wimbledon Tennis Championships fixed-fare, shared-taxi scheme

Five respondents provided a comment about the Wimbledon fixed-fares shared-taxi scheme. Themes raised included:

- the Wimbledon fixed fare should be totally removed in favour of public transport;
- there needs to be a two-lane taxi rank; one lane for drivers wanting to travel locally (e.g. Wimbledon, Southfield’s station), the other for those wanting to travel further distances with fares for both clearly displayed; and
- fares should be frozen considering the price of attending the tournament.

Other comments and suggestions about taxi fares by respondent type

Code	A taxi (black cab) user	A Taxicard member	A taxi (black cab) driver	A non-taxi (black cab) user	All respondents
Comments/suggestions about the Taxicard scheme	2	5	1	0	14
Electric/zero emissions capable taxis are expensive to purchase/need to be more affordable/subsidised	4	0	6	0	11
Taxis are polluting/should be banned/restricted/switching to electric/zero emissions capable taxis should be encouraged/public transport should be encouraged instead	6	0	0	2	10
Should offer standard/fixed fares instead of metered fares	5	0	1	3	9
Other users/groups need discounts for using taxis	3	0	0	0	4
Should charge extra for more passengers / luggage	0	0	1	0	1

Comments on the experience with taxi services, drivers and users by respondent type

Code	A taxi (black cab) user	A Taxicard member	A taxi (black cab) driver	A non-taxi (black cab) user	All respondents
Taxis are safe to use/positive experience of using taxis (e.g. drivers have to pass the Knowledge)	24	1	1	0	28
Taxi drivers are selective with who they pick up/refuse to do short journeys/Taxicard jobs/use longer routes (e.g. don't accept the fare if they will not make much money from it)	8	0	2	6	18
Criticism of taxis/taxis are difficult to use (e.g. booking/hailing)	9	3	1	2	16
Criticism of taxi driver behaviour/have had issues with drivers (general comments)	7	1	0	6	16
General negative comment about taxis/black cabs (e.g. they cause congestion, are not needed, should be abolished, knowledge of taxi drivers is redundant etc)	5	0	0	6	11
Taxis are safer to use than PHVS/public transport/other services/travel options	6	0	0	0	8

Comments on road space by respondent type

Code	A taxi (black cab) user	A Taxicard member	A taxi (black cab) driver	A non-taxi (black cab) user	All respondents
Criticism of reduction of road space/impacts taxi drivers/users	12	1	10	2	25
Suggestions to change road/lane accessibility	9	0	15	0	24
Congestion makes the taxi fare more expensive (general comments)	7	0	1	4	12

Comments on competitiveness by respondent type

Code	A taxi (black cab) user	A Taxicard member	A taxi (black cab) driver	A non-taxi (black cab) user	All respondents
Fares should be competitive against PHVs (i.e. PHV are cheaper/better value for money)	7	1	1	12	22
Concerns/comments about PHVs/apps negatively impacting taxi drivers/taxi trade	7	1	3	3	17
Alternatives are cheaper/better value for money than taxis/taxi fares should be competitive against public transport	11	0	1	3	15
Taxi fares are already competitive with other services	1	0	1	0	3

Concerns about impacts of taxi fare rises by respondent type

Code	A taxi (black cab) user	A Taxicard member	A taxi (black cab) driver	A non-taxi (black cab) user	All respondents
Concern that increasing taxi fares will have a negative impact on disabled users	4	2	2	1	12
Concern that increasing taxi fares will have a negative impact on elderly users	6	1	1	2	12
Concern that increasing taxi fares will have a negative impact on other users/groups	5	0	1	0	8
Concern that increasing taxi fares will have a negative impact on those financially struggling/low income households	2	1	0	1	7
Concern that increasing taxi fares will have a negative impact on Taxicard members	1	1	1	0	7

Summary of stakeholder responses

Review of London Taxi (Black Cab) Fares and Tariffs 2022

Stakeholder Summaries

Stakeholder summaries

Camden Town Unlimited

Camden Town Unlimited thought:

- The minimum fare (£3.80) is a little too expensive
- Taxi fares during the weekday daytime (Tariff 1) - Monday to Friday 05:00-20:00 are a little too expensive
- Taxi fares during the weekday evenings (Tariff 2) - Monday to Friday 20:00-22:00 are a little too expensive
- Taxi fares during the and weekend daytime (Tariff 2) - Saturday and Sunday 05:00-22:00 are a little too expensive
- Taxi fares late at night (Tariff 3) - Every night 22:00-05:00 are a little too expensive
- Taxi fares on public holidays (Tariff 3) are a little too expensive
- Taxi fares for journeys over six miles (Tariff 4) are a little too expensive

They gave a rating of three for the value for money of taxi fares in London.

For the taxi fares and tariffs consultation options they:

- Partly opposed Option 1
- Fully opposed Option 2
- Fully opposed Option 3
- Fully opposed Option 4
- Fully supported Option 5

They agreed that the requirement to add the extra charge for booked taxis to the taximeter should be removed.

They fully opposed increasing some of the fixed fares for shared taxis during the Wimbledon Tennis Championships.

They had no opinion on amending the authorised place where the fixed-fare, shared-taxi scheme operates from.

FREE NOW

FREE NOW was disappointed that no consideration had been given to introducing a cancellation fee.

FREE NOW said that the minimum fare plus the booking fee allowed by the Cab Order currently is £5.80 (£3.80 minimum fare plus £2.00 extra) and would be £6.20 if the price increase is applied and that a customer who got into an app-booked cab, but then immediately decided not to take it would be charged this amount. They said it therefore seems reasonable and logical for a taxi that is booked and then cancelled but with the driver already having incurred an opportunity cost by accepting the prospective fare should enjoy some reimbursement of up to, but not exceeding, £5.80/£6.20.

FREE NOW said they plan to call on TfL to assess the case for a cancellation fee to be applicable as part of the next review of the Cab Order, given the advantages to drivers and the supply situation that might reasonably be expected to accrue.

FREE NOW is in favour of a separate minimum fare for apps. They said that when a taxi driver gets a job on the street or at a taxi rank there is no extra distance that they need to cover but with apps, drivers have to often drive for 10-15 minutes to the pickup point, especially in the outer zones of Greater London. As a result of this taxi drivers are less likely to accept the shortest trips.

FREE NOW estimated that by introducing a £10 minimum fare they could improve individual driver acceptance rates. They said this could have a profound effect in areas of less dense supply, where approach distances are longer and hailing a taxi on the street is virtually impossible.

FREE NOW said they had been calling on TfL in the run-up to its consultation for the existing extra charge for booked taxis to be updated by between a quarter and a third to reflect inflation since 2014 and they want this to be increased from £2.00 to £5.00.

Gett

Gett thought:

- The minimum fare (£3.80) is much too low
- Taxi fares during the weekday daytime (Tariff 1) - Monday to Friday 05:00-20:00 are much too low
- Taxi fares during the weekday evenings (Tariff 2) - Monday to Friday 20:00-22:00 are much too low
- Taxi fares during the and weekend daytime (Tariff 2) - Saturday and Sunday 05:00-22:00 are much too low
- Taxi fares late at night (Tariff 3) - Every night 22:00-05:00 are much too low
- Taxi fares on public holidays (Tariff 3) are much too low
- Taxi fares for journeys over six miles (Tariff 4) are much too low

They gave a rating of eight for the value for money of taxi fares in London.

For the taxi fares and tariffs consultation options they:

- Fully supported Option 1
- Fully supported Option 2
- Partly opposed Option 3
- Partly opposed Option 4
- Fully opposed Option 5

They agreed that the requirement to add the extra charge for booked taxis to the taximeter should be removed.

They fully supported increasing some of the fixed fares for shared taxis during the Wimbledon Tennis Championships.

They were neutral on amending the authorised place where the fixed-fare, shared-taxi scheme operates from.

Gett said that the cost of living and inflation have increased by 13 per cent in the UK, fuel prices have increased for everyone, and the meter should increase accordingly so drivers can make a sustainable living.

Hammersmith & Fulham Council

Hammersmith & Fulham Council thought:

- The minimum fare (£3.80) is about right
- Taxi fares during the weekday daytime (Tariff 1) - Monday to Friday 05:00-20:00 are a little too expensive
- Taxi fares during the weekday evenings (Tariff 2) - Monday to Friday 20:00-22:00 are a little too expensive
- Taxi fares during the and weekend daytime (Tariff 2) - Saturday and Sunday 05:00-22:00 are a little too expensive
- Taxi fares late at night (Tariff 3) - Every night 22:00-05:00 are a little too expensive
- Taxi fares on public holidays (Tariff 3) are a little too expensive
- Taxi fares for journeys over six miles (Tariff 4) are a little too expensive

They gave a rating of four for the value for money of taxi fares in London

For the taxi fares and tariffs consultation options they:

- Fully opposed Option 1
- Fully opposed Option 2
- Partly opposed Option 3
- Partly supported Option 4
- Partly supported Option 5

They agreed that the requirement to add the extra charge for booked taxis to the taximeter should be removed.

They were neutral on increasing some of the fixed fares for shared taxis during the Wimbledon Tennis Championships.

They had no opinion on amending the authorised place where the fixed-fare, shared-taxi scheme operates from.

Hammersmith & Fulham Council said there was a key question of whether regulated taxi fares are too high – they believe the answer is that they are too high in relation to competitors (e.g. PHV app companies).

They did not believe that the current regulations serve taxi drivers or other operators very well and that any regulatory change should do three things not asked about in the survey:

- Create a level playing field
- Support employment rights and 'good work'

- Incentivise fleet electrification as part of Hammersmith & Fulham's borough-wide Electric Vehicle targets and Clean Air strategy

In relation to removing the requirement to add the extra charge for booked taxis onto the taximeter, they also said they oppose this as they considered it disproportionately impacted disabled users.

Hammersmith & Fulham Council said consideration should be given to the subsidy rates that apply to each tariff through the Taxicard scheme, and consideration should also be given to extending the availability of taxis for Taxicard users.

Hammersmith & Fulham Council said that of particular concern is the disproportionate impact on disabled passengers who rely on taxis for access to health, retail and leisure services. They are concerned about difficulties that local disabled people experience using taxis with their disabled cards, and requested that TfL review and improve this. They said there are also concerns regarding the disproportionate impact on women who may feel less safe using other modes of transport (e.g. bus or Tube) or walking, particularly late at night. Hammersmith & Fulham Council were therefore more supportive of Options 4 and 5 as they minimise all fare increases.

Heathrow Airport Limited (HAL)

HAL said they support Option 2 in the consultation and the removal of the extra charge for booked taxis.

HAL believe Option 2 balances the need to have a financially viable taxi industry with an attractive price for passengers and that spreading the total Cost Index figure is essential to this balance as it is the only option which increases the minimum charge, securing an elevated income for taxi drivers and companies together with an 8.8 per cent increase across all four tariffs.

They said this would mean taxi drivers would see an increase in fares at all times of the day, reflecting the round-the-clock nature of an airport and the much-needed ability of taxi drivers to recoup operating costs at a challenging economic period for the country. HAL said it also supports their Surface Access Strategy without impacting the diversity in choice of travel options at Heathrow Airport and that taxis will continue to play a vital role at the airport and HAL see them as an integral part of the transport options Heathrow supports to deliver an excellent standard of service for passengers.

HAL said raising fares and tariffs will not only ensure London taxis keep pace with rising operating costs, but it will also ensure an added incentive for using PHVs over public transport is not created. They said that not changing fares and tariffs would only incentivise less sustainable modes of transport and would run contrary to the shared ambition of both TfL and Heathrow to get people out of cars and onto public transport.

HAL added that the danger of not increasing fares and tariffs is that the taxi industry suffers, becomes less profitable and the travel options available at the airport

diminishes. HAL said they want the taxi provision at the airport to thrive, with electric taxis reducing emissions whilst providing essential flexibility within their overall Surface Access Strategy. They said that whilst reducing reliance on cars, and boosting the use of rail and bus, London's taxis nevertheless have an important place in the sustainable use of roads.

HAL noted that whilst the summary of main considerations notes the potential impact of higher fares for passengers, the alternative is a diminishing taxi provision across the city due to an unsustainable business model enforced through stagnant fares and tariffs.

They said that Option 2 fulfils this balance by delivering a financially sustainable taxi service whilst aligning with Heathrow's strategy to reduce emissions and building an ever-more accessible airport.

Lewisham Council

Lewisham Council recognised that the taxi industry is undergoing significant loss in driver and vehicle numbers, partly due to increased cost pressures, and that at certain times of the day and in certain locations (particularly outer-London) this is making it more difficult for supply to meet demand and can cause service failures.

They stated that according to the Index of Multiple Deprivation (IMD) 2019, Lewisham is the seventh most deprived borough in London and they know that many of their residents are struggling to cope with the impacts of the cost of living crisis and in this context they are concerned about any additional cost increases to some of their most vulnerable residents.

They added that fewer than 50 per cent of households in Lewisham own a car, and whilst they are committed to their target for 80 per cent of journeys to be made by walking, cycling and public transport by 2041, they understand that some residents are reliant on London taxis as an essential form of travel. They said that this reliance is amplified by Lewisham's uneven pattern of public transport provision across the area; the far north and south is lacking infrastructure, with low Public Transport Accessibility Levels (PTAL).

Lewisham Council said that in light of the lack of attractive, sustainable alternative ways to travel, they feel that they would be disproportionately affected by the proposed options to increase fares and tariffs.

They also added that they use London taxis for transporting some of their special educational needs (SEN) pupils and any increases to the fares and tariffs will directly impact this with price increases likely to cause upward pressure on scheme costs at a time of financial strain for local authorities.

Lewisham Council said they while they understand the financial constraints/efficiency needs requiring changes to taxi fares and tariffs, due to the IMD of the borough and their reliance on London taxis they would ask that TfL carefully consider the needs of the affected boroughs in terms of overall public transport provisions when making

any further decisions as to price increases, and that any justifiable increase should be kept to a minimum to protect residents.

London Councils

London Councils responded on behalf of the Taxicard scheme. The Taxicard scheme is funded by the London boroughs and TfL and managed by London Councils on their behalf. The borough/TfL subsidise 70 per cent of the trip cost and the Taxicard member contributes the remaining 30 per cent of the cost.

London Councils said they understand the reasons for the fare increases however, they did not support the first two options on the grounds that these will have a bigger impact on the Taxicard members and the boroughs' funding.

They said that Taxicard members have been taking fewer trips over the last five years, irrespective of the impact the coronavirus pandemic has had since March 2020.

London Councils said that for the 2022/23 financial year trips are predicted to be 17 per cent lower than 2021/22. In 2021/22 Taxicard trips were on the road to recovery after the pandemic and therefore, it would be reasonable to apply the same logic in 2022/23, but instead the opposite is happening and this is mostly due to the increases in fares since March 2022, and Taxicard members are finding it less affordable.

London Councils said that the London boroughs are facing a £700 million shortfall largely due to inflationary pressure and while in theory, Taxicard and Freedom Pass Schemes were entirely covered by the funding boroughs received from central government, the current level of funding the boroughs receive from central government covers only 30 per cent in maintaining such schemes.

London TravelWatch (LTW)

LTW's response covered three areas – taxi use in London, proposed changes, and mitigations. A summary of LTW's comments is below.

Taxi use in London:

- While taxi journeys may be smaller in number when compared to other modes of travel in London, they play an important part in London's public transport network
- While some perceive them to be a luxury, taxi use is often an essential activity. There are many instances when taxis can help people get around when other options aren't viable
- They allow people to travel at times and between locations that may not be well served by other types of transport, can be particularly important in outer London and can also be vital when travelling at night
- Most importantly they can provide door to door accessible transport for people who might not be able to use other types of transport, and have no access to private transport
- They can be particularly important to disabled people and older people

Proposed changes:

- LTW understood the need to increase taxi fares and tariffs given the considerable rise in costs that taxi drivers have seen over the past year and to help taxi drivers cover their operating costs, and mitigate the risk of drivers changing careers if they no longer see this as a financially viable option
- Given the decrease in taxi drivers since the start of the pandemic, it is important to protect the number of remaining taxis available so that people can still access them when they need them but it is important to strike a balance between taxi drivers being fairly paid and people who use taxis getting fair and affordable fares, to make sure it doesn't price more people out of using the service
- Fare increases are also likely to disproportionately disadvantage people who rely on taxis for accessibility or safety reasons, and so mitigations should be put in place to reduce the impact on these groups
- While mitigations can be put in place to protect these groups this should also be considered in the structure of the fare increases
- LTW called for Tariff 3 to be protected from high increases as this would protect people who have to travel by taxi at night. This is particularly important from a safety perspective and LTW's research found that 31 per cent of people who reported feeling unsafe when travelling in London decided to take PHVs or taxis more
- Higher fares may result in some people being stranded overnight if they can't afford a taxi
- LTW recognised that if Tariff 3 is not increased but Tariffs 1 and 2 are, then the difference between these rates becomes quite small and this may lead to fewer taxi drivers choosing to operate at night, with fewer taxis available likely to result in longer waits for people or people not able to get a taxi
- Given the importance of taxis at night LTW accepted that Tariff 3 may need to be increased but advised that any increase should be by a smaller percentage than Tariffs 1 and 2 to balance the need for affordability
- LTW said that they would like TfL to monitor the situation and make changes in the future as needed

Mitigations:

- LTW said that if taxi fares are increased they would like to see TfL take steps to reduce any negative impacts on people travelling around London, with a particular focus on disabled people and people travelling at night
- LTW said extra support should be put in place for Taxicard members to help protect them from taxi fare increases and this could include:
 - Freezing member contributions, with the increase in fares instead covered by TfL and the boroughs
 - Exploring the option of allowing "triple swiping", so members can choose to use three subsidies in one trip if needed to reduce the cost of longer journeys
 - Increase the number of taxi drivers who can access and accept Taxicard bookings, including through promotion of the service, to improve the service for members through increased availability and reduced wait times

- LTW said night services, including the Night Tube and Night Bus, should be protected to ensure that these remain a safe and viable alternative to those who can't afford taxis when travelling at night
- LTW said that in the longer term they would like to see measures to increase the number of accessible vehicles in the private hire industry and that as it currently stands, the lack of accessibility means that there is a section of the community who do not have the option to use PHVs, and this needs to be addressed so in future they have a feasible alternative to taxis. LTW believe this could be done through a combination of quotas and incentives to increase the number of accessible vehicles in London's fleet, but welcomed further proposals on how this could be achieved
- LTW said TfL should also continue their work to make other modes of transport more accessible, including improving step-free access across the Tube and Overground, and providing real-time information on lift and escalator services

Taxi Trade Tariff Team (LCDC, LTDA, RMT, UCG and Unite the Union)

The Taxi Trade Tariff Team said they were pleased that TfL has brought forward the revision of the Cost Index in order to bring the tariff timetable back to revisions being in the April, even though this comes at an additional cost to taxi drivers.

They said the only fair and reasonable options in the consultation are 1 and 2 and these are the only options that maintain drivers' real earnings.

