MAYOR OF LONDON

TRANSPORT FOR LONDON
EVERY JOURNEY MATTERS

Agenda

Meeting: Finance Committee

Date: Wednesday 13 March 2024

Time: 10:00am

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

Members

Anne McMeel (Chair)
Anurag Gupta (Vice-Chair)
Seb Dance
Prof Greg Clark CBE
Dr Nina Skorupska CBE

Copies of the papers and any attachments are available on 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

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

Andrea Clarke, Interim General Counsel
Tuesday 5 March 2024

Agenda
Finance Committee
Wednesday 13 March 2024

1 Apologies for Absence and Chair's Announcements

2 Declarations of Interests

Interim 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 Meetings of the Committee held on 22 November and 22 December 2023 (Pages 1 - 12)

Interim General Counsel

The Committee is asked to approve the minutes of the meetings of the Committee held on 22 November and 22 December 2023 and authorise the Chair to sign them.

4 Matters Arising and Actions List (Pages 13 - 20)

Interim General Counsel

The Committee is asked to note the updated actions list.

5 Use of Delegated Authority (Pages 21 - 26)

Interim General Counsel

The Committee is asked to note the paper.

6 TfL Budget 2024/25 - To Follow

Chief Finance Officer

The Committee is asked to note the paper and approve the 2024/25 TfL Budget.

7 TfL Prudential Indicators 2024/25 to 2026/27 - To Follow

Chief Finance Officer

The Committee is asked to note the paper and the exempt supplementary information on Part 2 of the agenda and approve: the TfL Prudential Indicators as set out in Appendix 1 for 2024/25 and the following two years; the Treasury Management Indicators as set out in Appendix 2 for 2024/25 and the following two years; and the annual TfL Policy Statement on Minimum Revenue Provision as set out in section 6 of the paper.

8 Finance Report - Period 11, 2023/24 (Pages 27 - 48)

Chief Finance Officer

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

9 Treasury Activities, Policies and Strategies (Pages 49 - 100)

Director of Corporate Finance

The Committee is asked to note the paper and the exempt supplementary information on Part 2 of the agenda and; approve the proposed Treasury Management Strategy (TMS) for 2024/25 including the Investment Strategy, the Borrowing Strategy, the Liquidity Strategy and the Risk Management Strategy; approve the proposed TfL Treasury Management Policies; approve the proposed TfL Group Policy Relating to the Use of Derivative Investments; approve the proposed Places for London Limited Treasury Management Strategy including the Borrowing Strategy, the Investment Strategy, the Liquidity Strategy and Banking and Cash Management explanation; approve the proposed Treasury Management Policies for Places for London Limited; and subject to approval of the TMS 2024/25 and the Derivatives Policy, to approve TfL Finance limited entering into the Derivative Investments.

10 Investment Management Strategy 2024/25 - Non-Financial Assets
(Pages 101 - 112)

Director of Corporate Finance

The Committee is asked to note the paper and approve the Investment Management Strategy 2024/25 – Non-Financial Assets, attached at Appendix 1 to this paper.

11 Taxi Fares and Tariffs Update (Pages 113 - 250)

Chief Operating Officer

The Committee is asked to note the paper and approve increasing Tariffs 1, 2 and 3 by the total Cost Index figure (+8.92 per cent) to reflect the change in both taxi drivers' operating costs and average national earnings; making the Tariff 4 rates the same as the Tariff 2 rates; reducing the Heathrow extra from £3.60 to £2.00; and increasing the fixed-fares for shared-taxis that operate between Wimbledon Station and the All England Lawn Tennis Club (AELTC) and Southfields Station and the AELTC during the Wimbledon Tennis Championships.

12 Track Labour Framework Extension (Pages 251 - 252)

Chief Finance Officer

The Committee is asked to note the paper and the exempt supplementary information and approve Procurement Authority for £112.4m for external track labour resources procured through the London Underground Track Labour Framework for the period to March 2025, giving a total Procurement Authority of £701.15m.

13 London Transport Museum: Covent Garden Site (Pages 253 - 254)

Chief Finance Officer

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

14 Forthcoming Key Procurement Activities (Pages 255 - 258)

Chief Finance Officer

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

15 Risk and Assurance Report Quarter 3 2023/24 (Pages 259 - 264)

Director of Risk and Assurance

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

16 Enterprise Risk Update - Changes in Customer Demand (ER9) (Pages 265 - 270)

Chief Customer and Strategy Officer

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

17 Members' Suggestions for Future Discussion Items (Pages 271 - 276)

Interim 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.

18 Any Other Business the Chair Considers Urgent

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

19 Date of Next Meeting

Wednesday 19 June 2024 at 10.00am (provisional)

20 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 7 of Schedule 12A to the Local Government Act 1972 (as amended), in order to consider the following items of business.

Agenda Part 2

21 TfL Prudential Indicators 2024/25 to 2026/27 - To Follow

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

22 Finance Report - Period 11, 2023/24 (Pages 277 - 284)

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

23 Treasury Activities, Policies and Strategies (Pages 285 - 288)

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

24 Track Labour Framework Extension (Pages 289 - 292)

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

25 London Transport Museum: Covent Garden Site (Pages 293 - 294)

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

26 Forthcoming Key Procurement Activities (Pages 295 - 300)

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

27 Risk and Assurance Report Quarter 3 2023/24 (Pages 301 - 308)

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

28 Enterprise Risk Update - Changes in Customer Demand (ER9)
(Pages 309 - 316)

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

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Transport for London

Minutes of the Finance Committee

Conference Rooms 1 and 2, Ground Floor, Palestra, 197 Blackfriars Road, London, SE1 8NJ 10.00am, Wednesday 22 November 2023

Members
Anne McMeel (Chair)
Anurag Gupta (Vice-Chair)
Professor Greg Clark CBE
Seb Dance
Dr Nina Skorupska CBE

Government Special Representative
John Hall

Executive Committee

Andrea Clarke	Interim General Counsel
Lilli Matson	Chief Safety, Health and Environment Officer
Rachel McLean	Chief Finance Officer

Staff

Justine Curry	Interim Director of Legal
Patrick Doig	Group Finance Director and statutory Chief Finance Officer
Oliver Gearing	Finance Director - Operations
Joanna Hawkes	Director of Corporate Finance
Lorraine Humphrey	Director of Risk and Assurance
Luke Jarvis	Head of Planning and Systems
Shamus Kenny	Head of Secretariat
Glyn Lenton	Senior Category Manager Engineering and Utilities
Paul Mason	Group Treasurer
Heather McStay	Head of Procurement, Facilities Management
Pritesh Patel	Head of Financial Planning and Analysis

53/11/23 Apologies for Absence and Chair's Announcements

There were no apologies for absence from Members. The meeting was quorate. Andy Lord, Commissioner, was unable to attend the meeting.

The Chair welcomed everyone to the meeting. The meeting was broadcast live to TfL’s YouTube channel, 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.

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 the appropriate member of the Executive Committee after the meeting.

54/11/23 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.

55/11/23 Minutes of the Meeting of the Committee held on 11 October 2023

The minutes of the meeting of the Committee held on 11 October 2023 were approved as a correct record, and the Chair was authorised to sign them.

56/11/23 Matters Arising and Actions List

Andrea Clarke introduced the item, which set out progress against actions agreed at previous meetings of the Committee.

The Committee noted the updated Actions Llist.

57/11/23 Use of Delegated Authority

Andrea Clarke introduced the item. Since the last meeting of the Committee on 11 October 2023, there had been no use of Chair's Action.

There had been one use of Procurement Authority by the Commissioner in relation to the Bus Stops and Shelters Maintenance Services Contract award.

There had been one Mayoral Direction to TfL relating to the 18-25 Care Leavers' Discounted Travel Concession Scheme.

At the last meeting, it was reported that the Mayor had directed TfL to give six-months' notice to terminate the relevant provisions of the Travelcard Agreement. As provided for within the Mayoral Decision, the Direction was no longer applicable following agreement having been reached with the Department for Transport and Train Operating Companies which was financially acceptable to TfL. Members welcomed the settlement of the Travelcard issue.

The Committee noted the paper.

58/11/23 Finance Report – Period 7, 2023/24

Rachel McLean, Patrick Doig and Pritesh Patel introduced the item, which set out TfL's financial results to the end of Period 7 of 2023/24, the year-to-date ending 14 October 2023. Performance to date continued to show strong results and TfL was successfully rebuilding its finances, delivering an operating surplus in 2023/24 and remained on track to achieve operational financial sustainability.

Progress continued towards financial sustainability for TfL to cover its day-to-day costs. On capital funding, previous Government funding settlements acknowledged that, like other public transport authorities, TfL would continue to need funding for major capital investment. TfL submitted its capital funding business case for 2024/25 to Government in September 2023, but disappointingly had received no decision to date. The current funding agreement would end in March 2024 and the longer-term settlement was needed, as the lack of certainty impacted TfL's ability to plan and that of its suppliers. Constructive discussions continued with Government but there was an urgency to conclude a further funding settlement.

Moody's upgraded TfL's long-term credit rating from BAA1 to A3 and changed the outlook from stable to positive. This brought TfL's rating up, but it was still not as positive as other peer organisations due to the ongoing uncertainty of funding of the capital programme.

TfL was actively growing passenger demand, while creating new sources of revenue to reduce reliance on fares income. In Period 7, cumulative year-on-year journey growth was almost eight per cent in the year to date. Passenger journeys had reached 90 per cent of pre-coronavirus pandemic levels, up from 85 per cent at the end of the last financial year. Pressure on other income sources continued which TfL expected to manage. Overall, total revenue was just above budget.

TfL continued to make recurring cost savings with like-for-like operating costs falling in real terms at six per cent higher than the last financial year, despite year-on-year inflation of around 10 per cent. Core operating costs were on budget and total operating costs were currently one per cent lower than budget, mainly from contingencies not yet used. There were also some timing differences in delivering savings, but TfL remained committed to delivering its savings programme this financial year.

In the year-to-date, the operating surplus was £142m, which was £58m better than budget but was driven by the contingency variance. Other income and costs were broadly in line with budget. Over the remainder of the financial year, TfL expected its favourable surplus position to trend back towards the budget target due to the timing of the contingency variance. Its renewals spend was expected to ramp up to reach the available funding and some costs would occur later in the financial year, such as rolling stock lease costs and bus contract renewals.