They supported Option 1 and their comments on this included:

- Increases above 11.64 per cent have been awarded to other transport workers and these are for pay only
- If taxi drivers' increased costs are discounted from the 11.64 per cent figure then there is 4.02 per cent for net earnings. This is below the norm for current pay increases and is out of date as the Cost Index was updated in June but by the time the tariffs are revised in April costs will be running 10 months behind current prices and not accounting for cost rises for 12 months into the future
- Under current economic circumstances it is entirely possible that 11.64 per cent will do no more than cover increased costs by the time of the 2024 revision
- While the Taxi Trade Tariff Team has supported freezing Tariffs 3 and 4 since 2016 these should now be allowed to rise with the remainder of the tariffs because seven years will have passed without an increase in these rates. During this time taxi drivers that work only or mainly on Tariffs 3 and 4 have seen their costs rise by 18.58 per cent with no tariff increase. This means their real earnings have been eroded by 28 per cent during this period and another freeze on these rates is unsustainable and is already producing a supply shortage at night

The Taxi Trade Tariff Team commented on supply and demand and said:

- They understood the need to take into account the effect any increase will have on demand but they were not unduly concerned about these effects and

they contend that taxi fares have an inelastic price elasticity of demand and this was borne out by the study commissioned by TfL

- They said they understood that TfL have a duty to consider the needs of disabled people, and in particular Taxicard members, and if they can afford taxi fares. They said there would be little value in maintaining taxi fares at an artificially low price as that could result in an insufficient supply to maintain the service to vulnerable people. They added that the Taxicard scheme is already facing increasing problems with late and cancelled taxis since the economy has returned to something like normal and restricting any increase below 11.64 per cent would exacerbate this situation, particularly as drivers receive only 80 per cent of the metered fare on Taxicard fares
- The London taxi fleet was in decline prior to the coronavirus pandemic and the pandemic accelerated the decline. They said that the decline of the trade can be traced back to the start of PHV apps being used in 2013/14 and allowing PHVs to operate as pseudo-taxis since then has had an effect on taxi demand but they believe, an even greater effect on supply
- Taxi driver numbers have declined, in December 2014 there were 22,597 taxis and 25,546 taxi drivers in London, As of the 20 November 2022, the taxi fleet had declined although has partially recovered to 14,728. Taxi driver numbers have consistently fallen from 2014, with no recovery since the end of the coronavirus pandemic. Taxi driver numbers have fallen to 18,760 from 25,546, a fall of 26.9 per cent. An ageing driver cohort is not being replaced by new entrants
- Awarding a tariff increase of anything less than that indicated by the tariff review, 11.64 per cent, is more likely to worsen this under-supplied taxi service, rather than assist any recovery

Unite the Union also submitted a separate response, this was the same as the response submitted by the Taxi Trade Tariff Team but also included responses to some of the questions in the online survey and Unite:

- Thought the minimum fare and tariffs were all a little too low
- Gave a rating of 10 for the value for money of taxi fares in London
- Fully supported increasing some of the fixed fares for shared taxis during the Wimbledon Tennis Championships and amending the authorised place where the fixed-fare, shared-taxi scheme operates from

Transport for All (TfA)

TfA said they believe the minimum fare is too high and were submitting a response to the consultation as this is an issue that directly relates to disabled people. They said that they know from the experience of their members and wider disabled community that sometimes the taximeter is being started early and often before a taxi driver has gotten out of their vehicle to assist the passenger. TfA said this is a breach of the Equality Act, and speaks to a need to monitor taxis in London beyond increasing fares and means that the minimum £3.80 charge is not always an accurate representation of what the actual minimum charge is for disabled people who use taxis.

TfA said that taxis are already prohibitively expensive for disabled customers and that not only are the meters often begun before disabled customers are in the vehicle, but TfA also know that disabled people face a disproportionately higher cost of living – on average, £583 per month (Scope, 2019), although this data was collected before the current cost of living crisis, meaning that this amount is exceedingly likely to have gone up. TfA said that given that their door-to-door nature means that taxis are often the most accessible and reliable form of transport for disabled people, TfA feel any rise in fare will have a disproportionately negative impact on disabled passengers. TfA said they know that taxi drivers and operators are facing increased operating costs, however the disabled consumer should not be responsible for covering those costs.

TfA added that they are concerned at the consultation proposal to amend the authorised place for pickup during the shared taxi, fixed fare scheme. They feel that if this authorised space is the most convenient place for pickup, and if changes are not appropriately or adequately communicated, disabled people's taxi journeys could potentially be negatively impacted. They said it can be extremely stressful not knowing exactly where the taxi will be able to pick you up, whether the taxi can come directly to your location, etc. and if the authorised place in its current form mitigates those stress factors, any changes must first be directly consulted on with disabled people, and communicated in a variety of formats (including BSL, large print, Easy Read, etc.).

TfA felt that the consultation needs to consider the added cost of taxis that disabled people face, which is especially important given their nature as the most accessible form of transport. They said that cost of taxis is a significant barrier to their use, and is coupled with other barriers that disabled people face when accessing taxis. These include inappropriate and negative driver attitudes, the design of vehicles, access refusals, and more. TfA said this consultation presents an opportunity to address the cost of taxis, and to consider what measures can be taken to ease the financial burden for disabled passengers.

TfA said that their comments come from several pieces of data, and from the experiences of their members.

They also included a case study below to show the real-life detrimental impacts that high taxi fares in London can have.

In late October 2022, Edith contacted Transport for All on behalf of her brother Marcus* who has a learning disability and a mobility impairment. Marcus lives in an outer London borough attends a Day Centre in a neighbouring borough three times a week. Attending the Day Centre is extremely important to Marcus as it offers a sense of stability, which Edith mentioned was the most important thing to him following a death in the family. Many of Marcus' friends and his partner also visit the Day Centre regularly (*names changed to protect our members' privacy).*

Marcus is a member of the Taxicard scheme, but with an allocation of a mere 102 trips per year, his transport options were running out quickly as he used 6 of his Taxicard trips weekly (for journeys out and back). Marcus cannot use public transport as it doesn't work for him, so he relies on door-to-door options.

Edith shared that she was paying for Marcus' private taxis out of pocket, to ensure that Marcus doesn't miss out on any of his Day Centre visits. This was costing her £30-35 per day, or up to £105 per week, only for the essential trips, with a lack of suitable taxis available to Marcus also placing a considerable amount of stress on the family. There were no alternative options, as community transport in the area was at capacity, with vehicles used for school runs, which happened to occur at the same time as Marcus needed transport.

This financial, emotional and administrative burden imposed on Marcus and his family is unacceptable. With over half of taxi drivers having left the trade over the Covid-19 pandemic, disabled people are yet again disproportionately affected and left with minimal options to get around. The situation is even more severe for disabled people who cannot use public transport, such as Marcus. Disabled people and their families simply cannot afford to pay such extreme amounts of money each week to get around. This case only described trips that are absolutely essential for Marcus. Extremely high taxi fares in a cost-of-living crisis mean that disabled people have to fight to make their essential journeys and significantly cut back on leisure journeys, leaving many isolated and worried for their future.

Taxi Fares and Tariffs Review Equality Impact Assessment (EQIA)

Enclosed is the EQIA that was published with the consultation¹.

Following the close of the consultation and a review of all of the consultation responses the EQIA has been updated. The dates when the EQIA was updated have been included to make it clear what information was included in the EQIA published with the consultation and what has been added after the consultation closed.

¹ 2022 Review of taxi (black cab) fares and tariffs in London, EQIA, <https://haveyoursay.tfl.gov.uk/19789/widgets/56152/documents/33681>



Customer Equality Impact Assessment (EQIA) Form

The Equality Impact Assessment (EQIA) is a means by which we can demonstrate how we have considered inclusion and put people at the heart of the decisions and changes we make. It is a tool to explore the potential for a service, project, programme, or business plan to have an impact on a particular protected characteristic, inclusion groups, or community. This includes the impact on one or more of these groups:

- Protected characteristic groups (as outlined in the Equality Act 2010)
- Disadvantaged or marginalised groups or communities
- Deprivation and socio-economic disadvantage within local communities

Please note:

To comply with our agreed policy on completing Equality Impact Assessment (EQIA) and meet our requirements under legislation, all new strategies, policies, business plans, change programmes or projects must be impact assessed before being introduced. Within this document, you will need to provide evidence to demonstrate:

- Consideration of the impact of your initiative for each protected characteristic and other disadvantaged groups and communities
- Assessment of the impact you have identified and a clear action plan to mitigate the issues and concerns which arise from this.

The steps for completing EQIA are:

- Introduction of aims/objectives/focus
- Gather evidence in relation to all relevant protected characteristics and inclusion groups
- Engagement and consultations – consult and engage with relevant stakeholders/inclusion groups/communities and seek feedback
- Assess or identify potential impacts
- Act on the results including planning actions to mitigate potential negative impact
- Monitoring and evaluation
- Make the right decision based on the evidence and findings from the assessment
- Sign-off

Draft or completed customer EQIA should be submitted to Customer EQIA [inbox](#) and a superuser or member of the customer D&I team will be allocated to review the document. Please ensure you have read the customer EQIA guidance before using this form.



1. Key information and clarifying aims

Title of strategy, service, business plan, programme, or project	Taxi (Black Cab) Fares and Tariffs Review 2022				Unique ID No. <i>(To be assigned by the D&I team)</i>	D&IC/22/429
Team/Department/Directorate	Transport for London (TfL), Licensing and Regulation					
EQIA author	Darren Crowson, TfL Taxi and Private Hire Policy Manager					
Senior accountable person						
Date EQIA started	11 October 2022			Date EQIA completed	08 November 2022 – initial EQIA prepared 24 February 2023 – EQIA updated following close of consultation and for submission to Finance Committee meeting on 8 March 2023	
Project Stage	Preparing public consultation for launch on 11 November 2022					
What is the focus of this EQIA? <i>(Please tick which is appropriate)</i>	Service	Project	Programme	Strategy or business plan	Others <i>(please state below)</i>	
					<input checked="" type="checkbox"/> <ol style="list-style-type: none"> Potential changes to taxi (black cab) fares and tariffs Public consultation on taxi fares and tariffs and if the consultation is accessible and inclusive 	



Who would benefit or be impacted by your strategy, service, business plan, programme, or project <i>(Please provide details of below)</i>	
Customer	<ul style="list-style-type: none"> • Taxi passengers • Taxicard members • Taxi drivers
Employee <i>(for workforce or employee only impact assessment, please email the D&I workforce team at EQIA@tfl.gov.uk)</i>	None

<p>Provide background information and outline the aims/objectives/scope of the strategy, service, business plan, programme, or project</p>	<p>The enclosed taxi fares and tariffs consultation document provides information on:</p> <ol style="list-style-type: none"> 1. Our role in licensing and regulating taxi services 2. Taxi fares and tariffs 3. Taxi fares and tariffs consultation options 4. Other options considered 5. Other consultation items 6. The Cost Index 7. Taxi users' and drivers' views on fares and tariffs 8. Taxicard 9. Impact assessments and other factors to consider 10. Consultation questions <p>This information and the EQIA form will be published when the consultation is launched and will be publicly available.</p> <p>In the consultation respondents will be asked:</p> <ul style="list-style-type: none"> • For any suggestions they have for how any potential negative impacts on taxi users, Taxicard members or taxi drivers might be mitigated or avoided
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- | | |
|--|---|
| | <ul style="list-style-type: none"> • If they think there are any additional impacts on people with protected characteristics (e.g. older people, disabled people, etc.) that may be affected by our proposals and possible ways these could be mitigated |
|--|---|

2. The Evidence Base

Consider evidence in relation to all relevant protected characteristics and inclusion group listed in the table below. Please note that change always disproportionately impacts all protected characteristics, so there should be no blank boxes. Consideration should be given not just to the proposal impact but how you intend to communicate and engage on the proposed change.

The separate evidence base document contains information to support the EQIA for the taxi (black cab) fares and tariffs review 2022.

Information included in the evidence base document covers:

- Taxi users – London residents
- Travel in London: Understanding our diverse communities 2019
- Taxicard journeys and members
- Disability and mobility data for Londoners
- Income and poverty amongst Londoners
- UK lesbian, gay, bisexual and transgender (LGBT) survey
- Taxi and Private Hire Driver Diary Survey
- Travel in London report
- Use of wheelchair accessible taxis
- Designated wheelchair accessible taxis and private hire vehicles (PHVs) in London
- Carers in London
- Visitors to London
- Licensed taxi drivers
- Use of smartphones and other devices



Engagement and consultation

Outline how engagement and consultation with inclusion groups, people who share a protected characteristic, and other project teams have informed your work

	Yes	No	Don't Know	Comments
Has there been any engagement or consultation activity relating to this strategy, service, business plan, programme, or project?	Yes			<ul style="list-style-type: none"> • There has been pre-consultation engagement with the main taxi trade associations • Potential changes to taxi fares and tariffs have been discussed with TfL's Assisted Transport Services Team and London Councils • A full public consultation will be carried out
List the relevant stakeholders and inclusion groups you have consulted/engaged or intend to consult/engage with below. Please include any relevant consultation or engagement undertaken prior to completing this EQIA which relates each protected characteristic and inclusion group.				
Stakeholders and inclusion groups consulted/engaged with	Date		Feedback comments / issues raised	
Taxi Fares Working Group – this includes representatives from: <ul style="list-style-type: none"> • Licensed Taxi Drivers Association (LTDA) • London Cab Drivers Club (LCDC) • RMT • Unite the Union • United Cabbies Group (UCG) 	Monthly meetings		<ul style="list-style-type: none"> • They support using the Cost Index • They support taxi fares and tariffs increasing as taxi drivers' operating costs have increased, taxi drivers are also experiencing the cost of living crisis and costs for other items (e.g. utility bills) increasing • They want changes to be implemented in April 2023 	
Although changes to taxi fares and tariffs were not covered, taxi services in general and proposals to improve safety for taxi and PHV passengers were discussed at the September 2022 Inclusive Transport Forum	22 September 2022		The main comments were about: <ul style="list-style-type: none"> • Issues with the Taxicard service • Issues with taxis and PHVs being able to drop off passengers and problems being caused by streetscape changes 	

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Page 6 of 29

		<ul style="list-style-type: none"> • Training for taxi drivers • Taxi vehicle accessibility • Issues for people with assistance dogs • Complaints information needing to be accessible or in an accessible format
<p>The consultation will be promoted to:</p> <ul style="list-style-type: none"> • Passengers • Accessibility and disability organisations • Older people’s groups • Women’s safety groups • Business groups • Tourism and travel groups • Night-time economy • Lesbian, gay, bisexual and transgender (LGBT+) groups • London boroughs • London MPs and Assembly Members • Licensed taxi drivers • Taxi vehicle owners • Taxi trade associations • Taximeter companies 	11 November 2022	<ul style="list-style-type: none"> • All consultation responses will be reviewed and a consultation report will be prepared • This will be used to inform recommendations
<p>To help ensure that the consultation is accessible and inclusive we will do the following:</p> <ul style="list-style-type: none"> • Prepare an EasyRead version of the consultation material and consultation questions • Prepare a British Sign Language video on the consultation 	11 November 2022	<ul style="list-style-type: none"> • All consultation responses will be reviewed and a consultation report will be prepared • This will be used to inform any recommendations we make • If people submit a response through the TfL Consultation Portal then demographic information



<ul style="list-style-type: none"> • Provide options (online survey, email, post, phone) for submitting a response • TfL’s Stakeholder, Advocacy and Engagement (SAE) Team will help promote the consultation to a wide audience • The consultation will be featured in the Metro newspaper and in the TfL accessibility newsletter • Review whether Disability Horizons can assist us with promoting the consultation to disabled people and groups representing them 		(age, gender, etc.) will be collected when they registered and created an account		
	Yes	No	Don’t Know	Comments (state clearly what this engagement or consultation will be and how it will be organised)
<p>Does there need to be any further engagement or consultation? If yes, please add this as an action to the action planning section below. Please note that in some circumstances your work may require formal consultation</p>	Yes			<ul style="list-style-type: none"> • A full public consultation will be launched on 11 November 2022

3. Impact assessment – Protected characteristics and inclusion groups

Given the evidence listed in section 2 and 3, consider and describe the potential impacts this work could have on people with protected characteristics and other inclusion groups.

We normally review taxi fares and tariffs annually and aim to implement changes in April of each year. Taxi fares and tariffs were last updated by TfL in April 2022.

When we review taxi fares and tariffs we try to strike an appropriate balance between drivers being fairly paid and taxi users getting fair and affordable fares.



Listed below are:

- Potential positive and negative impacts that could affect all taxi passengers, Taxicard members and taxi drivers
- Potential positive and negative impacts that could affect taxi passengers, Taxicard members and taxi drivers with protected characteristics or who are in other inclusion groups

Taxi passengers

There are some negative impacts that could affect all taxi passengers, including Taxicard members:

- ✗ They would be negatively impacted by increases to the minimum fare or tariff rates as the fares passengers pay could increase
- ✗ They would be negatively impacted by increases to some of the fares for the fixed-fare, shared taxi scheme that operates during the Wimbledon Tennis Championships. If they use shared taxis during the Championships then the fares they pay could increase
- ✗ They would 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. This could mean increased wait times for taxi passengers or taxis not being available when they want to travel
- ✗ They will also be negatively impacted if the total number of licensed taxi drivers reduces because no increase to fares is made and people are deterred from applying to become a licensed taxi driver. This could also mean increased wait times for taxi passengers or taxis not being available when they want to travel

There are some positive impacts that could affect all taxi passengers, including Taxicard members:

- ✓ Taxi passengers 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 passengers can still access taxi services. However, taxi passengers would still be negatively impacted by the fares increasing
- ✓ If freezing the minimum fare and tariffs increases the number of people using taxis this could encourage more people to apply to become a licensed taxi driver, as they consider this a viable career. This could have a positive impact on taxi passengers as it could increase the availability of taxis or reduce wait times

There may be some neutral impacts:

- If passengers use taxis for short journeys the impact on them may be neutral if the minimum fare or tariffs are frozen as the fares will not increase
- Some taxi passengers may prefer to use taxis because they feel less safe using public transport. The impact on them may be neutral if the minimum fare or tariffs are frozen and fares do not increase



Taxi drivers

- × 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
 - × Any increase is less than the increase to operating costs and they cannot cover increased operating costs
 - × Increases to the minimum fare or tariffs result in fewer people using taxis or a decline in the number of taxi journeys and drivers' incomes reducing
- ✓ 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
 - ✓ 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

Race and ethnicity

Taxi passengers

- The poverty rate for Black, Asian and minority ethnic people is 38 per cent in London and 21 per cent for white groups
- Black, Asian and minority ethnic people may experience and perceive higher levels of crime on public transport and so for some journeys may choose to use taxis
- × Some Black, Asian and minority ethnic taxi passengers and Taxicard members may prefer to use taxis because they feel less safe using public transport. They may experience a negative impact if the minimum fare or tariffs are increased and fares increase. This could mean they are not able to travel as often, have to use public transport despite not feeling safe when doing so, or may be more likely to consider using an unbooked PHV, unlicensed vehicle or walking when this is a less safe option
- Some Black, Asian and minority ethnic taxi passengers and Taxicard members may prefer to use taxis because they feel less safe using public transport. The impact on them may be neutral if the minimum fare or tariffs are frozen and fares do not increase

Taxi drivers

- × The number of Black, Asian and minority ethnic taxi drivers is 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

Sex (male, female, non-binary and other identities)

Taxi passengers

- Twenty-eight per cent of women and 27 per cent of men in London are living in poverty
- ✗ Female taxi passengers 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. If the minimum fare or tariffs are increased the fares they pay will increase
- ✗ Female taxi passengers 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. If the minimum fare or tariffs are increased the fares they pay will increase
- ✓ The impact may be positive for female taxi passengers 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 drivers

- ✗ Female taxi drivers who are also carers may be disproportionately impacted if no change to the minimum fare or tariffs is made, any increase is less than the increase to operating costs, or increases to the minimum fare or tariffs result in fewer people using taxis or a decline in the number of taxi journeys. They may be unable to increase the number of hours they work as a result of having caring responsibilities
- ✗ 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

Gender reassignment

Taxi passengers

- ✗ Taxi passengers 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 at certain times and so use taxis more often. If the minimum fare or tariffs are increased the fares they pay will increase



- ✓ The impact may be positive for taxi passengers whose gender identity is different from the gender assigned to them when they were born 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 drivers

- ✗ The number of taxi drivers whose gender identity is different from the gender assigned to them when they were born is 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 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

Age

Taxi passengers

- ✗ Younger and older taxi passengers 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
- ✗ Some children may use taxis to travel to or from school or college. They may be disproportionately negatively impacted by any increase in taxi fares
- ✗ Older taxi passengers may also be disproportionately impacted by increases to taxi fares as they may be more reliant on taxis, need an accessible vehicle or a door to door service
- ✗ 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. buses, Tube). They may also not be able to consider walking or cycling as an alternative
- ✗ Taxi passengers and Taxicard members who make short journeys would experience a negative impact if the minimum fare increases. Older taxi passengers and Taxicard members may be disproportionately impacted as they may rely on taxis to make short journeys
- ✗ Although smartphone usage appears to be increasing amongst older people, they are still less likely to have a smartphone. Taxi passengers 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 passengers may be disproportionately impacted as they may be less likely to have a smartphone



- ✘ Some older people may be able to use a bus instead of a taxi for all or part of their journey but they may be disproportionately impacted if the bus services they would use are reduced or withdrawn as part of the Central London Bus Review²
- ✘ Single pensioners may be more likely to own a car so they may be able to use a car for some or all journeys instead of a taxi³. However, they will be negatively impacted if they travel in the Congestion Charging Zone (CCZ)⁴ when this is in operation or travel in the Ultra Low Emission Zone (ULEZ) and need to pay the ULEZ charge.⁵ 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 passengers 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
- ✘ 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. They may also find it more difficult to use a PHV instead of a taxi as only 459 PHVs are designated wheelchair accessible vehicles, this is only 0.55 per cent of the total PHV fleet in London
- ✘ Just under one quarter (24 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
- The impact may be neutral for some older taxi passengers if the minimum fare or tariffs are frozen and they use taxis for short journeys as the fares will not increase

² TfL Central London bus Review Consultation, 1 June 2022, <https://haveyoursay.tfl.gov.uk/busreview>

³ Travel in London Report 12, TfL, 2019, <http://content.tfl.gov.uk/travel-in-london-report-12.pdf>

⁴ 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>

⁵ 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>



- The impact may be neutral for some children if they use taxis to travel to or from school or college and the minimum fare or tariffs are not increased. This would mean taxi fares do not increase and this could increase the availability of taxis if drivers have to work more to cover increased operating costs

Taxi drivers

- ✘ 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 also be disproportionately impacted if they cannot access work through an app
- ✘ 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 quarter (24 per cent) of pensioners in London are in poverty⁶. Fourteen per cent of taxi drivers are aged 65 or older.⁷ Taxi drivers are asked what their annual household income is in the annual Taxi and Private Hire Licensee Customer Satisfaction Survey (CSS).⁸ Just under half (49 per cent) preferred not to say what it was but 11 per cent said it was £20,000 or lower. 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:
 - ✘ No increase to the minimum fare or tariffs is made despite their operating costs increasing
 - ✘ Increases to the minimum fare or tariffs result in fewer people using taxis and drivers' incomes reducing
- ✘ The number of younger taxi drivers is extremely low and not representative of the capital's population. 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

⁶ Trust for London, London's Poverty Profile, 2020, <https://www.trustforlondon.org.uk/publications/lpp2020/>

⁷ TfL licensing data, 1 August 2022

⁸ Taxi and Private Hire Licensee CSS 2021/22, Kantar



Religion and belief

Taxi passengers

- × Taxi passengers 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. If the minimum fare or tariffs are increased the fares they pay will increase

Disability (please consider all forms of disabilities)

Taxi passengers

- × Disabled taxi passengers 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
 - × 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 passengers and Taxicard members who are wheelchair users may be disproportionately impacted by increases to taxi fares as they may be more likely to use a taxi because all taxis are fitted with a wheelchair ramp. They may also find it more difficult to use a PHV instead of a taxi as only 459 PHVs are designated wheelchair accessible vehicles, this is only 0.55 per cent of the total PHV fleet in London
- × Taxi passengers and Taxicard members who have an assistance dog may be disproportionately impacted by increases to taxi fares if they prefer to use taxis for some journeys instead of public transport due to overcrowding or access issues
- × Taxi passengers and Taxicard members will be negatively impacted by increases to the minimum fare or tariffs but some may have fewer alternative services, such as app based PHV services, they can consider instead of using a taxi. Disabled taxi passengers and Taxicard members may be disproportionately impacted as they may be less likely to have a smartphone and so may be unable to use app based services
- × 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 Taxicard fare level
- × Taxicard members will be negatively impacted if taxi drivers are more reluctant to accept 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 or they are not willing to accept less than the full metered fare

- The impact may be neutral for some disabled taxi passengers and Taxicard members, plus those who are carers if the minimum fare or, tariffs are frozen and they use taxis for short journeys as the fares will not increase

Taxi drivers

- ✘ 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
- ✘ 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

Sexual orientation

Taxi passengers

- ✘ LGB taxi passengers 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%)⁹ and so could potentially use taxis more often. 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
- Some LGB taxi passengers or Taxicard members may prefer to use taxis because they feel less safe using public transport. The impact on them may be neutral if the minimum fare and tariffs are frozen and fares do not increase

Taxi drivers

- ✘ 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 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

⁹ TfL (2015): 'Travel in London: Understanding our diverse communities'



Marriage or civil partnership

Taxi passengers

- No impacts on taxi passengers who are married or in a civil partnership have been identified

Taxi drivers

- No impacts on taxi drivers who are married or in a civil partnership have been identified

Pregnancy and maternity

Taxi passengers

- × Taxi passengers 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. If the minimum fare or tariffs are increased the fares they pay will increase

Taxi drivers

- × 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

Disadvantaged, inclusion groups and communities e.g. carers, refugees, low income, homeless people etc.

Taxi passengers

- × Some taxi passengers may already be experiencing financial problems as a result of rising inflation, the cost of living crisis and costs increasing for a range of items (e.g. food, utility bills). They would experience a negative impact if the minimum fare or tariffs increase, and taxi fares increase. This could mean that they are not able to travel as often or are unable to make some journeys

Taxi drivers

- × Some taxi drivers will be negatively impacted if they are experiencing financial problems because of rising inflation, the cost of living crisis, operating costs increasing or other items (e.g. food, utility bills, etc.) increasing. If increases to the minimum fare or tariffs result in a decline in the number of taxi journeys or people using taxis this could result in drivers' incomes reducing. They may also experience a negative impact if no change is made to the minimum fare or tariffs and they are struggling to cover increased costs
- × 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

Deprivation and socio-economic disadvantage of local communities e.g. people with lack of access to housing, education, social resources, geographic location, and income

Taxi passengers

- ✘ Taxi passengers and Taxicard members may experience a negative impact if they use taxis in the suburban licence areas and the number of licensed suburban taxi drivers reduces because no increase to fares is made, suburban taxi drivers cannot cover increased operating costs and so stop being a taxi driver

Taxi drivers

- ✘ The demand and usage of taxis in suburban areas is generally lower and so the income of suburban taxi drivers may be lower and there may be fewer opportunities to increase the number of taxi journeys they do. Suburban taxi drivers may be disproportionately impacted if they cannot work longer to try and maintain their income or cover increased operating costs if:
 - ✘ No increase to the minimum fare or tariffs is made despite their operating costs increasing
 - ✘ Increases to the minimum fare or tariffs result in fewer people using taxis and drivers' incomes reducing

People who share more than one protected or other characteristic

Some taxi passengers, 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 passengers, 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 passengers 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
 - Children may be entitled to free transport if they cannot walk to school because of their special educational needs and disabilities (SEND) or if they have a mobility impairment. Some 16-19 year olds in education may also be eligible for travel to school sixth form or college. The severity of some of the negative impacts on them may be greater if they use taxis to travel to or from school or college
 - 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 passengers 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, or other issues (e.g. caring responsibilities) prevent them from being able to work longer hours
- Gender and Disability
 - The severity of the impacts on disabled, female taxi passengers 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, or other issues (e.g. caring responsibilities) prevent them from being able to work longer hours
- Age, Gender and Disability
 - The severity of the impacts may be even greater on older, female, disabled taxi passengers 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, or other issues (e.g. caring responsibilities) prevent them from being able to work longer hours

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.

Removing the requirement for the booked taxi extra to be added to the taximeter

- No negative or positive impacts on taxi passengers, Taxicard members or taxi drivers sharing one or more protected or other characteristics have been identified

Amending the authorised place where the fixed-fare, shared-taxi scheme operates from

- No negative or positive impacts on taxi passengers, Taxicard members or taxi drivers sharing one or more protected or other characteristics have been identified



TfL employees

- No negative or positive impacts on TfL employees sharing one or more protected or other characteristics have been identified

Update – 24 February 2023

Following the close of our consultation and a review of all of the responses we are recommending the changes below:

- Increasing Tariffs 1, 2 and 3 by 7.61 per cent
- Removing the requirement for the extra charge for taxi hirings arranged by telephone, mobile phone, smart phone, mobile application, any application software and by use of the internet to be added to the taximeter
- Increasing some of the fixed-fares for shared-taxis that operate during the Wimbledon Tennis Championships
- Amending one of the authorised places where the fixed-fare, shared-taxi scheme operates from during the Wimbledon Tennis Championships

If the recommendations are approved, there will be a negative impact on taxi passengers and Taxicard members as:

- It will mean taxi fares increase at all times
- The fixed-fares for some shared-taxi journeys from the Wimbledon Tennis Championships will increase

There could also be a negative impact on taxi drivers if the recommended increases to Tariffs 1, 2 and 3 are approved and this results in fewer people using taxis or a decline in the number of taxi journeys and drivers' incomes reducing.

We have sought to reduce these negative impacts on taxi passengers and drivers, in particular those from protected groups, by recommending:

- No increase to the Minimum Fare
 - an increase to tariffs which is lower than the Cost Index figure of 11.64%
- Increasing tariffs 1, 2 and 3 in line with operating costs, in an effort to ensure drivers continue to view taxi driving as a viable career and the supply of taxis, particularly at night, remains sufficient for those with protected characteristics who need them.

Following the close of the consultation it has been suggested that removing the requirement for taxi drivers to add the extra charge for booked taxis to the taximeter could have a negative impact on some taxi users as it might make it harder for some taxi users to see what they are liable for at the end of the journey and they might have to speak to the driver to confirm whether the extra charge is being added to the fare. It was suggested that this might make things more difficult for persons in some groups.

The applicable terms and conditions of the person arranging the hiring must already make provision to levy an extra charge for the arrangement of a hiring by mobile application, any application software and by the use of the internet. No change to this requirement is proposed and so taxi users will be able to see from the terms and conditions if there is an extra charge when booking a taxi.

The majority of booked taxi journeys are now booked using an app rather than by telephone and the apps include the extra charge in the total fare and can be set at any amount up to the maximum allowed. The taxi booking companies who currently provide app based services for booking taxis provide an estimate when a journey is being requested and in this they show what extra charges users will be charged.

No change to the maximum amount that can be charged is being recommended and this will remain at £2.00. This will continue to be displayed on the taxi fare card in the passenger compartment of every licensed taxi and also on the taxi fares page on the TfL website.

Transport for All (TfL) raised concerns about amending one of the authorised places where the Wimbledon Tennis Championships fixed-fare, shared-taxi scheme operates from and said:

“Furthermore, we are concerned at the consultation proposal to amend the authorised place for pickup during the shared taxi, fixed fare scheme. We feel that if this authorised space is the most convenient place for pickup, and if changes are not appropriately or adequately communicated, disabled people’s taxi journeys could potentially be negatively impacted. It can be extremely stressful not knowing exactly where the taxi will be able to pick you up, whether the taxi can come directly to your location, etc.; if the authorised place in its current form mitigates those stress factors, any changes must first be directly consulted on with disabled people, and communicated in a variety of formats (including BSL, large print, Easy Read, etc.).”

Agreeing the new location for one of the Wimbledon Tennis Championships taxi ranks was outside the scope of this consultation, as this only proposed changes to the London Taxi Sharing Order and was not proposing where the rank should be moved to or how this should be designed and operate. We are working with the London boroughs, the All England Lawn Tennis and Croquet Club and the taxi trade to try and agree on the best location for the taxi rank. We will also work to ensure that there is an accessible pick-up and drop-off point.

Travel information, including the locations of the taxi ranks that operate during the Championships, is published by the All England Lawn Tennis and Croquet Club. Stewards at the ground during the Championships provide guidance and assistance to visitors, including on where to get a taxi. The taxi ranks are normally marshalled by taxi marshals working on behalf of the All England Lawn Tennis and Croquet Club during the Championships and if required the marshals provide assistance to disabled passengers.

Comments and actions to mitigate or take forward (please include actions to mitigate the potential negative impact for this protected characteristic)

Item	Potential mitigations
<p>The minimum taxi fare or taxi tariffs are increased</p> <ul style="list-style-type: none"> - This would mean fares increase for Taxicard members and other taxi passengers - It could mean they have to pay higher fares - It could also mean they cannot travel as often or cannot make certain journeys - If some taxi passengers cannot travel as often or make certain journeys this could: <ul style="list-style-type: none"> o Increase the risk of them feeling isolated or being unable to get out o Mean they cannot access education or work o Mean they cannot attend medical appointments - There could also be an increased risk that some passengers consider using an unbooked PHV, unlicensed vehicle or choosing to walk when this is less safe instead of using a taxi - Although increasing the minimum fare or tariffs could mean taxi drivers' incomes increase, it could mean they decline if increased fares result if fewer people using taxis or the number of taxi journeys falling 	<ul style="list-style-type: none"> - 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 - We promote the Taxicard service to taxi drivers to try and increase the number of taxi drivers available to accept Taxicard jobs and improve the service for members - Increasing the number of taxi drivers who can access and accept Taxicard bookings may also mitigate some of the potential negative impacts on taxi drivers as they will have the opportunity to access more work and increase their income - Some people may be able to use a PHV instead of a taxi and information about licensed PHV operators in London, the services they offer, areas they cover, times they operate and contact details is available on our website. Some PHV operators may offer fares that are cheaper than taxis, although there have been reports of the fares for some PHV journeys being more expensive than taxis - New PHV applications for some designated wheelchair accessible vehicles that do not meet the zero emissions capable (ZEC) emissions licensing requirements for PHVs will be considered on a case by case basis - Some taxi passengers may have a Freedom Pass and be able to travel for free on the bus, tram, Tube, Docklands Light Railway (DLR), London Overground and Elizabeth line. They may be able to use these services instead of a taxi for all or part of their journey - 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 91 Tube stations, 60 London Overground stations and

Page 160



Item	Potential mitigations
	<p>27 stations served by TfL Rail have step-free access. All DLR stations and tram stops are step-free. All stations on the Elizabeth Line 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 train</p> <p>Update – 24 February 2023</p> <p>Our recommendation to the finance committee is to increase tariffs 1, 2 and 3 by 7.61% in line with taxi driver operating costs, as determined by the Cost Index. We have tried to mitigate the negative impacts of this increase by recommending:</p> <ul style="list-style-type: none"> (a) no increase to the minimum fare; and (b) increases to Tariffs 1, 2 and 3 that are lower than the total Cost Index figure (11.64 per cent).
<p>No change is made to the minimum taxi fare or taxi tariffs</p> <ul style="list-style-type: none"> - This could mean that taxi drivers cannot cover their operating costs and stop being a taxi driver or people are deterred from applying to become a taxi driver - This could reduce the availability of taxis for passengers or increase wait times 	<ul style="list-style-type: none"> - We promote the Taxicard service to taxi drivers to try and increase the number of taxi drivers available to accept Taxicard jobs. This may also mitigate some of the potential negative impacts on taxi drivers as they will have the opportunity to access more work and increase their income
<p>Making the consultation accessible and inclusive</p> <ul style="list-style-type: none"> - If the consultation is not accessible and inclusive then it may mean that some taxi passengers or taxi drivers are not able to respond and let us know their views 	<ul style="list-style-type: none"> - An EasyRead version of the consultation document and questions will be provided - A British Sign Language (BSL) video of the consultation will be provided - The consultation will be promoted to a wide range of groups, this includes: <ul style="list-style-type: none"> o Passenger groups o Accessibility and disability organisations o Older people’s groups o Women’s safety groups o LGBT+ groups - We will work with Disability Horizons to promote the consultation to disabled people and groups who represent them

Item	Potential mitigations
	- We will provide options (online survey, email, post, phone) for how people can submit a response

4. Action planning

List all planned actions - actions which could help mitigate any potential negative impacts. Additionally, please remember to include in your plan any 'positive action'.

	Actions	Owner	Deadline
1	<p>Carry out a full public consultation on the fares and tariffs options, changes to the extra charge for booked taxi and changes to the Wimbledon Tennis Championships fixed-fare, shared-taxi scheme</p> <p>Following the close of the consultation and a review of the responses the TfL Finance Committee will be asked to consider recommendations and take into account the positive and negative impacts identified</p>	TfL Licensing and Regulation	<p>The consultation is due to launch on 11 November 2022</p> <p>Recommendations will be submitted to the Finance Committee meeting on 8 March 2023</p>
2	<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</p>	TfL Licensing and Regulation	Ongoing

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Page 24 of 29

	Actions	Owner	Deadline
	research (Taxi and Private Hire Customer Satisfaction Surveys) amongst taxi users and taxi drivers		
3	Continue working with the Assisted Transport Services Team, London Councils and Computer Cab (who have the Taxicard contract) to discuss and implement actions to improve the Taxicard service for members and improve the supply of taxis	TfL Licensing and Regulation	Ongoing
4	<p>Promote the consultation to a wide range of stakeholders so their views can be taken into consideration. This will include:</p> <ul style="list-style-type: none"> • Emailing details of the consultation to all licensed taxi drivers and taxi vehicle owners • Advising the taxi trade of the consultation so as they can respond and make their members aware of it • Promoting the consultation in the weekly email updates sent to taxi and private hire licensees and on the TfL Taxi and Private Hire Twitter account • Making taxi users, accessibility groups and passenger groups aware of the consultation • Using the TfL page in the Metro to promote the consultation to the general public 	TfL Licensing and Regulation	<p>Promotion of consultation – during consultation period</p> <p>Review of consultation responses – after close of consultation</p>

	Actions	Owner	Deadline
	<ul style="list-style-type: none"> We will contact London TravelWatch to inform them of the consultation and seek their views The taxi fares and tariffs consultation will be sent to accessibility and disability groups we hold email addresses for (e.g. Age UK, Guide Dogs, RNIB, etc) 		

5. Monitoring and evaluation

Detail how you will or plan to monitor and evaluate the success of the mitigation actions and the overall impact of your decision or proposal

1.	<p>How would you monitor and evaluate the success of the mitigating actions once your proposal has been implemented?</p>	<p>These will both be monitored through a combination of ways including:</p> <ul style="list-style-type: none"> Stakeholder feedback Asking taxi users about taxi fares in the annual user customer satisfaction survey Asking taxi drivers about taxi fares in the annual licensee customer satisfaction survey
2.	<p>How would you monitor the actual impact of your proposal or decision once your proposal has been implemented?</p>	



6. Decision-Making

Based on the above assessment, please select one of the options below that describe what you propose to do next. It is important that you provide the reason(s) for your decision and the evidence that supported these reasons.