TfL was focussed on fully funding its capital programme with a long-term Government settlement and affordable level of debt. As TfL would not receive inflationary support this financial year and capital funding for 2024/25 was uncertain, capital enhancements had been allowed to slip and were almost £90m lower than budget. Capital renewals were slightly lower than budget by £11m but were expected to be in line with the available funding of £736m over the full financial year.

Cash balances were slightly lower than budget and below £1.2bn, as set out in the funding settlement. The Greater London Authority (GLA) financing facility of £500m was maintained for additional protection against shocks and risks, but this would expire on 31 March 2024 in line with the funding settlement.

On investing for higher return, the Treasury Management Strategy and Policy would soon be revised due to investment in the London Treasury Limited fund and will be brought to the March 2024 meeting of the Committee for approval, depending on confirmation of the liquidity and security guarantee arrangements anticipated from the

GLA. Further information on the background to the current approach would be circulated to the Committee. **[Action: Joanna Hawkes]**

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

59/11/23 TfL Energy Purchasing: Crown Commercial Service

Lilli Matson and Glyn Lenton introduced the item, which sought Procurement Authority to extend the current energy purchasing arrangements, which would allow the continuation of the energy purchasing and risk management strategy through the Crown Commercial Service (CCS) Energy Framework.

On 25 November 2020, the Committee noted a paper on TfL Energy Purchasing: Crown Commercial Service and Power Purchase Agreements, which set out TfL's Energy Purchasing Strategy (EPS). The EPS outlined a refined approach to procuring renewable energy through Power Purchase Agreements (PPAs) to meet TfL's ambition to operate a zero-carbon railway by 2030. The existing energy purchasing arrangements with the CCS were an essential part of managing the energy price risk and fundamental to the delivery of renewable energy PPAs.

The proposed approach ensured the ongoing supply of cost competitive electricity and gas supplies for TfL's operations in the near term, while also enabling the transition to renewable energy. The existing EPS allowed TfL to secure 50 per cent of its energy through renewable PPA tranches over the coming years.

A revised EPS for the future that went beyond the current procurement would be brought to a future meeting of the Committee. **[Action: Lilli Matson]**

The Committee noted the paper and:

(a) approved Procurement Authority of £1077m for the purchase of electricity and natural gas pan-TfL for supply during the 2026/27, 2027/28 and 2028/29 financial years; and

(b) noted that the matters for which authority is sought above extend beyond the current Business Plan and Budget and provision will need to be made in future Business Plans and Budgets, including that due to be considered by the Board in December 2023.

60/11/23 Communications, CCTV, Access Control and Security Systems Maintenance and Upgrade Services Contract

Heather McStay introduced the item, which sought additional Procurement Authority for the provision of maintenance and upgrade services for Communications, CCTV, Access Control and Security Systems provided by Telent Technology Services Limited across the TfL estate.

In July 2019, the Committee approved Procurement Authority for the Technical Facilities Management Services contract award to supply maintenance and upgrade services to the Communications, CCTV, Access Control and Security Systems, until 31 March 2027 with an option to extend for up to five years. The matters for which the additional Procurement Authority was sought remained within the scope and scale of the original contract notice published in the Official Journal of the European Union, which stated an estimated contract value of between £217m to £287m, with the upper end of the value range stated in the notice as representing the potential additional requirements that may be included before expiry of the contract.

The Committee noted the paper and the exempt supplementary information on Part 2 of the agenda and, subject to approval of the revised Business Plan to be considered by the Board in December 2023, 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, as described in the paper and the related paper on Part 2 of the agenda.

61/11/23 Forthcoming Key Procurement Activities

Luke Jarvis introduced the item, which provided a summary of the major new procurements or contract extensions planned over the next 24 months and decisions that were anticipated to be required from the Committee by way of Chair's Action between the meeting and the next planned meeting in March 2024. It also highlighted significant forthcoming procurements that required approval at officer level during that period.

The two-year look ahead covered around 250 contracts with an estimated total value of £14.7bn, and equivalent annual spend of £2.7bn. In Operations and Professional Services, Procurement Authority for one contract was forecast to require Committee approval by Chair's Action between now and the next meeting. In Capital and Technology, most authority decisions were within the remit of the Programmes and Investment Committee, so no contracts were forecast to need approval by the Finance Committee before the next planned meeting.

Work on improving the visibility of the procurement pipeline enabled TfL to be prepared to meet a requirement in the new Procurement Act 2023 for all contracting authorities to publish a pipeline notice within 56 days of the start of each financial year, setting out details of all procurements over £2m in value due to take place within that year. The Act was expected to come into force from October 2024. An update paper on the implementation of the Act would be brought to a future meeting of the Committee.
[Action: Rachel McLean]

On the extent to which the pipeline covered all procurement activities, the paper covered those valued at £100m or more and the activity below that value was dependent on the category spend. Statistics on the breakdown of the entirety of the spend would be provided to the Committee. **[Action: Luke Jarvis]**

A similar paper and consolidated list of the totality of forthcoming key procurement activities was also being brought to future meetings of the Programmes and Investment Committee.

An informal briefing on the Procurement and Commercial Improvement Programme would be provided to Committee Members, subject to the timing of the work already

underway on the emerging vision for the Procurement and Commercial function.
[Action: Rachel McLean / Secretariat]

An informal briefing would be held in future on Green Initiatives – Budget and Income Generation. **[Action: Rachel McLean / Lilli Matson / Secretariat]**

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

62/11/23 Members' Suggestions for Future Discussion Items

Andrea Clarke 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.

On the additional item on Victoria Coach Station that was listed on the forward plan as to be scheduled, clarification would be sought on whether it was initially an item for the Land and Property Committee and when it would be scheduled. **[Action: Secretariat]**

The Committee noted the forward plan.

63/11/23 Any Other Business the Chair Considers Urgent

There was no other urgent business to discuss.

64/11/23 Date of Next Meeting

The next scheduled meeting of the Committee was due to be held on Wednesday 6 March 2024 at 10.00am.

65/11/23 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, 2023/24; Communications, CCTV, Access Control and Security Systems Maintenance and Upgrade Services Contract; and Forthcoming Key Procurement Activities.

The meeting closed at 11.40am.

Chair: ____________________________________

Date: _____________________________________

Transport for London

Minutes of the Finance Committee

Conference Rooms 1 and 2, Ground Floor, Palestra, 197 Blackfriars Road, London, SE1 8NJ 11.30am, Friday 22 December 2023

Committee Members
Anne McMeel (Chair)
Anurag Gupta (Vice-Chair)
Professor Greg Clark CBE
Seb Dance (via Teams)
Dr Nina Skorupska CBE (via Teams)

Board Members
Dr Nelson Ogunshakin OBE (via Teams)
Mark Phillips (via Teams)
Marie Pye

Government Observer
David Coles (via Teams)

Executive Committee

Andy Lord	Commissioner
Andrea Clarke	Interim General Counsel
Stuart Harvey	Chief Capital Officer
Lilli Matson	Chief Safety, Health and Environment Officer
Rachel McLean	Chief Finance Officer
Alex Williams	Chief Customer and Strategy Officer

Staff

Justine Curry	Interim Director of Legal
Patrick Doig	Group Finance Director and statutory Chief Finance Officer
Jackie Gavigan	Secretariat Manager
Shamus Kenny	Head of Secretariat
Pritesh Patel	Head of Financial Planning and Analysis

66/12/23 Apologies for Absence and Chair's Announcements

There were no apologies for absence from Committee Members. Seb Dance and Dr Nina Skorupska CBE attended the meeting via Teams and were able to participate in discussions but did not count towards the quorum. The meeting was quorate.

An apology for absence had been received from John Hall, Government Special Representative. David Coles, Government Observer, was attending in his place.

All Members of the Board were invited to attend the meeting. Given the short notice, Heidi Alexander, Bronwen Handyside, Dr Mee Ling Ng OBE and Dr Lynn Sloman OBE had informed us that they were not able to attend.

The Chair welcomed everyone to the meeting. The meeting was broadcast live to TfL's YouTube channel, 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.

The Chair had agreed to the meeting being called with fewer than five clear days' public notice and to the acceptance of late papers, in accordance with Standing Orders 31 and 33 and Section 100B(4)(b) of the Local Government Act 1972. The meeting was called as a matter of urgency on 18 December 2023, following confirmation of TfL's capital funding settlement from the Government earlier that day. The meeting would consider the 2024 revised draft TfL Business Plan, which had to be amended from the version considered by the Board on 13 December 2023, to reflect the funding agreement. As the approval of the Business Plan was delegated by the Board to the Committee to determine, all Board Members were invited to attend. Despite the short notice, the Chair was grateful for those who were able to join the meeting.

As indicated in the original notice issued on 18 December 2023, the Chair subsequently agreed that the Piccadilly Line Upgrade - Stage 1 Progress Update item should also be considered at this meeting. The discussions with Siemens Mobility Limited were ongoing when the original notice was published. With the agreement of the Chair of the Programmes and Investment Committee, the item had been included on the agenda for this Committee as it related to the Business Plan and allowed the decision to be made in public, rather than by Chair's Action. The Chair reordered the agenda to take agenda item 4 (Piccadilly Line Upgrade – Stage 1 Progress Update) immediately before agenda item 3 (2024 TfL Business Plan). The minutes reflect the amended meeting order.

The Chair reminded those present that safety was paramount at TfL and encouraged Members to raise any safety issues during discussions on a relevant item or with the appropriate member of the Executive Committee after the meeting.

67/12/23 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.

68/12/23 Piccadilly Line Upgrade – Stage 1 Progress Update

Stuart Harvey introduced the item, which provided a follow up to the annual updates provided to the Programmes and Investment Committee on 19 October 2022 and 5 October 2023 that set out the challenges across the rolling stock, depot and infrastructure projects which made up the Piccadilly Line Upgrade (PLU) Programme. It sought endorsement of matters that were key to the overall delivery of the PLU Programme but for which additional Authorities were not required currently.