1	<p>Continue with your work because the assessment demonstrates that the work will have no potential negative or adverse impact on equality and inclusion groups.</p>	
2	<p>Justify and continue with your work despite negative equality impacts, and because there are other factors which make it reasonable for you to decide to continue with your work.</p>	<ul style="list-style-type: none"> • We're planning to proceed with the consultation • Once the consultation ends, we will review and consider all the responses received and the impacts identified. These will inform our recommendations for any changes to taxi fares and tariffs • TfL's Finance Committee is authorised to approve proposed changes to fares for taxis. Once the Finance Committee have reached a decision, we will publish the outcome, consultation report and the response to the issues raised during the consultation • If we decide to make any changes, these would normally be implemented between six to eight weeks after being approved by the Finance Committee. This is to allow time for the taximeters and fares information to be updated <p>Update – 24 February 2023 Following the close of our consultation and a review of all of the responses we are recommending the changes below:</p> <ul style="list-style-type: none"> • Increasing Tariffs 1, 2 and 3 by 7.61 per cent • Removing the requirement for the extra charge for taxi hirings arranged by telephone, mobile phone, smart phone, mobile



		<p>application, any application software and by use of the internet to be added to the taximeter</p> <ul style="list-style-type: none"> Increasing some of the fixed-fares for shared-taxis that operate during the Wimbledon Tennis Championships Amending one of the authorised places where the fixed-fare, shared-taxi scheme operates from during the Wimbledon Tennis Championships <p>These recommendations will be considered by the TfL Finance Committee at its meeting on Wednesday 8 March 2023.</p>
3	Change or adapt your work to ensure it does not adversely or disproportionately impact certain groups of people, communities, or miss opportunities to affect them positively	
4	Stop your work because there is a high probability of noticeable discrimination and negative impacts which cannot be objectively justified. Further research work may be needed.	

7. Sign off

EQIA author	
Name:	Darren Crowson
Title:	Taxi and Private Hire Policy Manager
Date:	08 November 2022
Signature	
EQIA reviewer (superuser or D&I team)	
Name:	Natalie Doig

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Page 28 of 29



Title:	Member of TfL's Independent Disability Advisory Group (IDAG)
Date review completed:	08 November 2022
Signature	
D&I team representative	
Name:	
Title:	
Date:	
Signature	
EQIA signed off by (Senior accountable person)	
<i>The EQIA should be signed off by a senior accountable manager or senior project sponsor. They are ultimately responsible for ensuring that the EQIA requirements are taken onboard and delivered as part of the project deliverables and/or escalated to the decision-makers where necessary. By signing, they are confirming that the equality impacts have been identified, understood, and considered; those affected by the proposal/decision have been involved or consulted; and there are plans to mitigate any potential negative impact and monitor the actual impact of the proposal/decision after implementation.</i>	
Name:	
Title:	
Date:	
Signature	

8. Document history and version control

Document history	Version	Date	Summary of changes
	0.1	17/10/2022	First draft
	0.2	28/10/2022	Second draft
	1.0	08/11/2022	Final version for publication with consultation
	2.0	24/02/2023	EQIA updated

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Page 29 of 29



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EQIA evidence base

Taxi (Black Cab) Fares and Tariffs Review 2022 – evidence base

This document contains information to support the equality impact assessment for the taxi (black cab) fares and tariffs review 2022.

Taxi users – London residents

The following information about taxi users who are London residents is enclosed:

- Gender
- Age
- Disability (this does not include those who are carers)
- Ethnicity
- Religion
- Gender reassignment
- Sexual orientation
- Working status
- Household income

Apart from ethnicity, the information in the charts below is taken from the 2021/22 Black Cabs and Minicabs Customer Satisfaction Survey (CSS).¹ The ethnicity information is taken from the 2019/20 survey.²

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).

¹ Black Cabs and Minicabs Customer Satisfaction Survey (CSS), Kantar, 2021/22

² Black Cabs and Minicabs Customer Satisfaction Survey (CSS), Kantar, 2019/20

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*	Prefer not to say
2012/13	London residents and visitors to London	46%	54%	--	0%
2013/14		45%	55%	--	0%
2014/15		48%	52%	--	0%
2015/16		60%	40%	--	0%
2016/17		54%	46%	--	0%
2016/17	Londoners only	55%	45%	--	0%
2017/18		52%	48%	--	0%
2018/19		59%	41%	--	0%
2019/20		54%	46%	--	0%
2020/21		48%	51%	1%	0%
2021/22		46%	52%	1%	1%

*Non binary was added as a response option in 2020/21

Year	CSS sample	16-19	20-29	30-54	55-64	65+
2012/13	London residents and visitors to London	3%	19%	56%	13%	8%
2013/14		2%	18%	58%	13%	10%
2014/15		3%	21%	54%	13%	9%
2015/16		2%	19%	57%	12%	10%
2016/17		0%	16%	55%	12%	12%
2016/17	Londoners only	1%	17%	56%	14%	11%
2017/18		2%	31%	39%	15%	12%
2018/19		5%	27%	39%	11%	18%
2019/20		2%	29%	50%	10%	9%
2020/21		5%	27%	57%	8%	5%
2021/22		3%	25%	60%	5%	7%

Year	CSS sample	Have a long term physical or mental health impairment which limits daily activities or work	None	Prefer not to say
2012/13	London residents and visitors to London	11%	88%	0%
2013/14		14%	85%	1%
2014/15		11%	88%	1%
2015/16		15%	83%	2%
2016/17		13%	86%	2%
2016/17	Londoners only	16%	81%	3%
2017/18		23%	75%	2%
2018/19		22%	76%	2%
2019/20		30%	67%	3%
2020/21		20%	75%	5%
2021/22		18%	78%	4%

Twenty-two per cent of taxi users who said they had 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 – 2019/20
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	43%
No religion	32%
Muslim	12%
Buddhist	1%
Jewish	1%
Hindu	3%
Other	1%
Prefer not to say	5%

Sexual orientation	Percentage
Bisexual	4%
Gay/lesbian	2%
Heterosexual/straight	88%
Prefer to self describe	1%
Prefer not to say	4%

Identifying as transgender	Percentage
Yes	6%
No	92%
Prefer not to say	2%

Working status	Percentage
Working full time (30 hours or more per week)	72%
Working part time (less than 30 hours per week)	10%
Retired/not working with private pension or means	3%
Retired with state benefit/state pension only	2%
Student	5%
Unemployed more than 6 months	2%
Unemployed less than 6 months	1%
Not working with state benefit only	1%
Not working living on private means	2%
Other	1%

Annual household income	Percentage
Up to £10,000	4%
£10,001 to £15,000	5%
£15,001 to £20,000	8%
£20,001 to £30,000	8%
£30,001 to £40,000	22%
£40,001 to £75,000	27%
Over £75,000	20%
Don't know	1%
Prefer not to say	5%

Information about taxi users' views of taxi fares in London is available in section 7 (Taxi users' and drivers' views on fares and tariffs) of the enclosed document.

Travel in London: Understanding our diverse communities 2019

TfL's 'Travel in London: Understanding our diverse communities 2019' report³ contains demographic information about Londoners. Below are some of the most relevant findings from the report.

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)

³ TfL Travel in London: Understanding our diverse communities 2019, <http://content.tfl.gov.uk/travel-in-london-understanding-our-diverse-communities-2019.pdf>

- 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 older people (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

The ways these different characteristics interact is shown through the way in which the profile of disabled Londoners (identified in the London Travel Demand Survey (LTDS)) varies from that of nondisabled people and Londoners overall. This, in turn, influences many of the findings in the Travel in London report.

- Fifty-six per cent of disabled Londoners are women, compared with 50 per cent of non-disabled Londoners
- Forty-four per cent of disabled Londoners are aged 65 or over, compared with nine per cent of non-disabled Londoners
- Sixty-seven per cent of disabled Londoners are white, compared with 61 per cent of non-disabled Londoners

- Seventy-seven per cent of disabled Londoners are retired or not working compared with 20 per cent of non-disabled Londoners
- Thirty-four per cent of disabled Londoners have household income of less than £10,000 compared with 10 per cent of non-disabled Londoners

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

London residents may be eligible for a 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 2016⁴ a survey amongst Taxicard members was carried out. The survey was designed to understand declining usage and revealed the following information about Taxicard members 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%

⁴ Taxicard Usage Review, February 2016, eo consulting

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%
Other	10.0%

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%

For those who were taking fewer Taxicard trips the main reasons for this

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%

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 issues⁵ has published information about disability and mobility data for Londoners and this is shown in the table below.

⁵ Disability and Mobility, London, 2014, <https://data.london.gov.uk/dataset/disability-and-mobility-london>

% 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

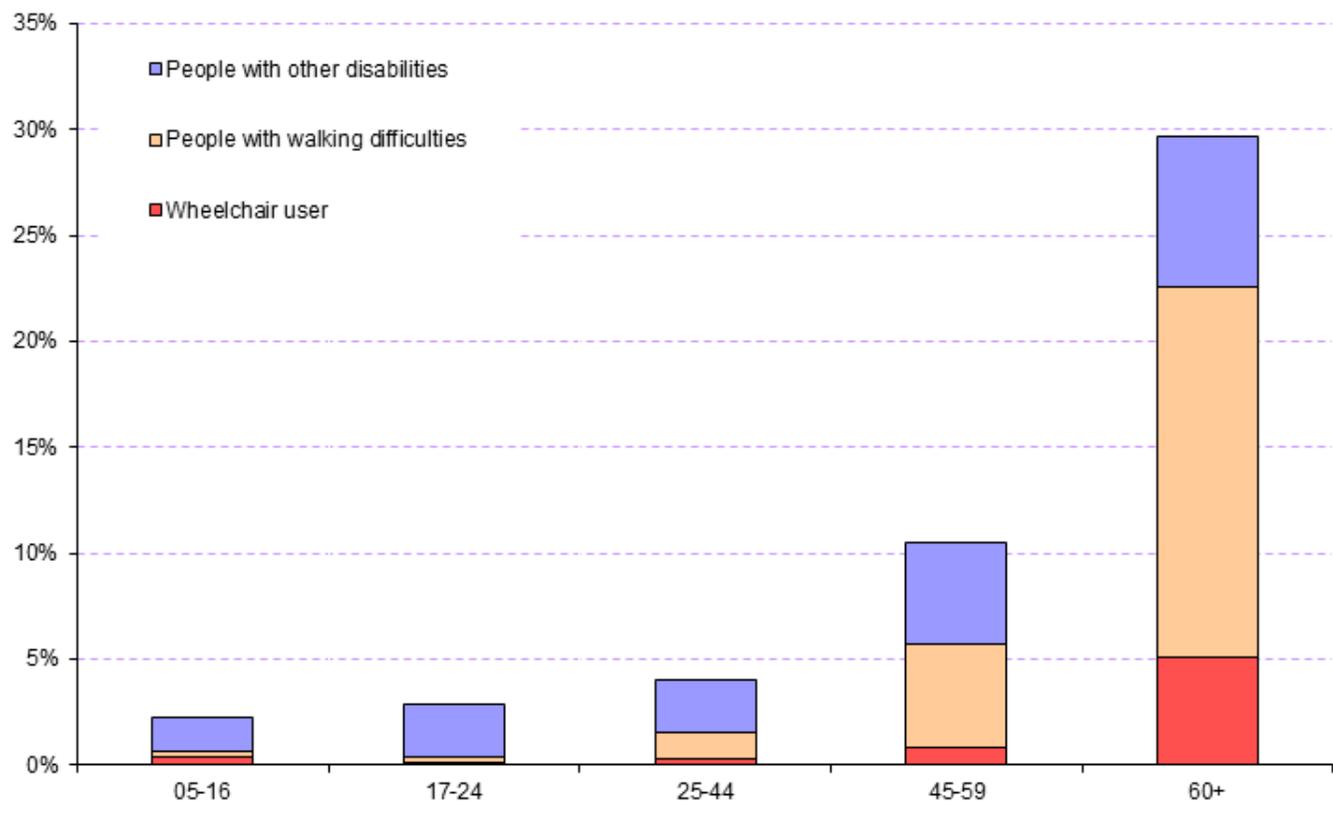
For the purposes of the Act, these words have the following meanings:

- '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.

The London Assembly has published a report titled 'Transport Committee Accessibility of the transport network'⁶ 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.

⁶ Transport Committee Accessibility of the transport network, London Assembly, November 2010 <https://data.london.gov.uk/dataset/londoners-reduced-mobility>



Income and poverty amongst Londoners

Information about income and poverty amongst Londoners has been published by the Trust for London⁷. The key findings in the report are listed below:

Poverty continues to be higher in London than in any other region in the UK

⁷ Trust for London, London's Poverty Profile, 2020, <https://www.trustforlondon.org.uk/publications/lpp2020/>

- 28 per cent of people live in poverty in London (2.5 million) compared to 22 per cent in UK
- The costs of living in London are 15-58 per cent higher than the rest of the UK
- However the picture is mixed across London - six in ten (57 per cent) of children in Tower Hamlets are in poverty, compared to two in ten (21 per cent) in Sutton

Housing is a major driver of poverty and the housing crisis is getting worse

- Households in poverty in London face housing costs that, on average, amount to 56 per cent of their net income compared to 37 per cent in the rest of England
- 56,000 of London's households are in temporary accommodation; an increase of 30 per cent compared to five years ago.
- In-work poverty is rising
- Now 74 per cent of adults in poverty in London (1,050,000) are in working families, up from 62 per cent a decade ago

London experiences huge inequalities in wealth and shared opportunities

- 4 out of 10 Londoners do not meet what is deemed to be an acceptable standard of living
- Those in the bottom half of London's wealth distribution hold just 6.8 per cent of the capital's total wealth, compared with those in the top 10 per cent, who hold 42.5 per cent
- And those in poor neighbourhoods often experience other disadvantages. For example, weapons offences are over three times as prevalent in the most income-deprived 10 per cent of London neighbourhoods compared the least income-deprived 10 per cent

Other findings in the report include:

- The total population of London is 8,908,000 and this has grown by 12 per cent in the last decade
- The proportion of a borough's population that is Black and minority ethnic varies from 13 per cent to 69 per cent
- The poverty rate for Black and minority ethnic groups is 38 per cent in London and 21 per cent for white groups
- Four in ten children in London (37 per cent) live in households in poverty. This compares with 25 per cent of working-age adults and 24 per cent of pensioners
- 37 per cent of people living in a household that includes a disabled person are in poverty, compared with 24 per cent of those in a household that does not include a disabled person
- 54 per cent of people living in single-parent families are in poverty. This compares with 28 per cent of single people without children and 29 per cent of couples with children. Poverty is least prevalent among couples without children (13 per cent)

- 28 per cent of women and 27 per cent of men in London are living in poverty
- 51 per cent of workless households are in poverty, compared with 23 per cent of working households

UK LGBT survey

In July 2017 the Government launched a nationwide lesbian, gay, bisexual and transgender (LGBT) survey⁸. 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
- 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

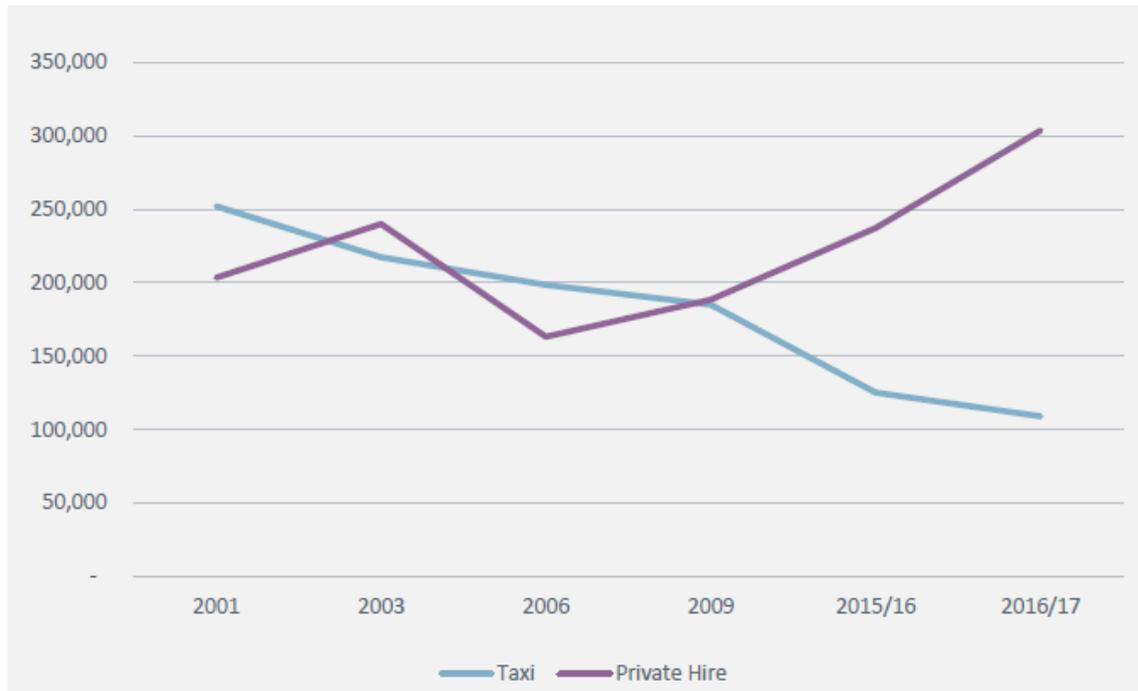
Taxi and Private Hire Driver Diary Survey

- The Taxi and Private Hire Driver Survey⁹ has shown that there has previously been a decline in the daily number of taxi journeys

⁸ <https://www.gov.uk/government/publications/national-lgbt-survey-summary-report/national-lgbt-survey-summary-report>

⁹ Taxi and Private Hire Driver Diary Survey 2016/17, Steer Davies Gleave, October 2017, <http://content.tfl.gov.uk/driver-diaries.pdf>

- There were 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 were 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



- The table below shows the distribution of taxi journeys by time band
- Two thirds of journeys (68.6%) started 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

- The Taxi and Private Hire Driver Diary Survey has not been updated since 2016/17 and some of the findings may have changed or been affected by different factors (e.g. the coronavirus pandemic, people working from home more often, the fall in taxi and PHV driver numbers)

Travel in London report

The most recent Travel in London¹⁰ report provides some information on journeys in London including:

- Before the coronavirus pandemic, travel demand in London grew from 25.1 million trips per day in 2010 to 27.0 million in 2019 – an increase of 7.6 per cent. The share of trips made by active, efficient and sustainable modes (walking, cycling and public transport) increased from 59.6 per cent in 2010 to 63.2 per cent in 2019 – an increase of 3.6 percentage points
- The proportion of London workers who are working from home has increased since the coronavirus pandemic
- While London residents make most of the trips in London, it is estimated that approximately 25 per cent of all trips in London on an average day were made by non-residents
- The mode share of daily trips in London in 2019 for taxis and PHVs was one per cent, in 2020 it was two per cent

Estimated daily average number of trips

¹⁰ Travel in London Report 12, TfL, 2020, <https://content.tfl.gov.uk/travel-in-london-report-14.pdf>

- The table below shows the estimated daily average number of trips (millions) in Greater London by main mode of travel, seven-day week, 2000-2020
- 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
- Taxi and PHV trips are combined and it is not possible to separate these

Year	Rail/ LO	LU/ DLR	Bus/ 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)
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
2019	3.1	2.9	3.7	0.4	5.8	3.6	0.2	0.7	6.8	27.0
2020	1.2	1.0	2.1	0.4	4.9	3.1	0.2	0.7	6.8	20.3
Percentage change up to 2020 from...										
2000	-25.2	-50.2	-11.3	22.5	-28.4	-14.2	-11.2	153.3	24.4	-10.3
2011	-47.8	-55.5	-47.9	17.2	-17.7	-13.7	-5.0	42.0	9.7	-19.8
2019	-59.3	-66.2	-42.1	2.1	-15.5	-15.4	-17.7	6.7	0.5	-24.8

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 2020 were 22.3 million, down from 31.6 million in 2019 and clearly showing the effects of the pandemic.
- Taxi and PHV trips are combined and it is not possible to separate these

Year	NR/ LO	LU	DLR	Bus/ tram	Taxi/ PHV	Car driver	Car pass.	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)
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
2019	3.5	3.8	0.3	6.0	0.4	6.0	3.8	0.2	0.7	6.8	31.6
2020	1.4	1.4	0.2	3.2	0.4	4.9	3.1	0.2	0.8	6.8	22.3
Percentage change up to 2020 from...											
2000	-22.5	-47.1	50.8	-14.1	13.9	-29.8	-16.8	-11.6	168.1	24.4	-12.0
2011	-44.3	-53.7	-26.9	-49.8	20.6	-21.4	-15.3	-8.7	41.3	11.7	-23.6
2019	-59.5	-63.4	-54.5	-47.7	0.0	-17.7	-17.7	-17.7	6.4	0.5	-29.4

The 2019 Travel in London report¹¹ included some information about 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

Use of wheelchair accessible taxis

The DfT commissioned research on accessible travel, with a particular focus on wheelchair accessible taxis and private hire vehicle (PHV) services.¹²

The research involved surveying people in Great Britain and was not focussed only on London. However, the findings are still of interest and include:

- Thirty-one per cent of adults in Great Britain reported a physical or mental health condition and two per cent said they used a wheelchair to assist them when travelling
- The proportion of people who reported travelling by wheelchair accessible taxis and PHVs was low – one per cent of adults in Britain said they personally travelled by these modes once a week or more in the past six months; two per cent did this once a month or more in the past six months
- The main reason for travelling by wheelchair accessible taxis and PHVs was for medical, hospital or dental appointments (39 per cent); 32 per cent reported travelling for leisure and social reasons
- When considering their transport choices, qualitative participants expressed a strong preference for travelling by wheelchair accessible taxis and wheelchair accessible PHVs rather than any other mode of transport. When services were available, they felt they were more reliable and involved less hassle than other modes of transport and reduced participants' dependency on friends and family. They also provided participants with a door-to-door service, and a more comfortable option for travel, allowing them to remain seated in the wheelchair while travelling

¹¹ Travel in London Report 12, TfL, 2019, <http://content.tfl.gov.uk/travel-in-london-report-12.pdf>

¹² Wheelchair accessible travel – taxi and private hire services, Ipsos MORI, December 2021, <https://www.gov.uk/government/publications/wheelchair-accessible-travel-taxi-and-private-hire-services>

- Participants emphasised the importance of drivers being trained to provide appropriate assistance – this included asking for consent before touching a person’s wheelchair, helping people going up the ramp, and checking in regularly throughout the journey
- In the best cases, drivers provided their customers with one-to-one support, including helping them up the ramp, anchoring the wheelchair to the floor, and securing the seatbelt for the customer. Although participants looked for affordable rides, there was acknowledgement that travelling by wheelchair accessible taxis and wheelchair accessible PHVs was a different, more comprehensive service than regular taxis
- Participants also tended to request vehicles with a ramp, as this adaptation allowed the person in a wheelchair to get into the vehicle while physically remaining in the wheelchair. Wheelchair accessible taxis and wheelchair accessible PHVs equipped with ramps, were typically preferred over taxi services which only had facilities for the wheelchair to be folded into the boot. In these cases, participants were more concerned for their comfort, safety, damage to the wheelchair, and whether the wheelchair could fit into the boot

Cost is mentioned as a barrier in the report which states that *“there was acknowledgement that travelling by wheelchair accessible taxi services and wheelchair accessible private hire services was expensive. Therefore, participants were more cautious towards using these services for travelling on longer journeys“*

Designated wheelchair accessible taxis and PHVs in London

- All licensed taxis (black cabs) in London must be designated wheelchair accessible vehicles
- As of 3 October 2022 there were 459 licensed PHVs that are designated wheelchair accessible vehicles, 0.55 per cent of the total licensed PHV fleet in London

Carers in London

The 2018 London Assembly report ‘Who Cares? Helping London’s Unpaid Carers’¹³ 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

¹³ 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

- 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.

- In 2018 London was the most visited area in the UK by overseas residents with 19.1 million visiting London¹⁴
- There were 11.9 million visits to London in 2018 by domestic tourists¹⁵
- The tables below show the gender and age profile for visitors to London for 2018¹⁶

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%

¹⁴ Tourism: Statistics and policy, House of Commons Library, 24 September 2019, <https://researchbriefings.files.parliament.uk/documents/SN06022/SN06022.pdf>

¹⁵ Tourism: Statistics and policy, House of Commons Library, 24 September 2019, <https://researchbriefings.files.parliament.uk/documents/SN06022/SN06022.pdf>

¹⁶ Visit Britain, 13 March 2020

Licensed taxi drivers

The tables below contain information on licensed taxi drivers.¹⁷

Age	Taxi Drivers – 1 August 2022	%
under 21	0	0.00%
21-30	157	0.83%
31-40	1466	7.71%
41-50	4003	21.06%
51-60	8124	42.74%
61-70	4318	22.72%
71+	938	4.94%
Total	19006	100.00%
65+	2704	14.23%

Gender	Taxi Drivers – 1 August 2022	%
Female	440	2.32%
Male	18561	97.66%
Not known	5	0.03%
Total	19006	100.00%

¹⁷ TfL licensing data

Licence Type	Taxi Drivers – 1 August 2022	%
All London	16963	89.25%
Suburban	2043	10.75%
Total	19006	100.00%

Gender Age	Taxi Drivers – 1 August 2022	%
Female	440	2.32%
under 21	0	0.00%
21-30	5	0.03%
31-40	27	0.14%
41-50	95	0.50%
51-60	223	1.17%
61-70	81	0.43%
71+	9	0.05%
Male	18561	97.66%
under 21	0	0.00%
21-30	152	0.80%
31-40	1438	7.57%
41-50	3906	20.55%
51-60	7899	41.56%
61-70	4237	22.29%
71+	929	4.89%
Not known	5	0.03%
under 21	0	0.00%
21-30	0	0.00%
31-40	1	0.01%
41-50	2	0.01%

Gender Age	Taxi Drivers – 1 August 2022	%
51-60	2	0.01%
61-70	0	0.00%
71+	0	0.00%
Total	19006	100.00%

Licence Type Gender	Taxi Drivers – 1 August 2022	%
All London	16963	89.25%
Female	374	1.97%
Male	16585	87.26%
Not known	4	0.02%
Suburban	2043	10.75%
Female	66	0.35%
Male	1976	10.40%
Not known	1	0.01%
Total	19006	100.00%

Licence Type Age	Taxi Drivers – 1 August 2022	%
All London	16963	89.25%
under 21	0	0.00%
21-30	155	0.82%
31-40	1375	7.23%
41-50	3529	18.57%
51-60	7156	37.65%
61-70	3877	20.40%
71+	871	4.58%

Suburban	2043	10.75%
under 21	0	0.00%
21-30	2	0.01%
31-40	91	0.48%
41-50	474	2.49%
51-60	968	5.09%
61-70	441	2.32%
71+	67	0.35%
Total	19006	100.00%

Disability	Taxi Drivers – 11 February 2022	%
Yes	2	0.01%
No	823	4.15%
Not known	18985	95.84%
Total	19810	100.00%

Faith	Taxi Drivers – 11 February 2022	%
Yes	427	2.16%
No	180	0.91%
Not known	19203	96.94%
Total	19810	100.00%

Ethnicity	Taxi Drivers – 11 February 2022	%
Asian or Asian British (Bangladeshi)	310	1.56%
Asian or Asian British (Indian)	126	0.64%
Asian or Asian British (Other)	296	1.49%
Asian or Asian British (Pakistani)	220	1.11%
Black or Black British (African)	933	4.71%
Black or Black British (Caribbean)	384	1.94%
Black or Black British (Other)	146	0.74%
Chinese or other ethnic group	243	1.23%
Mixed (Other)	99	0.50%
Mixed (White and Asian)	53	0.27%
Mixed (White and Black African)	73	0.37%
Mixed (White and Black Caribbean)	93	0.47%
White British	12463	62.91%
White Irish	199	1.00%
White Other	634	3.20%
Not known	3538	17.86%
Total	19810	100.00%

Taxi drivers – Taxi and Private Hire Licensee Customer Satisfaction Survey (CSS)

Information on taxi drivers' incomes and if they have caring responsibilities is below.¹⁸

Have caring responsibilities	Taxi Drivers
Yes	13%
No	68%
Prefer not to say	18%

¹⁸ Taxi and Private Hire Licensee CSS 2021/22, Kantar,

Annual household income before tax and other deductions	Taxi Drivers
Up to £10,000	2%
£10,001-£15,000	3%
£15,001-£20,000	6%
£20,001-£30,000	13%
£30,001-£40,000	10%
£40,001-£75,000	9%
Over £75,000	3%
Don't know	5%
Prefer not to say	49%

Information on taxi drivers' sexual orientation and if they identify as transgender is below.¹⁹

Sexual orientation	Taxi Drivers
Bi	1%
Gay/lesbian	1%
Heterosexual/straight	76%
Prefer to self describe	2%
Prefer not to say	21%

If taxi drivers identify as transgender	Taxi Drivers
Yes	2%
No	81%
Prefer not to say	16%

¹⁹ Taxi and Private Hire Licensee CSS 2019/20, Kantar,

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.

Research from the Department for Transport (DfT)²⁰ 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.²¹ 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)*

²⁰ 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

²¹ 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

- *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”*

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%*
Internet¹	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.

Assessment of other impacts and factors to consider

The information below on impact assessments and other factors to consider was published as part of the consultation.¹

¹ 2022 Review of taxi (black cab) fares and tariffs in London, Impact assessments and other factors to consider, <https://haveyoursay.tfl.gov.uk/19789/widgets/56152/documents/33584>

Impact assessments and other factors to consider

This document provides information about the potential impacts and other factors to consider.

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 – there is a separate equality impact assessment (EqIA) document

We've assessed the impacts of:

- Increases to taxi fares and tariffs (Options 1-4)
- No change to taxi fares and tariffs (Option 5)
- Removing the requirement for the extra charge for booked taxis to be added to the taximeter by taxi drivers
- Changes to the Wimbledon Tennis Championships fixed-fare, shared-taxi scheme

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 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
<p>Taxi fares and tariffs</p>	<p>Increasing the minimum fare or tariffs</p> <ul style="list-style-type: none"> • Increasing the minimum fare or tariffs will mean passengers pay higher fares and this could make some of them more likely to use an unlicensed vehicle or unbooked PHV, or choosing to walk when this is a less safe option • If the minimum fare or Tariff 3 is increased there may be a greater impact on people travelling late at night as they may be more likely to use a taxi and their other transport options may be limited • If the minimum fare or tariffs increase and some taxi drivers' can earn the same money but work fewer hours this could have a negative impact on passengers as this could reduce the supply of available taxis and passengers may have to wait longer to get a taxi or be unable to find an available taxi when they want to travel • 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. If fewer people are travelling by taxi, drivers' incomes may fall and some could struggle to cover increased operating costs or may have to work longer • People who use taxis more often or are more reliant on them (e.g. Taxicard members, disabled people, older people, etc.) may be disproportionately negatively impacted if the minimum fare or tariffs increase and they have to pay higher fares • Taxicard members' health and wellbeing may be negatively impacted as they may be more reliant on 	<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 taxi drivers' incomes increase and they can work fewer hours • Taxi passengers 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

Item	Potential negative impacts	Potential positive impacts
	<p>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</p> <p>No change to the minimum fares or tariffs</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 certain times or stop being a taxi driver altogether. It could also deter people from applying to become a licensed taxi driver. This could reduce the supply of available taxis. People travelling late at night may be disproportionately negatively impacted • This could also mean drivers have to work longer hours to cover increased operating costs. This could increase the risk of fatigue amongst taxi drivers and increase the risk of accidents • 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 is 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 more reliant on them (e.g. disabled people, older people, etc.) may be disproportionately negatively impacted • Some taxi passengers and Taxicard members travelling late at night may experience a negative impact as they may already consider taxis too expensive and so freezing Tariff 3 will not persuade 	<p>No change to the minimum fares or tariffs</p> <ul style="list-style-type: none"> • No increases would mean passengers do not pay more. This may particularly benefit passengers who use taxis more often or are more reliant on them (e.g. Taxicard members, disabled people, older people, etc.) • Not increasing fares may have a positive impact on taxi drivers' health and wellbeing as more people may be willing to consider using taxis • There could be a positive impact for passengers and Taxicard members travelling late at night as the taxi fares they pay won't increase. This could mean some people choose to use a taxi instead of using an unlicensed vehicle or unbooked PHV, or choosing to walk when this is a less safe option • There could be a positive impact for passengers and Taxicard members if taxi drivers have to work longer to cover increased operating costs and this increases the availability of taxis or reduces wait times • 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

Item	Potential negative impacts	Potential positive impacts
	<p>them to consider using a taxi instead of using an unlicensed vehicle or unbooked PHV, or choosing to walk when this is a less safe option</p>	
<p>Changes to the extra charge for booked taxis</p>	<p>Removing the requirement for the booked taxi extra to be added to the taximeter</p> <ul style="list-style-type: none"> No negative impacts identified 	<p>Removing the requirement for the booked taxi extra to be added to the taximeter</p> <ul style="list-style-type: none"> No positive impacts identified
<p>Changes to the Wimbledon Tennis Championships fixed-fare, shared-taxi scheme</p>	<p>Increasing some of the fares for the fixed-fare, shared taxi scheme</p> <ul style="list-style-type: none"> Increasing some of the fares for the fixed-fare, shared taxi scheme will mean passengers pay higher fares and this could make some of them more likely to use an unlicensed vehicle or unbooked PHV, or choosing to walk when this is a less safe option. The risk of this at the Wimbledon Tennis Championships may be lower than in areas with busy late night economies and where people are travelling later. However, there may still be a risk and this may be greater now that two tennis courts have roofs and lighting fitted and matches can finish later <p>Amending the authorised place where the fixed-fare, shared-taxi scheme operates from</p> <ul style="list-style-type: none"> No negative impacts identified 	<p>Increasing some of the fares for the fixed-fare, shared taxi scheme</p> <ul style="list-style-type: none"> Increasing some of the fares for the fixed-fare, shared taxi scheme in Wimbledon could have a positive impact on passengers as it could increase the number of taxi drivers accepting fixed-fare, shared-taxi jobs. This could reduce the likelihood of some people choosing to use an unlicensed vehicle or unbooked PHV, or choosing to walk when this is a less safe option <p>Amending the authorised place where the fixed-fare, shared-taxi scheme operates from</p> <ul style="list-style-type: none"> No positive impacts identified

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 taxi drivers' incomes increasing. However, the impacts could be negative as it could lead to passengers paying more or drivers struggling to cover increased operating costs.

Increasing the minimum fare or tariffs will mean that some passengers 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, are affected by any increase to the minimum fare or tariff rates. 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.²

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 was positive.

² London Councils press release, 14 December 2018, <https://www.londoncouncils.gov.uk/node/34901>

Taxicard members 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. If Taxicard members mostly travel on weekdays during the daytime, they could be disproportionately impacted by increases to Tariff 1.

Some stakeholders have previously suggested that an increasing proportion of each taxi fare is based on time and they believe this is primarily due to increased congestion in London, falling traffic speeds, changes to roads, traffic restrictions and 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.

Many taxi drivers experienced a negative economic impact from the coronavirus pandemic with incomes reduced as a result of a decline in the number of taxi journeys and people using taxis because:

- Fewer people were going out
- Fewer tourists were coming to London
- More people were working from home
- Events had been cancelled

While demand for taxis was at an all-time low during the coronavirus pandemic, taxi drivers are reporting that there has been a strong and quick recovery in the demand for taxis with this returning to, or in some cases exceeding, pre-pandemic levels.

A number of factors may have contributed to this including:

- Lockdown restrictions have been lifted and people are going out more in London
- There are now fewer licensed taxi drivers than there were before the pandemic started and so less competition for work
- Some people may be concerned about coronavirus and may prefer to travel by taxi instead of using public transport
- There are reports of an increase in demand for PHVs and some PHV fares have increased leading them to be comparable to or higher than taxi fares

The demand for taxis appears to be mainly driven by leisure trips, as business journeys and journeys by overseas tourists are not thought to have returned to the pre-pandemic levels.