TfL had experienced severe financial pressure following the impact of the coronavirus pandemic. The lockdown restrictions and supply chain disruption had impacted on the planned delivery works of the PLU – Stage 1 supporting the introduction of the new trains. This in turn had put pressure on the train delivery dates from Siemens Mobility Limited.

Despite these challenges, the first train arriving in London for testing remained on schedule for mid-2024, with introduction into service in 2025. Siemens Mobility Limited had requested settlement of a Compensation Event under the terms of the contract. The proposed extended rolling stock manufacturing and testing programme would provide value for money compared to alternative options, such as the significant storage of trains.

The Committee noted that there was an error in paragraph 4.1 of the public paper, which should read that this would also preserve the intended introduction of the service frequency increase to 27 trains per hour by May 2027, not May 2028.

This approach would also benefit TfL's revised 2024 draft Business Plan and the overarching Capital Programme by significantly rephasing the PLU cash profile, as the Government capital funding settlement announced on 18 December 2023 was £250m less than assumed in the draft Plan.

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

(a) endorsed proceeding with finalising a Compensation Event; and

(b) endorsed the proposal to reprofile payments,

both under the Manufacture and Supply Agreement for the Deep Tube Upgrade Programme with Siemens Mobility Limited as detailed in the related paper on Part 2 of the agenda.

69/12/23 2024 TfL Business Plan

Andy Lord, Rachel McLean and Patrick Doig introduced the item.

The Board had considered the draft 2024 TfL Business Plan on 13 December 2023, which assumed £500m of Government capital funding in 2024/25. As discussions with the Government on a capital funding settlement were ongoing, the Board had delegated authority to approve the Business Plan to the Committee. A capital funding settlement of £250m was confirmed on 18 December 2023.

TfL was grateful for the £250m funding from Government for 2024/25 year but intense work had been undertaken to mitigate the £250m shortfall and present a Business Plan that enabled TfL to deliver its full investment programme and to prepare a balanced budget for consideration by the Board in March 2024. The revised Business Plan retained the assumptions for Government funding to continue for 2025/26 and 2026/27 at previously planned levels, based on the recognition of the need for future capital funding in the funding agreement and that the mitigation was only deferring elements of expenditure.

The compensation event and cash profiling with Siemens Mobility Limited for the Piccadilly Line Upgrade – Stage 1 was a key mitigation to the impact of the capital funding agreement. TfL had increased confidence in its operating surplus this financial year as several risks that were one-off in nature had been mitigated, although the latest inflation forecasts anticipated that it would stay higher for longer, which would create a recurring cost pressure.

There were some minor changes to the rest of the capital programme, the cash-flow benefit of the funding allowed renewals to be maintained but some reductions in capital expenditure would be needed in 2026/27. The remainder of the impact was offset by less borrowing in the short-term but more borrowing in 2026/27, which TfL would work hard to minimise by continuing to make the case for Government funding, working on its operating surplus and maximising the efficiency of its capital programme.

The Government recognised the need to provide ongoing investment for major capital projects for TfL, which was no different to other transport operators. Most of the £250m grant would be received this year and committed TfL to deliver its current programme of planned capital works and enabled it to apply for other eligible funding streams in the future. TfL would need to demonstrate that it had achieved financial sustainability at the operating level at the end of the financial year, and to present a plan for how it would maintain and improve on that going forward.

TfL was appreciative of the contribution and helpful engagement with Government. Capital funding was still required in the longer-term and those discussions would continue with Government as part of the Spending Review, and TfL would continue to make the positive case that investment in London's transport unlocked growth, not only in London but across the UK.

The Committee also noted the need to change the TfL Scorecard target for capital expenditure, due to the Department for Transport's inflation funding outcome for 2023/24, to align to the 2024 TfL Business Plan.

The Committee noted the paper and:

(a) approved the revised draft 2024 TfL Business Plan attached at Appendix 1 to the paper;

(b) authorised the Chief Finance Officer to make any minor presentational amendments to the 2024 TfL Business Plan, before it was published as the final version on the TfL website; and

(c) approved the change to the TfL Scorecard target for capital expenditure, required as a result of the Department for Transport inflation funding outcome for 2023/24, to align to the 2024 TfL Business Plan.

70/12/23 Any Other Business the Chair Considers Urgent

There was no other urgent business to discuss.

71/12/23 Date of Next Meeting

The next scheduled meeting of the Committee was due to be held on Wednesday 6 March 2024 at 10.00am.

72/12/23 Exclusion of the Press and Public

The Committee agreed 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), when it considered the exempt information in relation to the item on the Piccadilly Line Upgrade – Stage 1 Progress Update.

The meeting closed at 12.36pm.

Chair: ___________________________________

Date: ____________________________________

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Finance Committee

Date: **13 March 2024**

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: Andrea Clarke, Interim General Counsel
Email: AndreaClarke@tfl.gov.uk

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Appendix 1

Finance Committee Actions List (to be reported to the meeting on 13 March 2024)

Actions from the meeting held on 22 November 2023

Minute No.	Item/Description	Action By	Target Date	Status/Note
58/11/23	**Finance Report – Period 7, 2023/24 – Approach to Investing** The revised Treasury Management Strategy and Policy would be brought to the March 2024 Committee meeting for approval and further information on the background to the current approach would be circulated to the Committee.	Joanna Hawkes	March 2024	**Completed.** An update is provided as part of the revised Treasury Activities, Policies and Strategy paper on the agenda for this meeting.
59/11/23	**TfL Energy Purchasing: Crown Commercial Service – Energy Purchasing Strategy** A revised Energy Purchasing Strategy for the future that went beyond the current procurement would be brought to a future meeting of the Committee.	Lilli Matson	June 2024	On the forward plan for the meeting of the Committee in June 2024.
61/11/23 (1)	**Forthcoming Key Procurement Activities – Procurement Act 2023** An update paper on the implementation of the new Procurement Act 2023 would be brought to a future meeting of the Committee.	Rachel McLean	June 2024	On the forward plan for the meeting of the Committee in June 2024.
61/11/23 (2)	**Forthcoming Key Procurement Activities – Breakdown of Procurement Activity Spend** On the extent to which the pipeline covered all procurement activities, the paper covered those valued at £100m or more and the activity below that value was dependent on the category spend. Statistics on the breakdown of the entirety of the spend would be provided to the	Luke Jarvis	March 2024	**Completed.** The information was circulated to Members on 5 March 2024 and updates will be provided to the Committee as appropriate.

Minute No.	Item/Description	Action By	Target Date	Status/Note
	Committee.			
61/11/23 (4)	**Forthcoming Key Procurement Activities – Briefing on Procurement and Commercial Improvement Programme** An informal briefing on the Procurement and Commercial Improvement Programme would be provided to Committee Members, subject to the timing of the work already underway on the emerging vision for the Procurement and Commercial function.	Rachel McLean/ Secretariat	Late April / Early May 2024	Internal updates on this work are expected to conclude during the first half of April 2024, with external briefings to be arranged towards the end of April or early in May 2024.
61/11/23 (5)	**Forthcoming Key Procurement Activities – Briefing on Green Initiatives** An informal briefing would be held in future on Green Initiatives – Budget and Income Generation.	Rachel McLean/ Lilli Matson/ Secretariat	February 2024	**Completed.** A briefing was held after the Safety, Sustainability and Human Resources Panel meeting on 21 February 2024, which all Board Members were invited to attend.
62/11/23	**Members' Suggestions for Future Discussion Items – Victoria Coach Station** On the additional item on Victoria Coach Station that was listed on the forward plan as to be scheduled, clarification would be sought on whether it was initially an item for the Land and Property Committee and when it would be scheduled.	Secretariat	March 2024	**Completed.** The item has been removed from the forward plan as it is no longer required as an additional item to be scheduled.

Actions from previous meetings

Minute No.	Item/Description	Action By	Target Date	Status/Note
42/10/23 (1)	**Finance Report – Period 5, 2023/24 – Transport Investment and Economic Growth** To help demonstrate and draw a direct link between ridership across the network and economic value to London and the country as a whole, other information would be consolidated such as case studies on the impacts on tourism, the West End of London, employment and the additional bus services, in order to articulate the benefits of investing in transport services.	Rachel McLean	December 2023	**Completed.** This information was included in the Draft TfL 2024 Business Plan Update to the Board meeting on 13 December 2023.
44/10/23 (1)	**Treasury Activities – Treasury Management Policy** It was anticipated that TfL's Treasury Management Policy would be revised in future due to increased investment with the Greater London Authority. Consideration would be given to whether some constraints could be relaxed to take advantage of investment options that were available now that cash was yielding more benefits than previously.	Joanna Hawkes	March 2024	**Completed.** This information was considered as part of the revised Treasury Activities, Policies and Strategy paper on the agenda for this meeting.
44/10/23 (2)	**Treasury Activities – Commercial Paper Borrowing** Following a separate discussion with Anurag Gupta on the potential risks of borrowing commercial paper in other currencies, a briefing note on the outcome would be circulated to the Committee.	Joanna Hawkes	March 2024	**Completed.** An update was sent to Anurag Gupta on 4 December 2023 and no further action is required. The information on the outcome was circulated to Members on 5 March 2024.

Minute No.	Item/Description	Action By	Target Date	Status/Note
45/10/23	**Roadside Advertising Assets Disposal – Additional Information** Members asked that additional information be included in the paper when it came back to the Committee for approval in relation to: the proportion of the wider portfolio of roadside advertising that the sites represented; the percentage revenue from the overall roadside advertising activity and any consequences for the remaining activity; if there were any alternative uses for the land; and assurance that the most competitive and best value offer had been generated.	Stephen Dadswell	April 2024	Rachel McLean will provide a brief update at this meeting.
21/06/23	**Matters Arising and Actions List – Taxi Trade and Kerbside Review Timescale** In relation to action 09/03/23(2) on a review of the place of the taxi trade within London's transport network, Howard Carter confirmed that there had been representations from the trade for a review. A kerbside review would be carried out first to look at issues on the effective use of space on the TfL road network, which would then be evaluated for any future review on London's road space more generally. The timescale for the kerbside review would be circulated to the Committee.	Alex Williams/ Glynn Barton	July 2024	We are continuing to refine the draft kerbside framework informed by the pilots to ensure it works from a strategic and operational perspective. We will be applying the framework to reviewing kerbside allocation on a trial corridor on the TfL road network before carrying out a wider review of the network. We will undertake a refresh of the taxi and private hire action plan and will be engaging with taxi and private hire stakeholders this spring. The refresh will consider a range of different themes including interaction at the kerbside. See action 09/03/23(2) below.

Minute No.	Item/Description	Action By	Target Date	Status/Note
25/06/23	**Procurement and Commercial Improvement Programme – Cost Management Update** An update would be submitted to the meeting of the Committee in March 2024, once the standardisation work was completed at the end of 2023 and there was more clarity on next steps, particularly around the options for a future IT systems solution such as SAP Ariba.	Rachel McLean/ Luke Jarvis	June 2024	On the forward plan for the meeting of the Committee in June 2024.
08/03/23	**Investment Management Strategy 2023/24 – Non-Financial Assets** Approval of the strategy would be sought by the Land and Property Committee in future and would be brought to the Finance Committee for noting, which had not been possible this year due to timing issues.	Joanna Hawkes/ Digby Nicklin	March 2024	**Completed.** Approval of the strategy by the Finance Committee is in accordance with the Committee's terms of reference and delegation from the Board. A paper is on the agenda for this meeting.
09/03/23 (2)	**Taxi Fares and Tariffs Update – Future of London's Licensed Taxi Trade** On the future of London's licensed taxi trade, given the ageing demographic profile and reducing numbers of taxi drivers, officers would review when and where would be the right forum to discuss this and take it forward, potentially at an informal briefing specifically looking at the demographics issue and the further adoption of new technology.	Alex Williams/ Glynn Barton	Ongoing	We agree that there is a case for a review of the place the taxi trade has within London's transport network. See action 21/06/23 above.
58/11/22	**TfL Power Purchase Agreements – Energy Prices and Purchasing** 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	Lilli Matson	June 2024	On the forward plan for the meeting of the Committee in June 2024.

Minute No.	Item/Description	Action By	Target Date	Status/Note
	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.			

Finance Committee

TRANSPORT FOR LONDON
EVERY JOURNEY MATTERS

Date: **13 March 2024**

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 report to the meeting of the Committee on 22 November 2023, there has been:

(a) one use of specific authority delegated by the Board in relation to approval of the 2024 TfL Business Plan;

(b) one use of Chair's Action in relation to the capital funding agreement with the Department for Transport (DfT);

(c) five grants of Procurement Authority in relation to: FM Mechanical and Electrical Maintenance (Rail) contracts; Through the Line Strategic Thinking contract; Collaborative Print Management contract: London Cable Car Operations and Maintenance Contract Re-procurement; and Vehicle licensing, inspection services and an end-to-end information technology system contract;

(d) one grant of unbudgeted Financial Authority in relation to urgent maintenance resources for Central line recovery and unbudgeted Financial Authority granted in relation to bus operating contracts; and

(e) one Mayoral Direction to TfL in relation to the March 2024 Fare Change (MD3221). The changes included freezing TfL-regulated fares set by the Mayor, which would be funded by increasing TfL's retained business rates income.

1.3 Similar papers are submitted to the Land and Property Committee and the Programmes and Investment Committee in respect of the use of Chair's Action, Authorities granted by the Commissioner and the Chief Finance Officer and any relevant Mayoral Directions that fall within the remit of those Committees.

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 one use of authority delegated by the Board.

2024 TfL Business Plan

3.2 On 13 December 2023, the Board considered the draft 2024 TfL Business Plan, which assumed a Government capital funding settlement of £500m. As discussions with Government were ongoing, the Board delegated authority to the Committee to approve the Business Plan when the capital funding settlement was known.

3.3 The Government's capital funding settlement of £250m was announced on 18 December 2023. Following this, on the same day, public notice of a meeting of the Committee on 22 December 2023 was given and all Members of the Board were invited to attend. Significant work was undertaken to review the draft Business Plan to take account of the funding shortfall.

3.4 The 2024 TfL Business Plan was approved at the meeting of the Committee on 22 December 2023.

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 has been one use of Chair's Action since the last report.

4.3 On 14 December 2023, Members were informed that TfL was on track to be operationally financially sustainable, with 2023/24 being the first year TfL will generate an operating surplus without Government support.

4.4 By growing its operating surplus, TfL can fund around three quarters of its capital investment programme for 2024/25 but it still needs Government funding so that projects critical to the city – like the new fleet of Piccadilly line trains, more than half of which are being built in Goole in Yorkshire – can be delivered.

4.5 At the meeting of the Board on 13 December 2023, Members were informed that discussions with Government on a capital funding settlement for 2024/25 were ongoing. On 14 December 2023, a paper was issued to Members advising them that the discussions had concluded, that a settlement of £250m was proposed and the related conditions. All Members were invited to attend a briefing on 15 December 2023 to discuss the proposals.

4.6 On 15 December 2023, following the consultation with available Members, the Chair of the Committee noted the paper and the exempt information and, subject to receipt of a signed letter from the Secretary of State in the terms described in the paper and exempt appendix, accepted the capital funding settlement of £250m with the DfT on those terms. The letter from the Secretary of State was subsequently received and the settlement was announced on 18 December 2023.

4.7 The use of Chair's Action was considered appropriate as a decision was needed urgently to ensure certainty over TfL's capital finances and ahead of the approval of the 2024 TfL Business Plan. The public paper relating to this request has been published on tfl.gov.uk.

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 Places for London 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 164.

5.5 Since the last report, the following uses of delegated authority within the remit of the Committee have been approved:

Procurement Authority

5.6 **FM Mechanical and Electrical Maintenance (Rail):** The Commissioner granted Procurement Authority for the award of two contracts for the supply of maintenance services across London Underground covering Mechanical assets (£74,993,387) and Electrical assets (£70,793,333).

5.7 **Through the Line Strategic Thinking:** The Commissioner approved Procurement Authority of £14,179,093 (cumulative £31,779,093) for continued services from VCCP for Strategic, Creative and Production Services to the end of June 2025.

5.8 **Collaborative Print Management:** The Commissioner approved Procurement Authority of £7,017,036 cumulative (£26,548,582) for TfL and the Greater London Authority (GLA) Group for a six-month direct award to Corporate Document Services Limited for Collaborative Print Management services.

5.9 **London Cable Car Operations and Maintenance Contract Re-procurement:** The Commissioner approved Procurement Authority for the award of the contract. Details of the value and the successful bidder will be released once the procurement process has been completed.

5.10 **Vehicle licensing, inspection services and an end-to-end information technology system contract:** The Commissioner approved Procurement Authority of £4,076,629 (cumulative £91,116,229) for the extension of the vehicle licensing, inspection services and an end-to-end information technology system contract (RAM) to Taxi and Private Hire.

Unbudgeted Financial Authority

5.11 **Urgent Resource for Central Line Recovery:** The Chief Finance Officer approved Financial Authority of £2,100,000 to recruit maintenance staff for the Central line fleet to address ongoing operational performance issues.

5.12 **Bus Contracts:** There has been a peak in tender prices for bus operating contracts, which were not anticipated when the 2023/24 Budget was set, largely driven by inflation and market conditions. Consequently, a number of bus operating contracts have required unbudgeted Financial Authority, which has been approved by the Chief Finance Officer. The total value of the unbudgeted Financial Authority is £43.7m per annum. This is an annualised figure, and the actual impact on the 2023/24 Budget was lower at £3.8m.

5.13 Appropriate adjustments have been made to the 2024/25 TfL Budget, elsewhere on the agenda for this meeting, to accommodate these issues in the next financial year.

6 Mayoral Directions to TfL

6.1 The Greater London Authority 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. 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 has been one Direction issued to TfL since the last report. The March 2024 fare change was verbally reported to the meeting of the Board on 7 February.

March 2024 fare change (MD3221, 19 January 2024)

On 18 January 2024, the Mayor approved and directed TfL to implement revisions to TfL fares, including the freezing of TfL-regulated fares set by the Mayor, to be implemented on 3 March 2024.

The Mayor also agreed to fully fund TfL's £123m fares revenue shortfall as compared to its 2024 Business Plan assumptions by increasing TfL's retained business rates income for 2024/25. This additional business rates allocation to TfL would recur and compound in future years of the Business Plan.

List of appendices to this report:
None

List of Background Papers:

Minutes from previous meetings of the Committee.
Chair's Action Paper on Capital Funding Settlement, issued on 14 December 2023.
Greater London Authority Decision Making Database.

Contact Officer: Andrea Clarke, Interim General Counsel
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Finance Committee

Date: **13 March 2024**

Item: **Finance Report – Period 11, 2023/24**

This paper will be considered in public

1 Summary

1.1 The Finance Report presentation sets out TfL's financial results to the end of Period 11, 2023/24 - the year-to-date ending 3 February 2024.

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. Any discussion of that exempt information must take place after the press and public have been excluded from this meeting.

2 Recommendation

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

3 Financial Reporting to the Committee

Finance Report – Period 11, 2023/24

3.1 The Finance Report presentation at Appendix 1 provides a summary of year-to-date financial performance against the Budget approved by the Board on 29 March 2023.

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

Contact Officer: Rachel McLean, Chief Finance Officer
Email: RachelMclean@tfl.gov.uk

Finance Report

Period 11, 2023/24

Management results from 1 April 2023 – 3 February 2024

TfL Finance Committee

13 March 2024

We are on track to deliver an operating surplus in 2023/24

Our 2023 TfL Business Plan set out our strategy for rebuilding our finances, improving efficiency and helping to secure our future. The 2023/24 Budget built on this, demonstrating how we will become operationally financially sustainable this year. We have successfully delivered that strategy so far this year:

Actively grow passenger demand, while creating new sources of revenue to reduce our reliance on fares income

- Cumulative journey growth of almost 7% in the year to date. We are targeting 6% year-on-year journey growth over the full year, on top of the 31% increase in 2022/23
- Passenger journeys are relatively steady at 90% of pre-pandemic levels, up from 85% at the end of 2022/23
- Total revenue is within 0.4% of our budget

Continue to deliver recurring cost savings to remain affordable for customers and taxpayers

- Operating costs 2% lower than Budget, mainly from contingency – held to mitigate risks on operating income which we have now retired
- Like-for-like operating costs falling in real terms: 6% higher than last year despite year-on-year inflation of 8%

Create and grow an operating surplus based on our own sources of income

- Our operating surplus is £145m, £67m up on Budget in the year to date
- Some small risks remain – on operating income and savings delivery – but we expect to manage these. We have retired the majority of our central contingency
- Remain on track to deliver an operating surplus in 2023/24.