There is a risk that the demand for taxis could be negatively affected by events including:

- Rising rates of coronavirus infections and people travelling less or staying in more
- The cost of living crisis and prices for many items increasing, meaning people have less money to spend on taxis
- The risk of recession and increased unemployment

Item	Potential negative impacts	Potential positive impacts
Taxi fares and tariffs	Increasing the minimum fare or tariffs <ul style="list-style-type: none"> • Taxi passengers 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 if the minimum fare or tariffs are increased as this would mean fares increase and there could be a decline in taxi journeys or fewer people using taxis 	Increasing the minimum fare or tariffs <ul style="list-style-type: none"> • Taxi drivers may experience a positive impact if increasing the minimum fare or tariffs results in their incomes 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
	No change to the minimum fares or tariffs <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 3 may have a negative impact on taxi drivers who work late at night • Freezing Tariff 4 may have a negative impact on taxi drivers who work at Heathrow Airport as they are 	No change to the minimum fares or tariffs <ul style="list-style-type: none"> • Taxi passengers 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 passengers making shorter journeys if the minimum fare is frozen and any increases are not 'front loaded' on to the fares and tariffs. This may be particularly beneficial for Taxicard members • Taxi drivers may experience a positive impact if no change is made to the minimum fare or tariffs, as this could potentially mean the number of taxi journeys or

Item	Potential negative impacts	Potential positive impacts
	<p>more likely to do longer journeys</p>	<p>people using taxis increases and drivers' incomes increase</p> <ul style="list-style-type: none"> • Taxi drivers and the taximeter companies may experience a positive impact as the taximeters would not have to be updated
<p>Changes to the booked taxi extra</p>	<p>Removing the requirement for the booked taxi extra to be added to the taximeter</p> <ul style="list-style-type: none"> • Taxi passengers who use booked taxis will experience a negative impact if taxi drivers add the extra charge to the metered fare but the taxi company also charge the extra, although this is a risk at the moment as some taxi companies are charging passengers directly 	<p>Removing the requirement for the booked taxi extra to be added to the taximeter</p> <ul style="list-style-type: none"> • Taxi passengers who use booked taxis will experience a positive impact if taxi drivers no longer have to add this extra to the taximeter and this reduces the risk of passengers being charged twice – once by the driver adding this to the taximeter and once by the taxi booking company
<p>Changes to the Wimbledon Tennis Championships fixed-fare, shared-taxi scheme</p>	<p>Increasing some of the fares for the fixed-fare, shared taxi scheme</p> <ul style="list-style-type: none"> • Increasing some of the fares for the fixed-fare, shared taxi scheme will mean some taxi passengers experience a negative impact as the fares will be higher <p>Amending the authorised place where the fixed-fare, shared-taxi scheme operates from</p> <ul style="list-style-type: none"> • No negative impacts identified 	<p>Increasing some of the fares for the fixed-fare, shared taxi scheme</p> <ul style="list-style-type: none"> • Increasing some of the fares for the fixed-fare, shared taxi scheme could have a positive impact on some taxi drivers as they will receive higher fares • Taxi passengers may experience a positive impact as there may be more taxis available for shared journeys and passengers will pay less than they would for an exclusively hired taxi <p>Amending the authorised place where the fixed-fare, shared-taxi scheme operates from</p> <ul style="list-style-type: none"> • No positive impacts identified

Environmental impacts

Some taxis are diesel and contribute to poor air quality issues in London. Some negative and positive environmental impacts from the options and proposals in this consultation have been identified. However, it is not our policy to try and reduce taxi emissions by increasing taxi fares with the aim of reducing the demand for taxis or the number of taxi journeys in London.

Instead other initiatives have been introduced to reduce 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 helped 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 funded 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 limit³
- Between 1 November 2020 and 1 November 2022 the age limit of Euro 3, 4 and 5 diesel taxis was reduced by one year, each year

More information about these initiatives is available on our website.⁴

As of 1 October 2022 there were:

	Licensed taxis⁵	Percentage of fleet
ZEC taxis	6116	40.78%
Other taxis	8880	59.22%
Total	14996	100.00%

³ 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

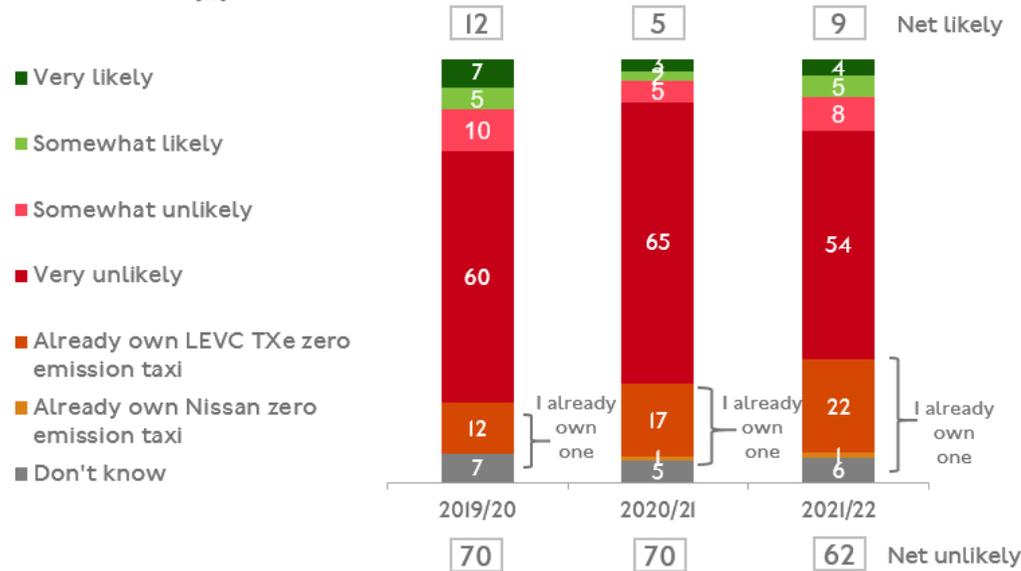
⁴ Emissions standards for taxis, <https://tfl.gov.uk/info-for/taxis-and-private-hire/emissions-standards-for-taxis>

⁵ TfL licensing data

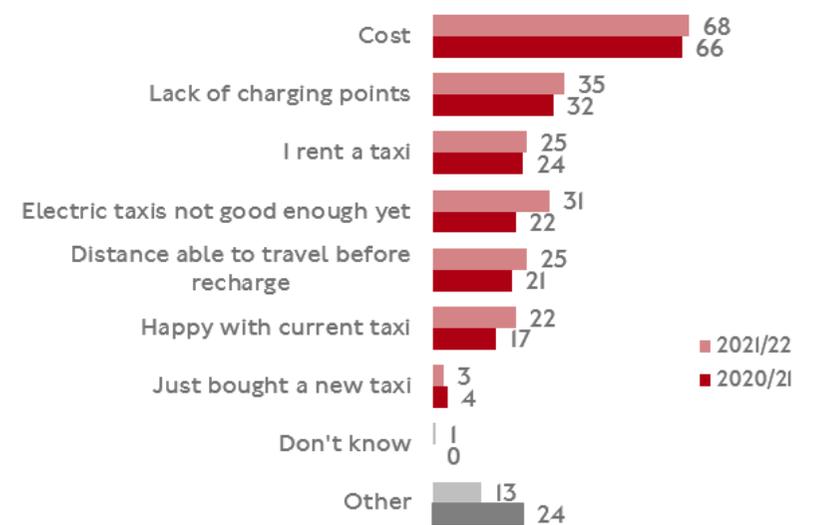
Costs for the ZEC taxis plus charging/electricity costs have been added to the Cost Index and the 2022 total Cost Index figure takes these costs into account.

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.⁶ The results are shown below.

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



⁶ Taxi and Private Hire Licensee Customer Satisfaction Survey (CSS), Kantar, 2021/22

Cost was the top reason given by taxi drivers not purchasing a ZEC tax in the next 12 months. Cost could be an issue for more taxi drivers if:

- Taxi fares and tariffs are not increased and they are less able to afford a ZEC tax
- Taxi fares and tariffs are increased but taxi drivers' incomes fall as a result of fewer people using taxis

Cost could also be less of an issue if:

- Taxi fares and tariffs are not increased but taxi drivers' incomes increase as a result of more people using taxis
- Taxi fares and tariffs increase and taxi drivers can afford a ZEC tax

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 2041*".

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). Increasing the minimum fare or tariffs would mean that the cost of taxi journeys increases and some people may switch from using taxis to walking, cycling or using public transport. The potential positive impact in relation to the MTS policy has been included in the table below. However, it is not our policy to try and make journeys in taxis prohibitively expensive with the aim of deterring people from using taxis.

⁷ MTS 2018, Policy 1, <https://www.london.gov.uk/sites/default/files/mayors-transport-strategy-2018.pdf>

Item	Potential negative impacts	Potential positive impacts
Taxi fares and tariffs	<p>Increasing the minimum fare or tariffs</p> <ul style="list-style-type: none"> • If increases to the minimum fare or tariffs results 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' 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"</i> although taxi drivers will experience a negative impact if people switch from using taxis to other modes as drivers' incomes will reduce
	<p>No change to the minimum fares or tariffs</p> <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 or tariffs being frozen • Air pollution caused by diesel emissions, high levels 	<p>No change to minimum fares or tariffs</p> <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

Item	Potential negative impacts	Potential positive impacts
	<p>of nitrogen dioxide (NO₂) and particulate matter (PM) exacerbate poor health conditions and shorten the lives of Londoners. Taxi drivers, taxi passengers, Taxicard members and the public may experience a negative impact if diesel taxis remain licensed and in operation for longer</p>	<p>replace their diesel taxi</p> <ul style="list-style-type: none"> • 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, Taxicard members and the public may experience a positive impact if diesel taxis are replaced more quickly • Over 40 per cent of the taxi fleet is now ZEC and there could be a positive impact if fares are not increased and some people decide to use a ZEC taxi instead of driving a diesel or petrol car
<p>Changes to the extra charge for booked taxis</p>	<p>Removing the requirement for the booked taxi extra to be added to the taximeter</p> <ul style="list-style-type: none"> • No negative impacts identified 	<p>Removing the requirement for the booked taxi extra to be added to the taximeter</p> <ul style="list-style-type: none"> • No positive impacts identified
<p>Changes to the Wimbledon Tennis Championships fixed-fare, shared-taxi scheme</p>	<p>Increasing some of the fares for the fixed-fare, shared taxi scheme</p> <ul style="list-style-type: none"> • There could be a negative impact if some shared-taxi fares increase and some people decide not to use a shared taxi and instead switch to a mode of transport that produces a higher level of emissions compared to a taxi <p>Amending the authorised place where the fixed-fare, shared-taxi scheme operates from</p> <ul style="list-style-type: none"> • No negative impacts identified 	<p>Increasing some of the fares for the fixed-fare, shared taxi scheme</p> <ul style="list-style-type: none"> • There could be a positive impact if some shared-taxi fares increase and some people decide not to use a shared taxi and instead switch to cycling or walking, or to a mode of transport that produces a lower level of emissions compared to a taxi <p>Amending the authorised place where the fixed-fare, shared-taxi scheme operates from</p> <ul style="list-style-type: none"> • No positive impacts identified

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. A note on our consideration of the Standards can be found at Appendix 7.

The Department for Transport (DfT) has published Statutory Taxi and PHV Standards⁸ and the focus of these is on protecting children and vulnerable adults.

We have published our consideration of the Statutory Standards⁹ and welcome the package of measures within the Standards which are aimed at enhancing the safety of passengers using taxi and private hire services.

To help improve the safety of taxi and PHV passengers we have:

- Created a new safeguarding training awareness course for taxi and PHV drivers¹⁰
- Introduced a requirement that all newly licensed PHV drivers and existing PHV drivers must pass a safety, equality and regulatory assessment¹¹

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 will also be consulting on additional proposals to improve the safety of taxi and PHV passengers.

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.

⁸ DfT statutory taxi and PHV standards, July 2020, <https://www.gov.uk/government/publications/statutory-taxi-and-private-hire-vehicle-standards>

⁹ TfL response to the DfT's Statutory Taxi and PHV Standards, December 2021, <https://content.tfl.gov.uk/statutory-taxi-and-phv-standards-tfl-response-dec-2021.pdf>

¹⁰ TfL taxi and PHV driver safeguarding awareness training course, <https://tfl.gov.uk/info-for/taxis-and-private-hire/safeguarding-awareness>

¹¹ 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>

One London borough has recently reported issues with taxis and PHVs being used to provide transport for students with special educational needs (SEN) and services not being available or drivers cancelling jobs they have previously accepted. The borough has suggested that there are pan-London problems in this area.

Item	Potential negative impacts	Potential positive impacts
Taxi fares and tariffs	<p>Increasing the minimum fare or tariffs</p> <ul style="list-style-type: none"> Some children and vulnerable adults will experience a negative 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 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 is a less safe option This could mean some children or vulnerable adults being unable to access education, medical treatment or other activities 	<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 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 is a less safe option This could mean some children or vulnerable adults are able to access education, medical treatment or other activities
	<p>No change to the minimum fares 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 is 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 	<p>No change to minimum fares 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 is 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 This could mean some children or vulnerable adults

Item	Potential negative impacts	Potential positive impacts
	costs and stop working as taxi drivers <ul style="list-style-type: none"> This could mean some children or vulnerable adults being unable to access education, medical treatment or other activities 	are able to access education, medical treatment or other activities
Changes to the extra charge for booked taxis	Removing the requirement for the booked taxi extra to be added to the taximeter <ul style="list-style-type: none"> No negative impacts have been identified 	Removing the requirement for the booked taxi extra to be added to the taximeter <ul style="list-style-type: none"> No positive impacts have been identified
Changes to the Wimbledon Tennis Championships fixed-fare, shared-taxi scheme	Increasing some of the fares for the fixed-fare, shared taxi scheme <ul style="list-style-type: none"> Some children or vulnerable adults attending the Wimbledon Tennis Championships may experience a negative impact if they use a shared taxi when leaving the event as they would pay higher fares Amending the authorised place where the fixed-fare, shared-taxi scheme operates from <ul style="list-style-type: none"> No negative impacts have been identified 	Increasing some of the fares for the fixed-fare, shared taxi scheme <ul style="list-style-type: none"> Some children or vulnerable adults attending the Wimbledon Tennis Championships may experience a positive impact if they travel by shared taxi when leaving the event as increasing the fares could improve the service as more taxi drivers may be willing to accept these shared taxi jobs Amending the authorised place where the fixed-fare, shared-taxi scheme operates from <ul style="list-style-type: none"> No positive impacts have been identified

Equality impacts

Information about the equality impacts is available in the separate equality impact assessment (EqIA) document.

Other factors to consider

Congestion, delays, increased journey times and restrictions

Some taxi drivers and stakeholders have said that the minimum fare and rates for some tariffs are competitive. They feel that the problem of fares being considered too expensive is not due to increases to the minimum fare or tariff rates but is partly a result of:

- Increased congestion and delays
- Increased journey times
- A reduction in road space capacity
- The reallocation of road space
- Restrictions on access for taxis
- Increased journey distances

Some stakeholders 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.

Competitiveness and fares for other services

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

Some stakeholders questioned the greater focus on competition and feedback includes:

- It is unfair to try and compare taxi services with private hire services as differences (e.g. the wide range of cheaper vehicles PHV drivers can use) mean that this is an unfair comparison
- PHV 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
- Comparing taxi fares with fares for some PHV operators is an unfair comparison as some operators are heavily subsidised by investors and may be keeping their fares artificially low
- 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
- 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

- Questions have been asked about what services we should be comparing taxis to and if taxi fares should be compared to fares for:
 - Minicabs
 - Minicab and all other private hire services (e.g. executive/chauffeur services)
 - Specific private hire operators
 - All modes including buses and the Tube
- 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)

When considering competition, care needs to be taken as there are differences between taxi and private hire services. Furthermore passengers can compare private hire fares prior to making a booking but this is not an option when hailing a taxi on the street or from a taxi rank.

Although there are concerns about taxi fares being or becoming too expensive, a significant number of respondents to the previous consultation rated the value for money of taxi fares in London as good. In the previous consultation 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). Forty-one per cent of taxi users gave a score of eight or above with a quarter (24 per cent) giving a score of three or lower. The majority (87 per cent) of taxi drivers gave a score of eight or more.

While it has been suggested that taxi fares should be compared to fares for some other modes, fare reviews for other modes do differ. The Retail Prices Index (RPI) figure is normally used when reviewing rail fares and in March 2022 rail fares increased by 4.8 per cent.¹²

Fares across the TfL network increased by an overall average of 4.8 per cent on 1 March 2022.¹³¹⁴ It is possible that fares may increase by nine or 10 per cent in 2023 if the increase applied is required to be RPI plus one.¹⁵

¹² Office of Rail and Road, Rail fares, <https://dataportal.orr.gov.uk/statistics/finance/rail-fares/>

Impact of the coronavirus pandemic

The full impact of the coronavirus pandemic on taxi drivers, the taxi industry and taxi passengers is not known as this has not been assessed or analysed. However, it is still clear that there has been a massive impact on the taxi trade and the use of taxis fell dramatically as a result of lockdowns and there being 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, businesspeople visiting London for meetings, tourists, people going out at night or to events) was significantly lower than normal during the lockdowns and periods when restrictions applied.

In the 2021/22 Taxi and Minicab User Customer Satisfaction Survey (CSS)¹⁶ we asked taxi and minicab users if the coronavirus pandemic has changed their use of taxis, booked minicabs and unbooked minicabs. The results are shown below.

Response	Taxis	Booked minicabs	Unbooked minicabs
Yes – use more	28%	33%	24%
Yes – use less	29%	29%	34%
No – use the same	43%	38%	42%

In the 2021/22 Taxi and Private Hire Licensee CSS¹⁷ we asked taxi drivers how they had been impacted by the coronavirus pandemic. The results are shown below:

¹³ TfL, Fares from 1 March 2022, <https://tfl.gov.uk/campaign/new-fares>

¹⁴ Mayor of London, Mayor outlines details of TfL fare changes from March 2022, 14 February 2022, <https://www.london.gov.uk/press-releases/mayoral/fares-on-tfl-services-will-rise-by-48-per-cent>

¹⁵ London Assembly (Plenary), 9 June 2022, item 4, Question and Answer Session: Transport for London, <https://www.london.gov.uk/about-us/londonassembly/meetings/ieListDocuments.aspx?CId=179&MId=7220>

¹⁶ Black Cabs and Minicabs CSS, Kantar, 2021/22

¹⁷ Taxi and Private Hire Licensee CSS, Kantar, 2021/22

Response	%
Stopped working as a taxi driver completely and haven't started working again	14%
Stopped working as a taxi driver completely but have now gone back to work	46%
Continued to work as a taxi driver but worked fewer hours than normal	21%
Continued to work as a taxi driver but worked more hours than normal	4%
Continued to work as a taxi driver but worked the same hours as normal	3%
Continued to work as a taxi driver but delivering parcels/goods	2%
Had to stop working as a taxi driver as I had symptoms of coronavirus/tested positive for coronavirus	4%
Had to stop working as a taxi driver as I was shielding/clinically extremely vulnerable	5%
Had to stop working as a taxi driver to care for someone else	3%
Got another job	13%
Sold my taxi	5%
Delicensed my taxi	3%
My income increased	1%
My income decreased	40%
My income stayed the same	0%
Registered for the Government's Self-employment Income Support Scheme	32%
Applied for Universal Credit or other benefit	10%
Volunteered	2%
I have not been impacted	0%
Other	3%
Prefer not to say	4%

Licensee numbers

There has been a significant reduction in the number of licensed taxis and drivers in London since the start of the coronavirus pandemic.¹⁸

	15 March 2020	16 October 2022	Difference	%
Taxis	18961	14892	-4069	-21.46%
Taxi Drivers	22409	18754	-3655	-16.31%
PHV Operators	2124	1640	-484	-22.79%
PHV Drivers	111590	96225	-15365	-13.77%
PHVs	95955	83401	-12554	-13.08%

There are concerns about the decline in the number of people applying to become a licensed taxi driver and the number of newly licensed taxi drivers. The table below shows the number of new taxi driver licences issued from 2016 up to and including September 2022.

New taxi driver licences issued	2016	2017	2018	2019	2020	2021	2022
	1016	803	494	393	179	187	158

Taxi journeys

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.

Previous research has shown that the number of taxi journeys in a typical day has been falling. In 2009¹⁹ there were around 185,000 taxi journeys in a typical day but in 2016/17²⁰ this figure had fallen to around 109,000.

¹⁸ TfL licensing data

How people get a taxi and drivers receive work has changed with the use of taxi apps significantly increasing since these services were first launched.

Changes to the requirements for the extra charge for booked taxis will affect a greater number of taxi passengers and taxi drivers than they would have done prior to the launch of taxi apps.