Fully fund our capital programme with a long-term Government settlement and an affordable level of debt

- Capital renewals within 1% of budget – the full year outturn is expected to be around £750m, with some acceleration of works in this year.
- With no inflation support provided by Government, capital enhancements expenditure has had to slip – we expect to end the year between £80m-£90m lower than Budget
- In December 2023, the DfT confirmed a capital settlement of £250m for 2024/25. The 2024 Business Plan was revised to mitigate the £250m shortfall to our original assumption.

Maintain cash reserves to make payments and protect against shocks

- Cash balances are £1.2bn, within Budget and as required in the August 2022 funding settlement
- We are forecasting to end the year at around £1.3bn of cash, as allowed in the August 2022 funding settlement
- The GLA financing facility of £500m has been maintained (until 31 March 2024) for additional protection against shocks and risks.

Headlines

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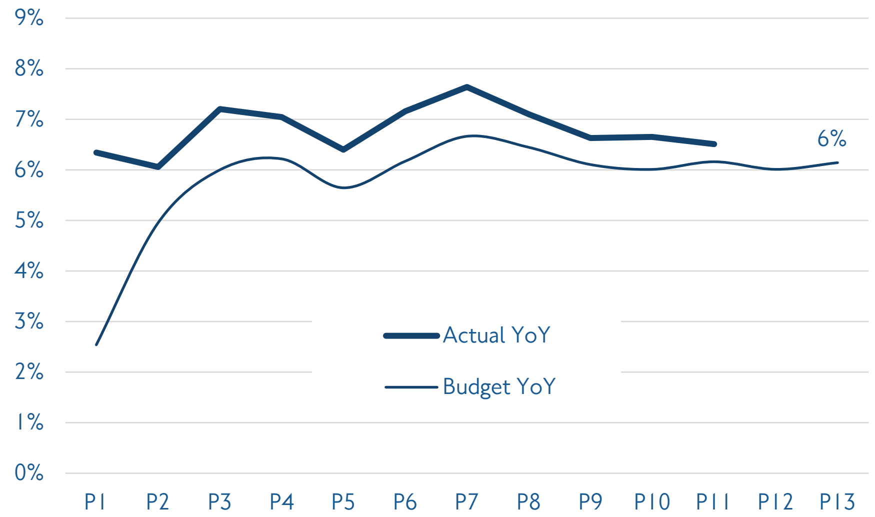
Total passenger journeys up almost 7% year-on-year to Period 10, 90% of pre-pandemic levels. Targeting 6% year on year growth over the full year



Passenger income higher than pre-pandemic levels in cash terms, from combination of journey recovery and Elizabeth line services

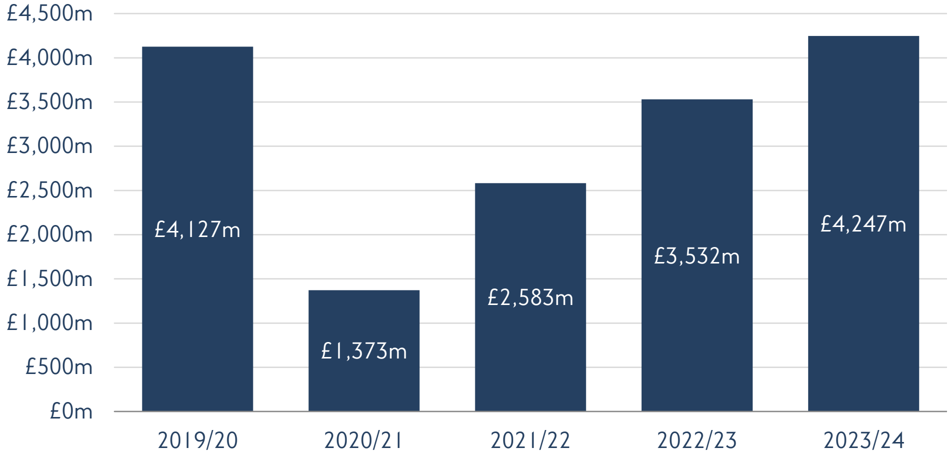
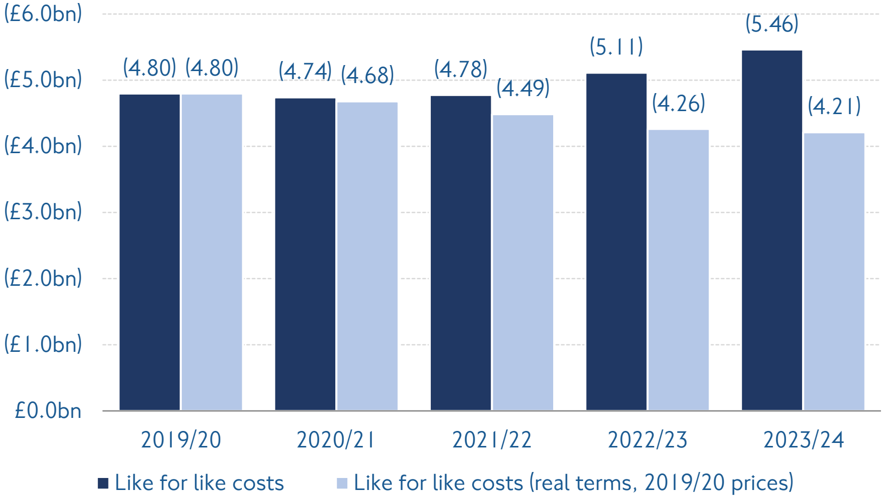
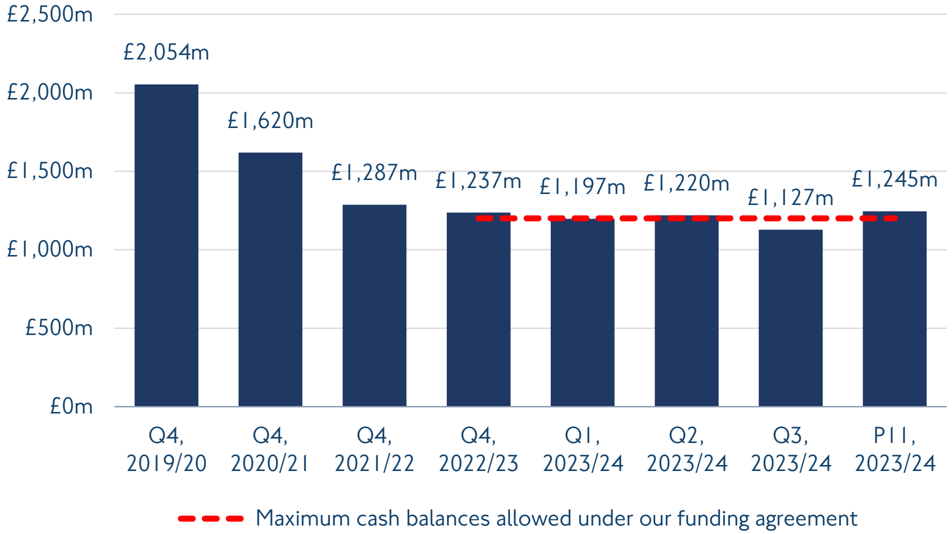


Chart shows results to end of Period 11 for each year

Like-for-like operating costs 6.4% higher than last year, but down in real terms as inflation at 8.1%



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



Passenger journeys

In 2023/24 we have budgeted 6% underlying year on year growth in demand. Journeys to date are positive, with cumulative growth of over 6%.

TfL passenger journeys are almost 10 million better than Budget. LU and Rail journeys continue to perform strongly in the year to date, offsetting slower growth on buses, where we have seen lower demand from passengers with concessionary tickets.

LU and DLR journeys are higher than expected as the assumed impact of Elizabeth line new services to these modes is less than expected.

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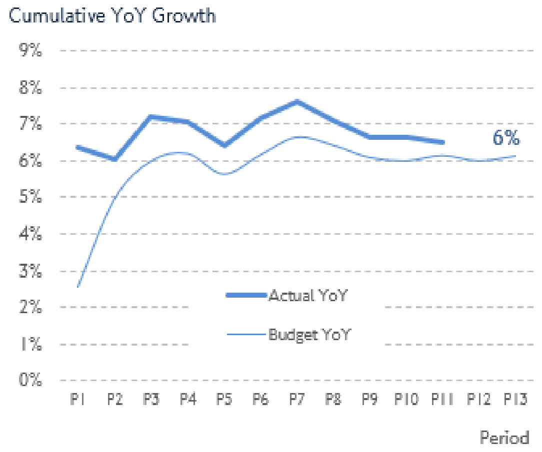
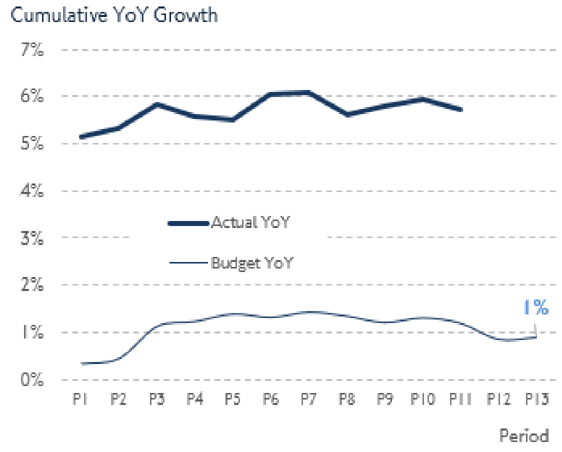
Passenger journeys year-on-year growth and comparison to Budget

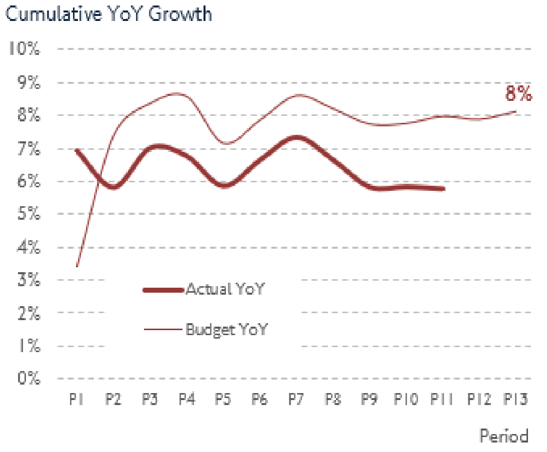
TfL	% Growth period / budget			Absolute m	Var to Bud m
	5.1%	7.7%	P	271	(6.7)
			Y	2,993	9.7



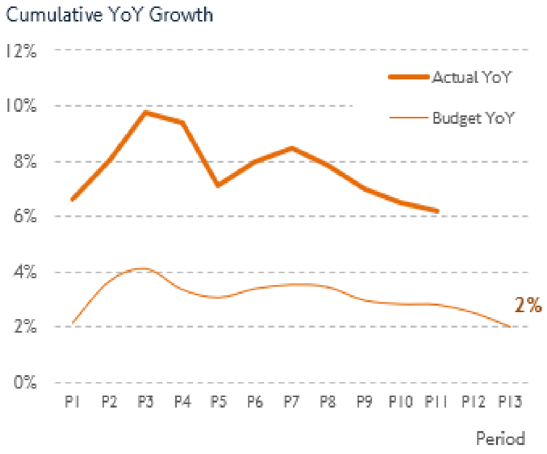
LU	% Growth period / budget			Absolute m	Var to Bud m
	4%	0%	P	89	3.1
			Y	995	42.6



Bus	% Growth period / budget			Absolute m	Var to Bud m
	5%	10%	P	143	(6.8)
			Y	1,569	(32.7)



Rail	% Growth period / budget			Absolute m	Var to Bud m
	3%	3%	P	23	0.0
			Y	254	8.0

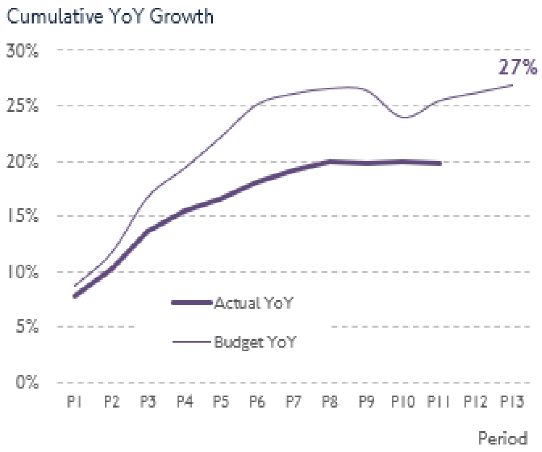


LO	% Growth period / budget			Absolute m	Var to Bud m
	5%	5%	P	13	(0.1)
			Y	153	4.6

DLR	% Growth period / budget			Absolute m	Var to Bud m
	-1%	-6%	P	7	0.3
			Y	84	5.8

Tram	% Growth period / budget			Absolute m	Var to Bud m
	3%	19%	P	2	(0.2)
			Y	17	(2.4)

EL	% Growth period / budget			Absolute m	Var to Bud m
	18%	40%	P	16	(3.0)
			Y	176	(8.2)



EL journeys are estimates and are subject to revision

Income statement

Total revenue is broadly line with Budget. Passenger income is £67m higher, which is offset by lower revenue top up from Government.

Operating costs are £101m lower than Budget. We are seeing some cost pressures within Operations, higher ULEZ scrappage payments with the scheme expanded from £110m to £160m, which was confirmed after the Budget was approved (offset by grant shown in other revenue grants). These cost pressures have been offset by performance savings, one offs, as well as central contingency – held to mitigate uncertainty on other operating income – which has now been retired.

Capital renewals are £5m higher than Budget. We expect delivery to be higher than Budget this year.

Income statement (£m)

	Year to date, 2023/24				Year to date, 2022/23		
£m	Actuals	Budget	Variance to Budget		Last year	Variance to last year	
Underlying passenger income	4,247	4,181	67	2%	3,532	716	20%
DfT revenue top up	162	242	(80)	-33%	157	5	3%
Passenger income	**4,409**	**4,422**	**(13)**	0%	**3,689**	**721**	20%
Other operating income	1,298	1,385	(86)	-6%	1,298	1	0%
Business Rates Retention	1,619	1,619	0	0%	1,593	26	2%
Other revenue grants	308	240	68	28%	732	(424)	-58%
Revenue	**7,634**	**7,666**	**(32)**	0%	**7,311**	**323**	4%
Operating cost	(6,516)	(6,616)	101	2%	(5,919)	(597)	-10%
Operating surplus before interest and renewals	1,119	1,050	69	7%	1,393	(274)	-20%
Capital renewals	(626)	(621)	(5)	-1%	(472)	(154)	-33%
Net interest costs	(348)	(351)	3	1%	(362)	14	4%
Operating surplus / (deficit)	145	78	67	104%	559	(414)	-661%

Income statement includes Places for London

The underlying surplus is £146m, £68m better than Budget

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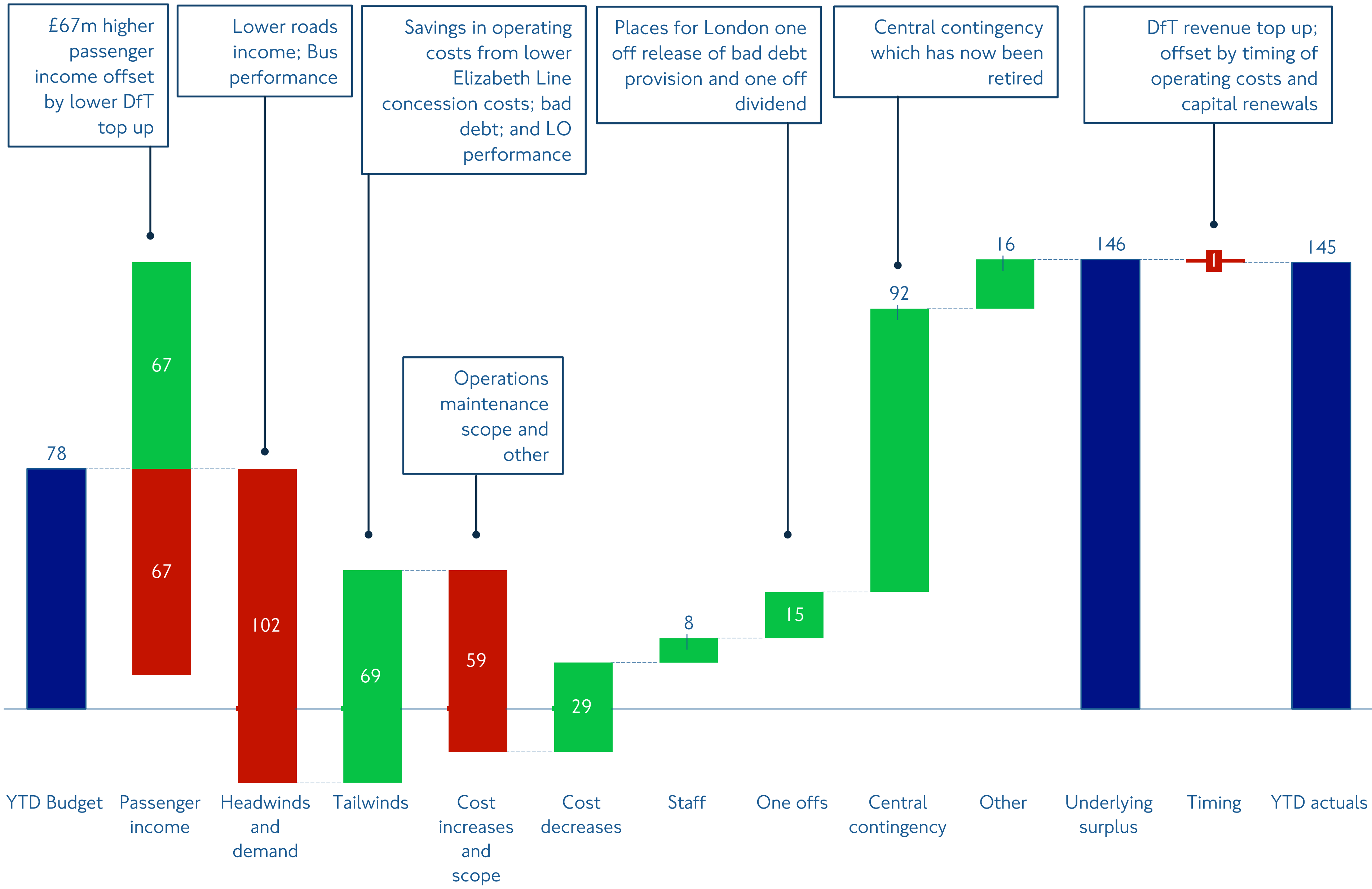
Income statement variances by cause (£m)



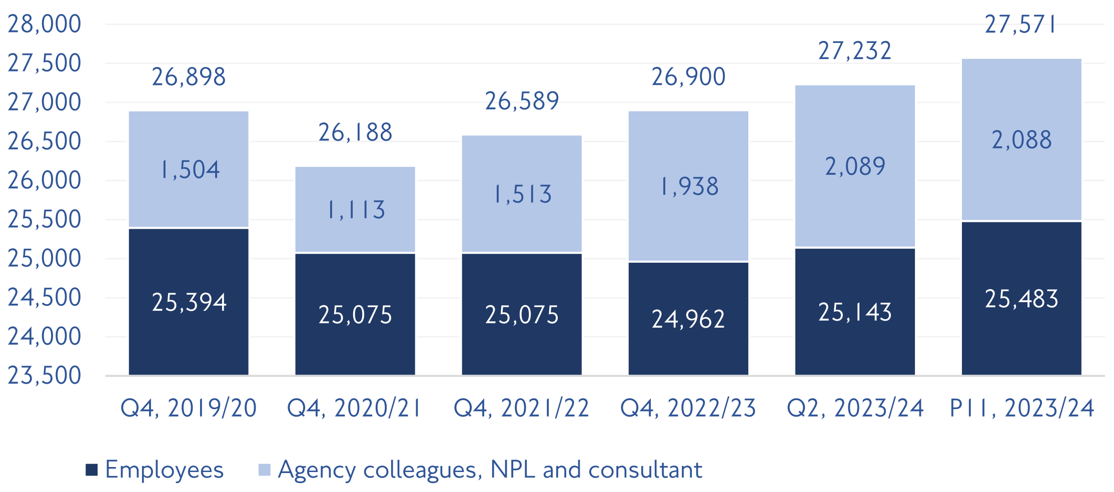
Colleagues

The increase in headcount reflects the ramp up of our capital programme and new services introduced in the last three years, including the Elizabeth line, Northern Line Extension and Barking Riverside extension.