In our annual survey amongst taxi and minicab passengers²¹ we ask respondents which method of getting a taxi or minicab they used most recently. In the most recent survey 29 per cent of taxi passengers had used a taxi app most recently.

Year	Percentage who hired a taxi using a taxi mobile phone app
2014	8%
2015	14%
2016	16%
2017	19%
2018	19%
2019	22%
2020	26%
2021	29%

The number of taxi drivers receiving work from apps has grown since these services were first launched. However, since the coronavirus pandemic restrictions were eased and people have been travelling more there have been reports that taxi drivers are doing more on street hails and work from taxi ranks. This has led to reports that some people have had longer waits when trying to book a taxi using an app or there have been no taxis available to book.

¹⁹ Taxi & PHV Driver Diary Survey, GfK NOP, 2009

²⁰ Taxi and Private Hire Driver Diary Survey 2016/17, Steer Davies Gleave, October 2017

²¹ Black Cabs and Minicabs CSS, Kantar, 2021/22

The tables below are from the 2021/22 annual Taxi and Private Hire Licensee CSS. These show how taxi drivers split their working time before the coronavirus pandemic started (pre-march 2020) and at the time of the survey (November 2021).

Pre-March 2020	From ranks	On-street	Radio circuit	Booking app
0%	13%	8%	84%	44%
1-20%	25%	21%	6%	25%
21-40%	24%	27%	5%	17%
41-60%	20%	25%	2%	8%
61-80%	10%	11%	1%	4%
81-100%	8%	8%	1%	2%

November 2021	From ranks	On-street	Radio circuit	Booking app
Not working at present	19%	19%	19%	19%
0%	11%	6%	63%	32%
1-20%	25%	19%	13%	19%
21-40%	16%	21%	3%	13%
41-60%	15%	18%	1%	8%
61-80%	8%	12%	1%	5%
81-100%	5%	6%	1%	2%

In the same survey 56 per cent of taxi drivers said they were on an app and 14 per cent said they were on a radio circuit. Nine per cent were on both an app and a radio circuit. Of the drivers who were on an app, 39 per cent said they were on one app with 60 per cent being on two or more apps.

Finance Committee update

At its meeting on 9 March 2022 the Finance Committee approved the changes to taxi fares and tariffs that came into effect on 30 April 2022. The Committee also requested an update in six months on the impact of the fare changes, cost pressures such as fuel prices and the situation at Heathrow, particularly once the Elizabeth line opened.

The update provided to the Finance Committee is available [here](#).

Potential mitigations

Listed below are ways some of the negative impacts identified might be 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
- We promote the Taxicard service to taxi drivers to try and increase the number of taxi drivers available to accept Taxicard jobs and improve the service for members
- Increasing the number of taxi drivers who can access and accept Taxicard bookings may also mitigate some of the potential 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 PHV operators in London, the services they offer, areas they cover, times they operate and contact details is available on our website²²
- Some PHV operators may offer fares that are cheaper than taxis, although there have been reports of 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 tram fares were frozen for four years in a row although on 1 March 2021 average fares were increased by 2.6 per cent and on 1 March 2022 they were increased by 4.8 per cent²³

²² TfL Findaride service, <https://tfl.gov.uk/forms/12389.aspx>

- Some people may be able to use the Tube or Docklands Light Railway (DLR) instead of a taxi for all or part of their journey. Single pay as you go and paper single tickets on the Tube and DLR were frozen for four years in a row although on 1 March 2021 average fares were increased by 2.6 per cent and on 1 March 2022 they increased by 4.8 per cent²⁴
- At the weekends some people may be able to use the Night Tube instead of a taxi for all or part of their journey. Night Tube services are running on Friday and Saturday nights on the Central, Jubilee, Northern, Piccadilly and Victoria lines²⁵
- At the weekends some people may be able to use the Night Overground service instead of a taxi for all or part of their journey. The London Overground Night Service runs on weekends between Highbury & Islington and New Cross Gate²⁶
- Research has previously shown that the average duration of a taxi journey is 19 minutes and the average distance is 2.6 miles.²⁷ 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 were previously frozen for four years in a row. Dockless cycle schemes which allow people to hire a bicycle also operate in some parts of London
- E-bikes are now available as part of the Santander Cycle Hire scheme and these may make it easier for some people to cycle for part or all of their journey²⁸
- An electric scooter trial is operating in some parts of London and some people may be able to use an e-scooter for all or part of their journey instead of using a taxi²⁹
- We've also worked with Go Jaunty³⁰ to make walking information, including station accessibility information, walking times and step by step directions, available on smartphones
- The TfL Go app³¹ may help people plan journeys in London and use other modes of transport instead of a taxi. The app allows people to:

²³ TfL fares increase, <https://tfl.gov.uk/campaign/new-fares>

²⁴ TfL fares increase, <https://tfl.gov.uk/campaign/new-fares>

²⁵ TfL The Night Tube, <https://tfl.gov.uk/campaign/tube-improvements/what-we-are-doing/night-tube#on-this-page-0>

²⁶ TfL London Overground Night Service, <https://tfl.gov.uk/modes/london-overground/london-overground-night-service>

²⁷ Taxi and Private Hire Driver Diary Survey 2016/17, Steer Davies Gleave, October 2017

²⁸ Docked e-bikes now available for hire as part of London's record-breaking Santander Cycles scheme, TfL, 6 October 2022, <https://tfl.gov.uk/info-for/media/press-releases/2022/october/docked-e-bikes-now-available-for-hire-as-part-of-london-s-record-breaking-santander-cycles-scheme>

²⁹ TfL Electric scooters, <https://tfl.gov.uk/modes/driving/electric-scooter-rental-trial>

³⁰ TfL and Go Jaunty partnership, <https://www.gojaunty.com/tfl-partnership>

³¹ TfL Go app, https://tfl.gov.uk/maps_/tfl-go

- 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 91 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. All stations on the Elizabeth Line have step-free access. In some places portable ramps or platform humps are available to help ensure a full step-free route from the street to the train³²
- 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 touting and licensed private hire drivers accepting jobs that have not been booked through a licensed PHV operator
- Actions have already been taken 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
- We will continue to monitor the taxi service, including the fixed-fare, shared-taxi scheme, during the Wimbledon Tennis Championships and consider if further changes may be needed

³² TfL step-free access, <https://tfl.gov.uk/travel-information/improvements-and-projects/step-free-access>

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Additional information

Competitiveness and fares for other services

Following feedback from the Committee in 2018, the issue of competition has been given greater consideration in taxi fares and tariffs reviews. Information about competition and potential issues with considering this has been included in the recent consultations and respondents have been asked for their views on the minimum fare and tariffs, and to rate the value for money of taxi fares in London.

Some stakeholders have questioned the greater focus on competition, what services we should be comparing taxi fares to (only minicabs, all types of private hire services including minicabs and chauffeur services, specific private hire operators or all modes including buses and the Tube), and what is the aim and desired outcome of considering competition (e.g. are we trying to make taxis cheaper than other services, around the same price or do we accept that they will be more expensive because of certain factors).

It has been suggested that taxi fares should be compared to fares for some other modes, although fare reviews for other modes may take different approaches to taxi fare reviews. The recommended increase to Tariffs 1, 2 and 3 is greater than the increase to regulated national rail fares and fares for TfL services, both of which are due to rise by 5.9 per cent in March 2023.

Taxi and minicab users' views

We carry out annual customer satisfaction surveys amongst taxi and minicab users. In the survey we ask users for their general opinion of taxi and minicab fares.¹

The results from the most recent survey are shown below.

	General opinion of taxi fares				
	Much too expensive	A little too expensive	About right	A little too low	Much too low
Taxi users	18%	47%	32%	3%	0%
Minicab users	48%	34%	16%	1%	0%

	General opinion of minicab fares				
	Much too expensive	A little too expensive	About right	A little too low	Much too low
Taxi users	15%	40%	41%	3%	0%
Minicab users	15%	42%	42%	1%	0%

¹ Black cab and Minicab customer satisfaction survey, Kantar Public, 2022/23

The table below shows a summary of the results from the survey split by all taxi and minicab users, female taxi and minicab users, and disabled taxi and minicab users.

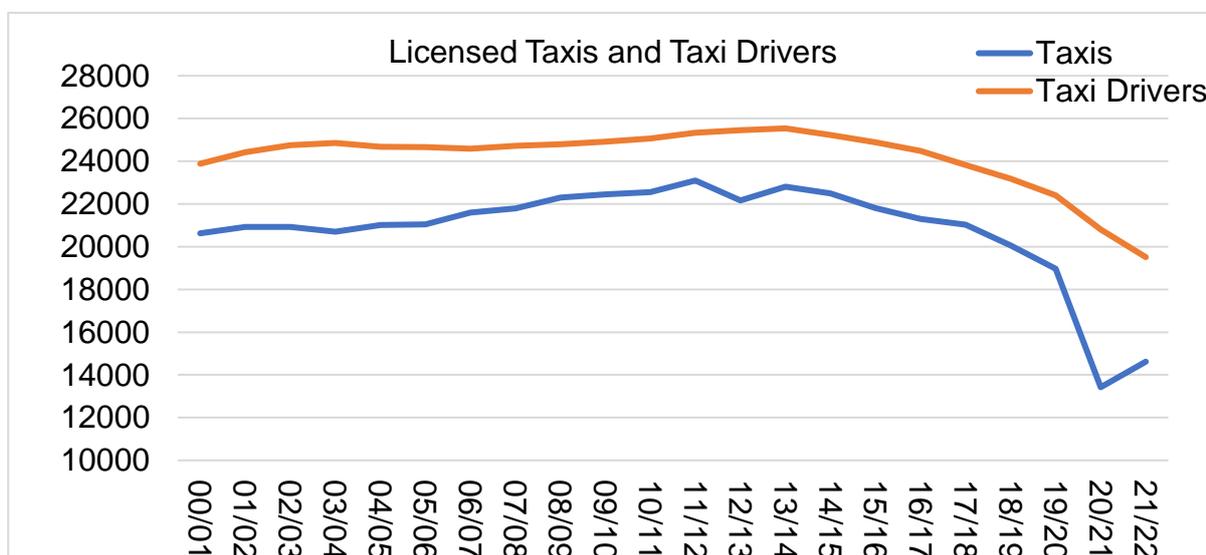
	Taxi fares are too expensive (NET: Much too expensive / A little too expensive)	Taxi fares are about right	Taxi fares are too low (NET: Much too low / A little too low)	Minicab fares are too expensive (NET: Much too expensive / A little too expensive)	Minicab fares are about right	Minicab fares are too low (NET: Much too low / A little too low)
Taxi users	65%	32%	3%	55%	41%	3%
Female taxi users	68%	30%	1%	57%	40%	3%
Disabled taxi users	54%	39%	8%	49%	44%	8%
Minicab users	83%	16%	1%	56%	42%	1%
Female minicab users	85%	15%	0%	60%	39%	1%
Disabled minicab users	84%	16%	0%	68%	32%	0%

In the survey we asked taxi and minicab users why they used a taxi or booked minicab, if they are using these services more or less often compared to 12 months ago, and the reasons for any change in how often they use these services. Below are some of the key results from these questions:

- the top reason for using taxis was convenience (63 per cent), with 10 per cent saying it was the cheapest option;
- convenience was also the top reason for using booked minicabs (55 per cent), with 29 per cent saying it was the cheapest option;
- thirty nine per cent of taxi users said they were using taxis less often compared to 12 months ago because they were too expensive; and
- the number was the same for booked minicabs, with 39 per cent of minicab users saying they were using booked minicabs less often compared to 12 months ago because they were too expensive.

Number of licensed taxis and taxi drivers

Before the coronavirus pandemic there had been a slow decline in the number of licensed taxis and taxi drivers. The rate of decline has accelerated since March 2020, although there has recently been a small increase in the number of licensed taxis. The chart below shows the number of licensed taxis and taxi drivers since 2000/01.



The table below shows the number of licensees in March 2020 and currently.² The number of All London taxi drivers has fallen by around 16 per cent and the number of Suburban taxi drivers has fallen by around 25 per cent.

	15 March 2020	5 February 2023	Difference	%
Taxis	18,961	15,018	-3,943	-20.80%
Taxi Drivers	22,409	18,483	-3,926	-17.52%

Demand for taxis

Previous research has shown that the number of taxi journeys in a typical day has been falling. In 2009³ there were around 185,000 taxi journeys in a typical day but in 2016/17⁴ this figure had fallen to around 109,000. The pandemic will also have had a very significant impact on the number of taxi journeys since March 2020.

At the October 2022 Committee meeting we reported that while demand for taxis was at an all-time low during the pandemic, taxi drivers are reporting that demand has surged and is now back to, and in some cases above, pre-pandemic levels, despite the April 2022 increase in taxi fares.

² TfL licensing data 15 March 2020 and 5 February 2023

³ Taxi & PHV Driver Diary Survey, GfK NOP, 2009

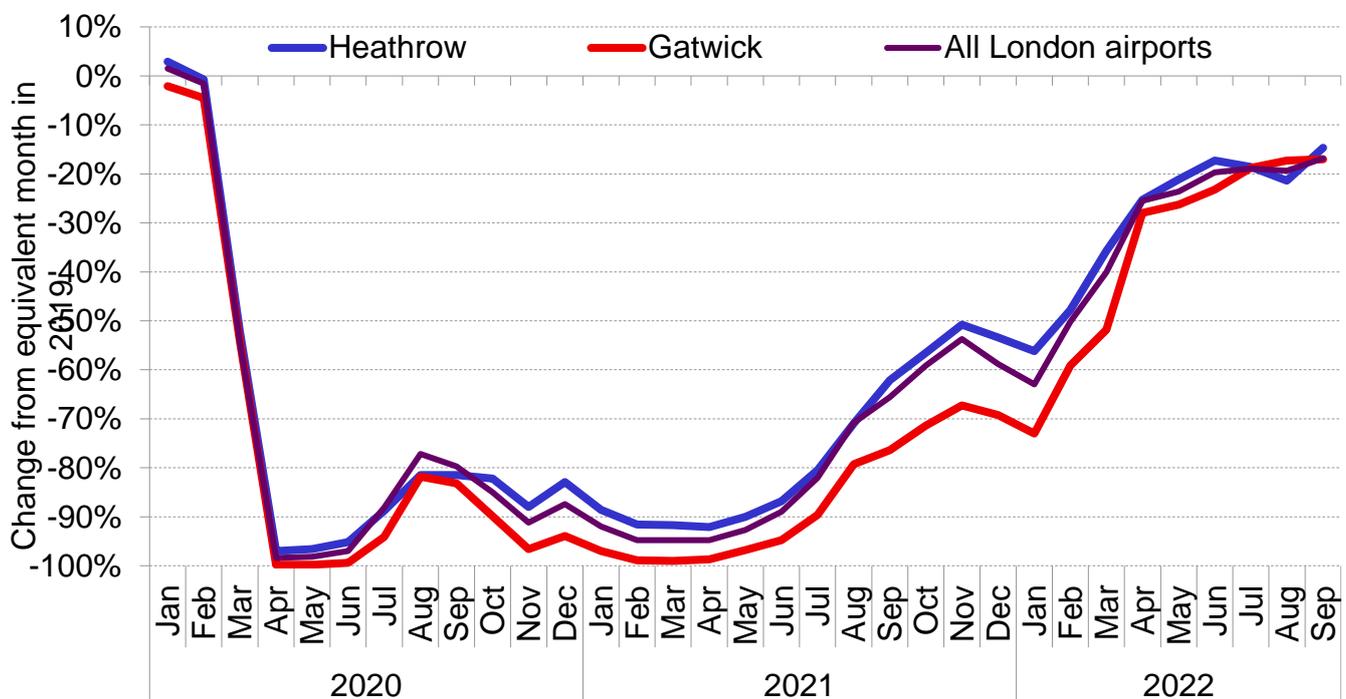
⁴ Taxi and Private Hire Driver Diary Survey 2016/17, Steer Davies Gleave, October 2017

The feedback from the taxi trade associations suggests that there continues to be a high demand for taxis. However, it is not known if taxi drivers are now busier partly as a result of there being fewer licensed taxi drivers and so less competition for work.

Heathrow Airport

The latest monthly data on terminal passengers at Heathrow Airport shows a strong return towards pre-pandemic levels throughout 2022, following the removal of all remaining travel restrictions in the UK in March 2022. With more people starting to travel again there has been a strong recovery in demand for taxis at the airport.

The chart below shows the monthly airport terminal passenger demand for January 2020 to September 2022, compared to the equivalent month in 2019.⁵



At Heathrow Airport there is a large holding area, known as the feeder park, where taxis wait before moving forward to a taxi rank at one of the terminals and picking up passengers. Last year was the busiest year in terms of taxi movements through the feeder park since figures started being recorded in 2010 albeit this may partly be due to the disruption at the airport and flight cancellations.

⁵ TfL Travel in London report 15, monthly airport terminal passenger demand compared to the equivalent month in 2019, Jan 2020-Sep 2022, 2022, <https://content.tfl.gov.uk/travel-in-london-report-15.pdf>

Consideration of the DfT's Statutory Standards

Section 177 of the Policing and Crime Act 2017 requires licensing authorities to “have regard” to the Statutory Taxi and Private Hire Vehicle Standards when exercising their functions.

When considering changes to taxi fares and tariffs we have had regard to the Department for Transport (DfT) Statutory Private Hire Vehicle Standards. In particular:

- The need for consultation at the local level where changes may have significant impacts on passengers and/or the trade. Our consultation ran between 11 November to 22 December 2022; and
- Making publicly available a cohesive policy document that brings together all their procedures on taxi and private hire vehicle licensing. Our consultation was available online and was promoted widely to a variety of Stakeholder groups, including licensees and passenger groups. The Finance Committee paper containing our recommendation and our justifications will be published online in advance of the meeting and any decisions will be communicated:
 - To licensees via a TPH notice, our regular stakeholder engagement forums and on TfL's website; and
 - To passengers via TfL's website and the fare card within all London taxis, both of which would be updated at the point any change to taxi fares are implemented.

More widely, we have considered the potential impacts on children and vulnerable adults, and the positive and negative impacts identified were included in the impact assessments and other factors to consider document which was published with the consultation.¹

¹ 2022 Review of taxi (black cab) fares and tariffs in London consultation, Impact assessments and other factors to consider, <https://haveyoursay.tfl.gov.uk/19789/widgets/56152/documents/33584>

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Addendum to Taxi driver organisations joint submission to the Committee, received 23 February 2023

Dear Committee,

We write as the taxi tariff group with regard to your upcoming meeting on 9th March. We are obviously concerned with the item regarding taxi fares.

We have already responded via the consultation process but would like to add some further comments to draw your particular attention to the nighttime element of the taxi fare tariff, known as Tariff 3.

While, tariff increases reflect inflationary increases within the Taxi Cost Index, there has been no increase in T3 since 2016. Even in 2016, while the tariff increased the “earnings” element by 2.3% the hours that T3 operated were reduced by 12.5% (one hour) and thus turned this increase into an effective reduction in earnings.

Since 2016, there has been no increase in T3. However, while the night taxi driver has seen no increase in the tariff, costs continue to rise and have eroded a night driver’s earnings by 6.68% in nominal terms.

Should T3 continue to be frozen this year, those losses would cause a loss of income in the order of a total 11.0% in nominal terms since 2016. Our fear is that if T3 were to be frozen once again in this review, this will cause a proportion of night drivers to change to working days.

This would harm both the public and the taxi trade. The taxi fleet had shrunk by 17.5% from a pre – Uber 2014 to 2019. It then shrank a further 30% during the Covid crisis. It has since made a partial recovery since then of 14%. However, this still means that fleet remains 22% below its number in 2019.

Not only would it be grossly unfair to night-time taxi drivers to continue to freeze T3, we fear it would be extremely detrimental to our trade and the public to do so.

Yours Sincerely,

The Taxi Tariff Group (LTDA, unite the Union, LCDC, RMT and UCG)

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Finance Committee

Date: 8 March 2023

Item: Update on Forthcoming Key Procurement Activities

This paper will be considered in public**1 Summary**

- 1.1 This paper sets out the major new procurements or contract extensions which will need Finance Committee approval between now and the next meeting of the Committee in June 2023.
- 1.2 A paper is included on Part 2 of the agenda which contains exempt supplementary information. 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 and business affairs of TfL. Any discussion of that exempt information must take place after the press and public have been excluded from the 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 Committee has previously requested greater visibility of future procurement activity and in particular has requested that the use of Chair's Action is limited as far as possible to allow debate to take place at Committee meetings.
- 3.2 While the business cycle and the timetables for contract awards cannot exclude the use of Chair's Action, improved planning and reporting is enabling increased advanced notice of forthcoming approvals which may need Chair's Action.
- 3.3 This paper sets out the anticipated approvals required from the Committee as Chair's Actions between this meeting and the next one in June 2023, and also highlights significant forthcoming procurements that require approval at officer level during that period.

4 Planned Procurement Activity

- 4.1 There are three business units within the Procurement and Commercial (P&C) function, and the key forthcoming procurement activities for each of them are highlighted as follows.
- 4.2 In Operations we are currently forecasting that one contract extension will require Committee approval by Chair's Action between now and the next

meeting. There are two other significant procurements that require approval at officer level during this period.

- 4.3 In Professional Services and Technology, we are currently forecasting that one contract variation will require approval as a Chair's Action between now and the next meeting. There is one other significant procurement that requires approval at officer level during this period.
- 4.4 In Capital (the third business unit) decisions for contracts related to capital expenditure are routed through the Programmes and Investment Committee rather than to this Committee. For noting, there are four significant procurements that require approval at officer level during this period.

List of appendices to this report:

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

List of background papers:

None

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Email: rachelmclean@tfl.gov.uk

Finance Committee



Date: 8 March 2023

Item: Independent Investment Programme Advisory Group
Procurement and Commercial Improvement Programme

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 and Commercial Improvement Programme . A summary of the report findings is included as Appendix 1.
- 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 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 Independent Investment Programme Advisory Group's report on the Procurement and Commercial Improvement Programme, the management response set out below and the exempt supplementary information on Part 2 of the agenda**

3 Management Response

- 3.1 We welcome IIPAG's report and accept the IIPAG recommendations contained within it. The findings of the review will be shared with all relevant stakeholders across the organisation and will help shape our thinking and ongoing plans.

List of appendices to this paper:

Appendix 1: Independent Investment Programme Advisory Group – Procurement and Commercial Improvement Programme (PCIP) – Executive Summary

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

List of Background Papers:

None

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Email: HowardCarter@TfL.gov.uk

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INDEPENDENT INVESTMENT PROGRAMME ADVISORY GROUP (IIPAG)

Update Review of Procurement & Commercial Improvement Programme (PCIP)

– Executive Summary

Review date: December 2022

v04 – 9 February 2023

EXECUTIVE SUMMARY

PCIP is a 3-phase, 3-year programme, which is due to end in March 2023 in its present form.

There have been significant changes to the Procurement and Commercial (P&C) leadership in 2022, including the departures of the Chief Procurement Officer (CPO), the PCIP Lead, and the Chief Finance Officer (CFO); the start of three new P&C leaders; and the shifts in P&C Executive Committee reporting lines from CFO to Chief Capital Officer (CCO) to CFO. The PCIP team now reports to the P&C Director, Operations, who reports to the CFO. The CPO position no longer exists.

IIPAG has been reviewing PCIP since it started in 2019 and this is IIPAG's third report. Although PCIP has delivered certain key milestones – some of which are significant - IIPAG concludes that the same major issues reported previously still need action. IIPAG's top concerns remain unchanged: 1) the fitness of revised processes and systems for capital delivery¹; and 2) the lack of an improvement programme for cost estimating and cost management.

As a reminder, PCIP has three categories: People, Process and Systems. The improvement programme had a broad scope which was essential to achieve the ambitious end-to-end transformation necessary for procurement and commercial in TfL. Many of the component parts have been touched upon in this and previous IIPAG reviews. Progress has been made across all three categories but P&C reported in December 2022 that only two out of the eight objectives have been delivered. The two successes claimed are procurement savings of £72.2m as of Period 10 2022/23 and the implementation of new procurement systems. The other six objectives were partially completed. The objectives will be re-set by the new P&C leadership in early 2023.

In March 2022, the previous P&C leadership took the decision to narrow the PCIP focus for delivery to three workstreams only: 1) Savings, 2) the Management Framework (excluding Capital) and 3) SAP Ariba systems (excluding Capital).

We should not forget that before PCIP was started, P&C was a fragmented organisation that required unification and harmonisation. Progress has been made towards this goal but the structure is fragile and the risk of the creation of business silos within P&C remains.

Areas of weakness remain. The organisational design, Key Performance Indicator (KPI) development, strategy development, resource capability and supplier engagement all remain to improve. The approved PCIP schedules included these workstreams but they have not been in focus since March 2022.

The Capital workstream has been regularly set aside in PCIP and has now been transferred out of PCIP to P&C Capital. The PCIP budget funded a “sprint” review in

¹ “Capital Delivery” is generally understood to include commercial strategy for investment projects, project contract award, post-contract management, cost management, i.e. the management of risk associated with delivering capital projects and programmes.

the Summer of 2022 to define Capital needs. A new support partner was due to be appointed in January, but it has now been decided to deliver the workstream using internal resources. The delivery plan will address the P&C Capital organisation design, capital processes to be included in the Management Framework, systems to support capital, estimating and cost management. IIPAG considers that a real opportunity has been missed in not accommodating both estimating and cost management in the SAP Ariba functionality, as additional software will have to be purchased.

Under the new P&C leadership, IIPAG heard that the new revised priorities will be a refresh of the PCIP objectives and plan; ensuring the main SAP Ariba roll-out is successful; a drive to transition the new Management Framework to business-as-usual working; scrutiny and tightening of control and compliance; and reduction of NPLs (non-permanent labour) and consultants in the P&C workforce.

PCIP's 2021 stated ambition remains good: "... *provide TfL with a leading practice P&SC function that will demonstrably drive value for money across all capital and operational spend, creating a function whose ambition is "To deliver outstanding value, by being a planning-led and performance-driven function".* (P&C Business Case, September 2021). IIPAG is pessimistic about the time it will take to achieve this ambition but senses that there is a new sense of optimism and "*a clear intent to do better*". Morale has improved significantly in P&C since September 2022 and trust in the new P&C leadership is building.

Regarding the Capital gaps in delivery, one senior person said, "*We now have the right customer, the right people and the right leadership in place. We just need time*". The first quarter of 2023 should see several additional milestone completions and new planning for revised priorities, which can only serve to increase the determination to "do better". Actual delivery within the 3-year PCIP timescale (due to end March 2023) will not reach the targets set out in 2019, 2020 and 2021 but a dedication to continuous improvement might bring P&C close over the next few years.

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Finance Committee



Date: 8 March 2023

Item: Future Operational Network

This paper will be considered in public

1 Summary

- 1.1 The purpose of this paper is to brief the Committee on (i) our strategy for the ongoing provision of critical radio communication and data network services on the London Underground, and (ii) the proposed approach to execute and deliver the strategy.
- 1.2 A paper is included on Part 2 of the agenda which contains exempt supplementary information. The information is exempt by virtue of paragraphs 3 and 5 of Schedule 12A of the Local Government Act 1972 in that it contains information relating to the financial and business affairs of TfL. It also contains legally privileged advice. Any discussion of that exempt information must take place after the press and public have been excluded from the 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 Connect System currently in use comprises a TETRA-based radio system and multiple data networks that are required for the operation of the radio system and other key operational services. The Connect System is an operationally critical service used throughout the London Underground (LU).
- 3.2 The Connect System is operated, maintained and upgraded through our contract with Thales (Thales Connect Contract), which delivers three key services:
 - (a) the day-to-day operational support and maintenance of the Connect System;
 - (b) Business as usual projects which typically comprise changes to the Connect System that are required to accommodate changes within the LU estate e.g. station modifications and underground line extensions; and
 - (c) upgrade projects which aim to keep the Connect System at supported levels of hardware and software to ensure the ongoing operational stability and security of this critical service.
- 3.3 Our analysis shows that a more modern alternative to the TETRA radio system cannot be deployed throughout the LU network until the mid-2030s. This means that we need to deliver a series of upgrade projects to refresh various hardware and software components of the Connect System to keep it operationally stable and secure until the mid-2030s.

- 3.4 By June 2023 we will have completed all the upgrade projects necessary to keep the TETRA radio system supportable to the mid-2030s (the date by when we expect to have migrated to a more modern alternative service). We have not addressed, however, the obsolescence and capacity issues with the three data networks that form an integral part of the Connect System.
- 3.5 Two of the Connect System's data networks are already obsolete and out of support, while the third is capacity constrained and will also be out of support by 2026. Together, these data networks are critical to the provision of the Connect System, LU CCTV and telephony services, and the delivery of service information for customers.
- 3.6 In the context of data networks, obsolescence means that it is no longer possible to secure spares, nor is the equipment patchable or upgradeable. The consequence of this is that in the absence of the required upgrades:
- (a) the Connect System will become increasingly unreliable, leading to material impacts on LU services;
 - (b) the skills necessary to maintain these obsolete data networks will become increasingly scarce, requiring Thales to balance resources in a dwindling arena of capability; and
 - (c) the absence of software patching will compromise our ability to meet our cyber security obligations with the Network and Information Systems directive.
- 3.7 These three data networks therefore need to be replaced, preferably with a single data network (the Future Operational Network or FON), which will be designed to provide data network services for multiple operational services in addition to the TETRA radio system e.g. the Piccadilly line signalling system upgrade (PLU).
- 3.8 Additional (currently unapproved) capital investment will be required in the period up to 2025/26 to deliver the FON and to protect (through a technology refresh) the ongoing availability of the below-ground data network services that underpin (and are a key dependency for) the TETRA radio system.
- 3.9 Based on inputs from external independent subject matter experts Analysys Mason, we envisage that the implementation of the FON will take around 2.5 years to complete from executing the FON transaction and will require substantial capital investment.

4 Strategy

- 4.1 Our TfL Data Networks and Telecommunications Strategy, agreed in 2018, sets out that we should minimise the number of data networks deployed throughout TfL. Instead of building new data networks for each requirement, we should instead look to build or buy the minimum number of data networks which are capable of cost-effectively meeting our requirements.
- 4.2 Our strategy also requires that wherever possible, we should adopt a multiservice approach, implementing data networks which can securely support multiple use-cases e.g. CCTV data, signalling data, SCADA data (Supervisory Control and Data Acquisition, SCADA systems are used for controlling, monitoring and

analysing industrial devices and processes), Wi-Fi data. Our approach to replacing the three data networks that form part of the Connect System follows this approach, with the aim being to implement one new below-ground data network (the FON) which has much wider utility for TfL than just supporting TETRA radio and Connect data network services.

4.3 In April 2021 we commissioned external experts Analysys Mason to provide us with a report that set out a recommended technical strategy, implementation plan, and a cost breakdown for each activity detailed in the implementation plan. The key findings from the Analysys Mason engagement were:

- (a) we should design and implement a new below-ground data network that is flexible, expandable, highly resilient and secure. It should be architected to:
 - (i) deliver the capabilities required of the TETRA radio system but without being an integral part of the Connect System i.e. the TETRA radio and data network services should be disaggregated and be capable of being managed as separate systems by separate organisation;
 - (ii) be suitable for meeting all known and likely future data network demands of the operational railway e.g. PLU and Connect; and
 - (iii) leverage existing infrastructure where possible to minimise costs e.g. Connect optical fibres, reserved space, and reserved power;
- (b) it will take around 2.5 years to build the new data network;
- (c) migration of our critical data services from the legacy data networks to the new below-ground data network will be a complex operation which will need careful planning and execution if we are to avoid significant disruption to LU services; and
- (d) the design, build and migration activities will require substantial TfL investment.

4.4 Additional information regarding the execution of the strategy is included in the paper on Part 2 of the agenda.

5 Assurance

5.1 We are working with TfL Project Assurance to address any issues and final assurance report(s) will be submitted when we seek any approval.

List of Appendices to this paper:

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

List of background papers:

None

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Finance Committee



Date: 8 March 2023

Item: London Overground Class 378 Fleet Leases

This paper will be considered in public

1 Summary

- 1.1 This paper describes the financial risks associated with the lease arrangements for London Overground Class 378 fleet and options for the mitigation of these risks. Detail of these risks and mitigations are set out the related paper on Part 2 of the agenda.
- 1.2 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 the counterparty and its shareholders. Any discussion of that exempt information must take place after the press and public have been excluded from this meeting.

2 Recommendations

- 2.1 **The Committee is asked to note the paper and the exempt supplementary paper on Part 2 of the agenda and to:**
 - (a) **approve unbudgeted Financial Authority at the sum set out in the paper on Part 2 of the agenda for Rail for London Limited (RfL) terminating the existing 2007 lease and the 2013 lease relating to the Class 378 fleet;**
 - (b) **approve unbudgeted Financial Authority and Procurement Authority at the sum set out in the paper on Part 2 of the agenda for the lease termination and purchase of the Class 378 fleet as described in this paper and the related paper on Part 2 of the agenda; and**
 - (c) **note that any new borrowing and existing hedging arrangements associated with the termination of the leases and the purchase of the Class 378 fleet will be authorised in accordance with the TfL Treasury Management Policy.**

3 Background

- 3.1 Rail for London (RfL) entered into a contract with Alstom (previously Bombardier Transportation) for the manufacture and maintenance of 45 four-car Class 378 train units, in 2006, for the provision of services on the London Overground. In 2013, options in the manufacturing contract were exercised for the manufacture of a fifth car, to be added to each of the 45 train units in the fleet, and associated maintenance. These fifth cars were carriages (with no cabs) and so could not be operated independently of the existing four-car units.

- 3.2 While the four-car units were originally procured and funded directly by Transport for London (TfL), in 2007 the original four-car units were refinanced into an operating lease agreement between RfL and QW Rail Leasing Limited (QWRL) (the 2007 lease). The fifth cars were also leased with QWRL in 2013 (the 2013 lease). QWRL is lessor under the terms of these agreements (the lessor), with RfL committed to lease the trains for a minimum period and pay lease rentals. These rental obligations are underpinned by a guarantee from TfL. The fleet is then sub-leased to Arriva Rail London Limited for operation on the London Overground network. Both of these lease agreements are structured with an initial committed term, which in both cases expire in June 2027, with various options to purchase or hand back the fleet at that point.
- 3.3 TfL is exposed to various financial risks: including interest rate and refinancing risks in relation to these lease agreements. Implications of these risks and options to mitigate are set out and considered in the related paper on Part 2 of the agenda.

4 Operations and Fleet Strategy

- 4.1 As set out above, the Class 378 fleet was built for the provision of services on London Overground and specifically, the section of the London Overground infrastructure owned and operated by RfL (the upgraded East London Line infrastructure) and is currently the only fleet providing operational service across this part of the London Overground network. This section of infrastructure includes narrow single bore tunnels, for which the Class 378 fleet has the required narrow nose end door detrainment mechanism to operate through. There is no other existing fleet that could operate on this section of infrastructure.
- 4.2 Due to the specific requirements of this section of the London Overground infrastructure, RfL will need to retain use of the Class 378 fleet or procure a new fleet in the future to ensure continued operation of services across this route.
- 4.3 The Class 378 fleet was specifically designed for London Overground operations including high intensity services operating along designated commuter routes with specific operational and infrastructure requirements.
- 4.4 Current demand on the London Overground is at 87 per cent of pre-pandemic levels and is predicted to grow over the Business Plan period. The Class 378 fleet is a key part of servicing this demand. The operational and fleet strategy is to retain the Class 378 fleet in operations on the London Overground until life expired in 2044. This approach is also assumed in TfL's Capital Strategy as approved by the Board in December 2021, and subsequent updates which were noted by the Board in December 2022.

List of appendices to this report:

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

List of background papers:

None

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Finance Committee



Date: 8 March 2023

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

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Finance Committee Forward Plan 2023/24

Membership: Anne McMeel (Chair), Ben Story (Vice-Chair), Prof Greg Clark CBE, Seb Dance, Anurag Gupta and Dr Nina Skorupska CBE

Abbreviations: CCO (Chief Capital Officer), CFO (Chief Finance Officer), CTO (Chief Technology Officer), D (Director), CCSO (Chief Customer and Strategy Officer), CEO TTLP (Chief Executive Officer TTL Properties Limited), CSHEO (Chief Safety, Health and Environment Officer), GC (General Counsel)

21 June 2023		
Use of Delegated Authority	GC	To note.
Finance Report	CFO	To note.
Update on Income from Developers Through Planning Obligations and Other Funding Mechanisms to Deliver TfL Transport Priorities	CCSO	To note.
Enterprise Risk Update – Supply Chain Disruption (ER5)	CFO	To note.
TfL Power Purchase Agreements	CSHEO	To note.
iBus2 Project and Procurement	D Strategy & CTO	To note.

11 October 2023		
Use of Delegated Authority	GC	To note.
Finance Report	CFO	To note.
Prudential Indicators Outturn	CFO	To note.
Treasury Activities	CFO	To note.

As at 28 February 2023

Finance Committee Forward Plan 2023/24

Enterprise Risk Update – Financial Sustainability (ER7)	CFO	To note.
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22 November 2023		
Use of Delegated Authority	GC	To note.
Finance Report	CFO	To note.
Enterprise Risk Update – Changes in Customer Demand (ER9)	CCSO	To note.

6 March 2024		
Use of Delegated Authority	GC	To note.
Finance Report	CFO	To note.
Treasury Activities, Policies and Strategy	CFO	To approve (delegated by the Board).
General Fund Balance	CFO	To approve.
Investment Management Strategy 2024/25 – Non-Financial Assets	CEO TTLP	To approve (delegated by the Board).

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)
- Prudential Indicators Outturn (outcome from previous year – October) (CFO)
- Treasury Activities (semi-annual – October and March) (CFO)
 - Additional updates to be provided where necessary
- Treasury Policies and Strategy (annual – March) (CFO)
- Developer Income (MCIL/CIL/s.106) (annual – June) (CCSO)

Finance Committee Forward Plan 2023/24

- Enterprise Risk Update – Supply Chain Disruption (ER05) (annual – June) (CFO)
- Enterprise Risk Update – Financial Sustainability (ER07) (annual – October) (CFO)
- Enterprise Risk Update – Changes in Customer Demand (ER09) (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
- Victoria Coach Station
- App Based Culture – paper to cover TfL perspective on the strategy, plans and issues for TfL e.g. TPH regulation
- Cubic and NY RUC Bid (D Strategy & CTO)

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