Permanent employee numbers are broadly in line with pre-pandemic levels, and up on last year, driven by recruitment of graduates and apprenticeship trainees.

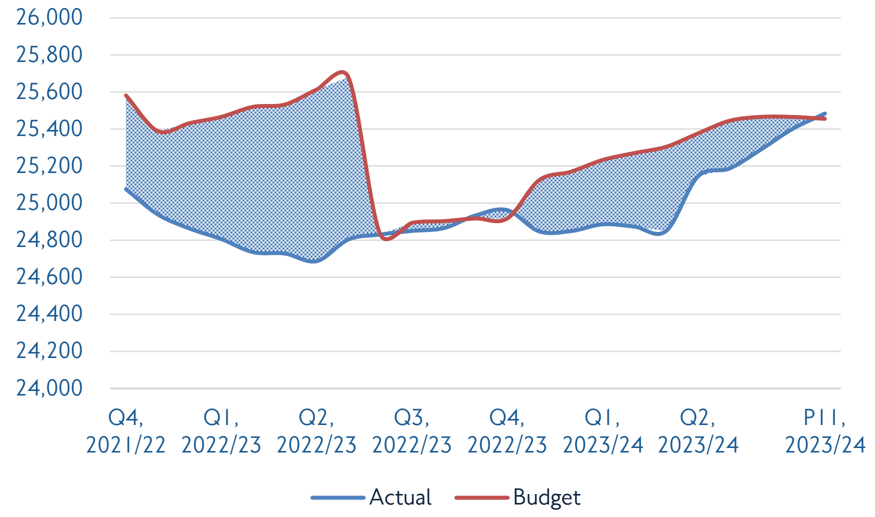
Agency and NPL colleagues have increased by almost 600 since the end of 2019/20, but remain significantly lower than 2015/16 levels. NPL offers flexibility, particularly through time of change and temporary peaks in demand.

Headcount trends since 2019/20



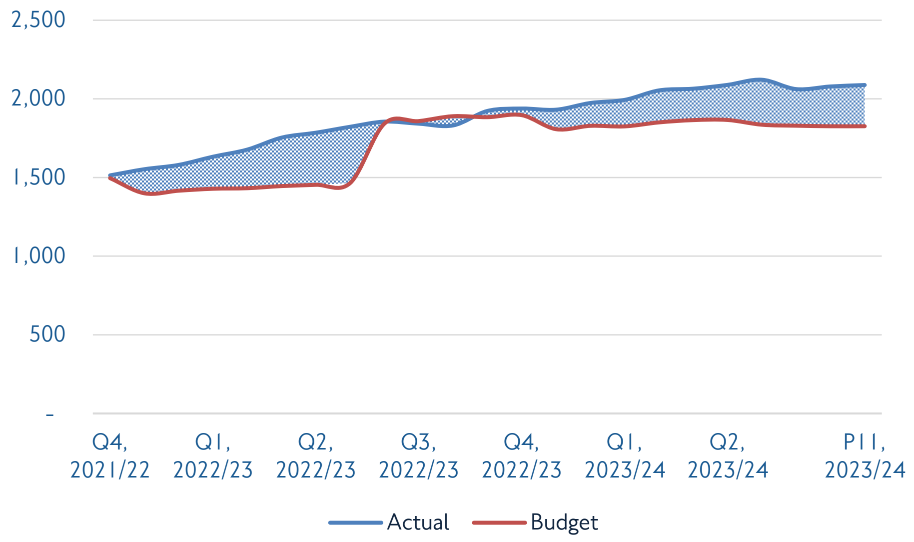
Permanent colleagues (FTE): actuals and Budget

Permanent employees up by over 500 since the end of 2022/23, mostly driven by the recruitment of graduate and apprenticeship trainees. Staff levels are slightly above Budget in P11, for the first time this year.



Agency and NPL colleagues (FTE): actuals and Budget

Agency and NPL FTE up by 150 since the end of 2022/23, and are slightly higher than Budget in P11. This is driven by labour market challenges.



Capital renewals

Capital renewals are £5m (1%) higher than Budget in the year to date and a third higher than last year. We have proactively managed the allocation of our available funding across our programmes to maximise delivery.

Renewals delivery has been strong during 2023/24, with some early underspend caught up over the last quarter. This run rate is expected to continue and our current trajectory is to deliver at least £750m for the full year as set out in our 2024 Business Plan.

This will be slightly higher than the original budget of £745m, with the early receipt of Government capital funding for 2024/25 supporting the accelerated delivery of our programme.

	Year to date, 2023/24				Year to date, 2022/23		
£m	Actuals	Budget	Variance to Budget		Last year	Variance to last year	
Major Projects	**(5)**	**(4)**	**(1)**	**-31%**	**(3)**	**(2)**	**-73%**
Four Lines Modernisation	(4)	(4)	(1)	-19%	(3)	(2)	(1)
Silvertown Tunnel	(0)	0	(0)	0%	0	(0)	0%
Programmes	**(621)**	**(617)**	**(4)**	**-1%**	**(469)**	**(152)**	**-32%**
Safe & Healthy Streets	(0)	(1)	1	100%	0	(0)	101%
Streets, Bus & RSS Renewals	(135)	(143)	9	6%	(119)	(15)	-13%
Environment	(15)	(20)	5	23%	(10)	(5)	-55%
Rail & Station Enhancements	(2)	(7)	5	67%	(6)	4	63%
LU Renewals	(342)	(308)	(34)	-11%	(247)	(95)	-39%
Technology	(112)	(127)	15	12%	(83)	(29)	-35%
Estates Directorate	(12)	(8)	(3)	-41%	(1)	(11)	-1563%
Elizabeth Line	0	0	0	0%	(1)	1	100%
Other (TPH, City Planning, Group etc)	(4)	(3)	(1)	-44%	(4)	0	0%
Total	**(626)**	**(621)**	**(5)**	**-1%**	**(472)**	**(154)**	**-33%**

Capital enhancements

Enhancements spend is £88m lower than Budget, driven by:

- DLR RS: £30m underspend driven by rephasing delivery of the Maintenance Facility Building to align with contractor's latest programme.
- Piccadilly Line Upgrade: YTD £10m lower than Budget, mainly due to contract costs being slipped to future years as a result of the recent acceptance of the contractor's programme in HV Package A.
- Environment: YTD £28m underspend largely in the LW-ULEZ programme driven by timing of cameras delivery, and accounting for mobile camera response costs as operating costs.
- Technology: YTD £43m slippage largely driven by change in delivery approach of Telecoms Commercialisation Project 2 (simultaneous delivery of 4G and 5G): a third party funded project.

We are expecting to end the year between £80m to £90m lower than Budget, following the Government's decision not to provide additional inflation support for 2023/24.

	Year to date, 2023/24				Year to date, 2022/23		
£m	Actuals	Budget	Variance to Budget		Last year	Variance to last year	
Major Rolling Stock and Signalling	**(623)**	**(657)**	**35**	**5%**	**(382)**	**(241)**	**-63%**
Four Lines Modernisation	(87)	(82)	(6)	-7%	(96)	9	10%
DLR Rolling Stock Replacement	(184)	(214)	30	14%	(94)	(90)	-96%
Piccadilly Line Upgrade	(349)	(359)	10	3%	(190)	(159)	-84%
Bakerloo Line Trains	0	0	0	0%	0	0	0%
Trams - project	(2)	(3)	1	28%	(1)	(1)	-105%
Other Enhancements	**(284)**	**(337)**	**54**	**16%**	**(238)**	**(46)**	**-19%**
Silvertown Tunnel	(12)	(12)	1	5%	(16)	4	25%
Northern Line Extension	0	(0)	0	1	(0)	0	1
Barking Riverside	(1)	4	(5)	123%	(4)	3	78%
Bank Station Capacity Upgrade	(7)	(8)	1	17%	(53)	47	88%
Elizabeth Line	(1)	(3)	2	65%	2	(3)	143%
Safe & Healthy Streets	(96)	(98)	2	2%	(55)	(42)	-76%
Environment	(73)	(101)	28	28%	(41)	(32)	-79%
Streets, Bus & RSS Renewals	(1)	0	(1)	0%	(3)	2	61%
LU Renewals PIC Programme	(5)	(14)	10	67%	(9)	5	51%
Estates Directorate	(2)	(3)	1	33%	(1)	(1)	-258%
Rail & Station Enhancements (excl. Trams)	(42)	(38)	(3)	-9%	(15)	(26)	-170%
Technology	(45)	(88)	43	49%	(49)	4	8%
Network Development & Third Party Pipeline	(2)	(1)	(0)	-34%	(0)	(1)	-5731%
Other (TPH, City Planning, OP, Group etc)	2	27	(24)	92%	6	(4)	65%
London Transport Museum	(1)	(1)	1	44%	(0)	(0)	-142%
Total TfL excl Places and Crossrail	**(906)**	**(995)**	**88**	**9%**	**(620)**	**(287)**	**-46%**
Places for London	(80)	(117)	37	31%	(52)	(28)	-53%
Crossrail	(42)	(78)	35	45%	(191)	148	78%
Total	**(1,029)**	**(1,189)**	**160**	**13%**	**(863)**	**(166)**	**-19%**

Cash flow statement

Cash balances are just under £1.25bn at the end of Period 11, almost £50m higher than Budget. In P11, we received the first £100m instalment of the £250m capital funding settlement with Government.

Cash balances

£m	Year to date, 2023/24 Actuals	Variance to Budget		Year to date, 2022/23 Actuals	Variance to last year	
Opening balance	1,237	37	3%	1,287	(50)	-4%
Change in cash balance	8	8	1000%	9	(1)	-13%
Closing balance	**1,245**	**46**	4%	**1,296**	**(51)**	-4%

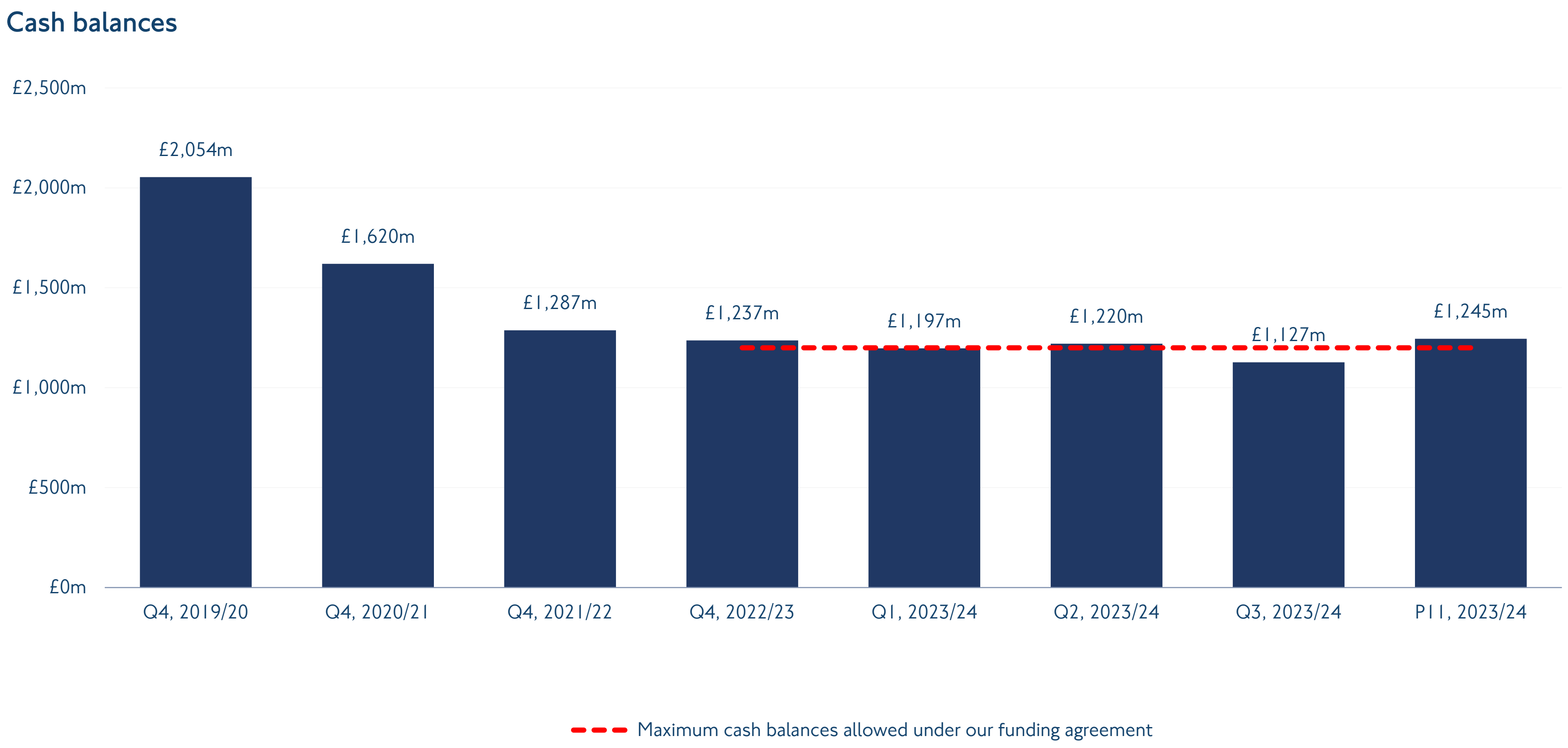
Cash flow statement

£m	Year to date, 2023/24 Actuals	Variance to Budget		Year to date, 2022/23 Actuals	Variance to last year	
Operating surplus before capital renewals and interest	1,119	69	7%	1,393	(274)	-20%
Less Places, LTIG and LTM	(32)	(15)	-86%	(39)	7	19%
Cash generated / (used) from operating activities	***1,087***	***55***	5%	***1,354***	***(267)***	-20%
Capital renewals	(626)	(5)	1%	(472)	(154)	-33%
New capital investment	(906)	88	9%	(620)	(287)	-46%
Investment grants and ring-fenced funding	741	(34)	-4%	69	672	971%
Working capital movements	162	(31)	-16%	312	(149)	-48%
Cash generated / (used) from investing activities	***(628)***	***19***	3%	***(711)***	***82***	12%
Free cash flow	**459**	**73**	19%	**643**	**(184)**	-29%
Net interest costs	(348)	3	1%	(362)	14	4%
Existing debt maturing	(129)	0	0%	(1,349)	1,220	90%
New debt issued	100	6	6%	1,223	(1,123)	-92%
Short-term net borrowing change	(74)	(74)	N/A	(146)	72	49%
Cash generated / (used) from financing activities	***(451)***	***(65)***	-17%	***(634)***	***183***	29%
Change in cash balance	**8**	**8**	1000%	**9**	**(1)**	-13%

Cash balances

Total cash balances (excl. cash balances identified for Crossrail construction) are just under £1.25bn at the end of Period 11, broadly in line with the end of last year.

Under our 30 August 2022 Funding Settlement our maximum cash balance, in average, has been limited to £1.2bn, although we can exit the funding period at £1.3bn.



Reserves

The pandemic has seen a material reduction in TfL's usable reserves, which primarily consist of its General Fund, Earmarked Reserves and Capital Grants Unapplied.

Usable reserves are generally lower than TfL's cash balance, as elements of cash will be restricted for certain purposes and because cash payments are made in arrears in-line with supplier payment terms.

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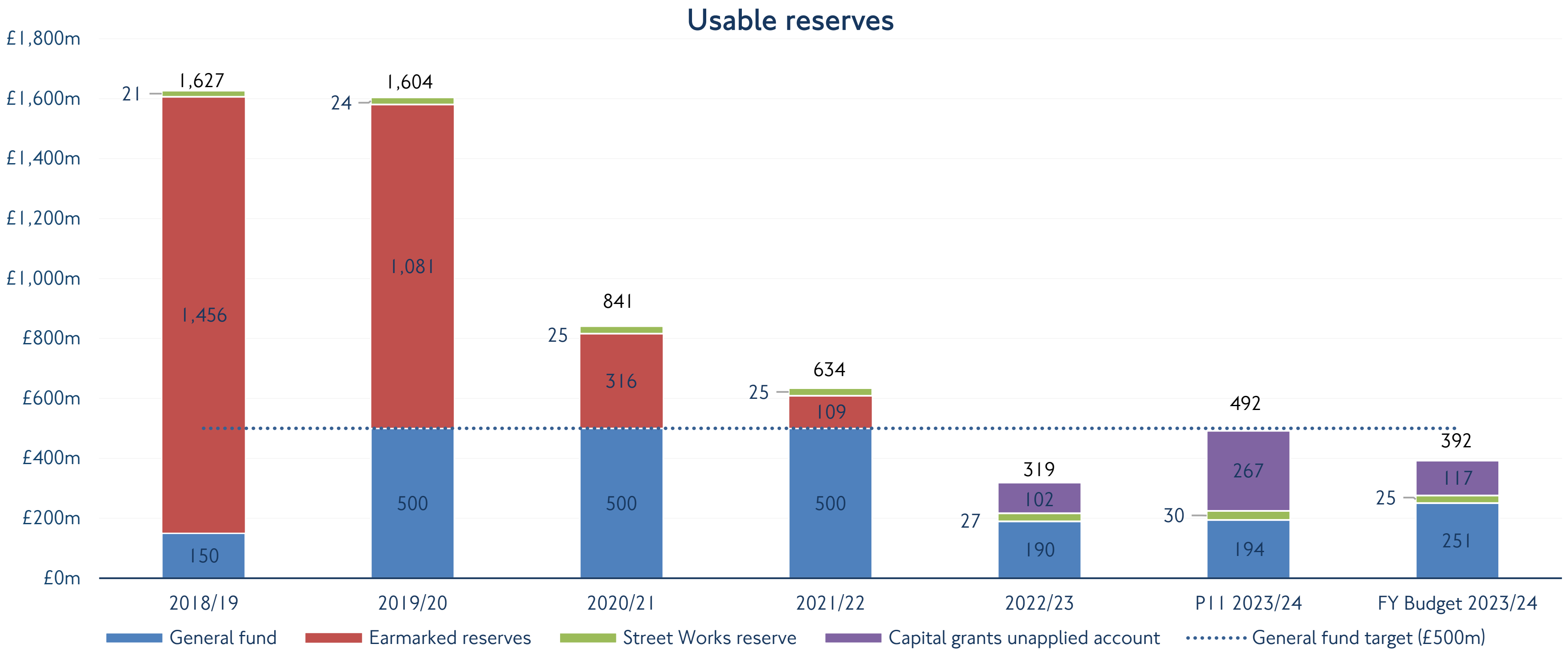
At the end of 2022/23, TfL's General Fund reserves fell below our target of £500m. This was largely driven by the purchase of the Class 378 rolling stock. The savings from this purchase over the remaining life of the assets will further support TfL as it rebuilds its usable reserves.

The 2024 Business Plan sets out our plan to grow usable reserves back to target levels by the end of 2025/26.

Usable reserves (£m)



- Usable reserves of the Corporation are those that can be applied to fund future expenditure. They are made up of the General Fund, Earmarked Reserves, the Capital Grants Unapplied Account and the Street Works Reserve
- The General Fund represents sufficient cash-backed reserves held by the Group to cover risks that may arise. The Group has a target General Fund balance of £500m, which was increased from £150m at the start of the pandemic in March 2020
- The primary reason for falling below the benchmark at the end of the 2022/23 financial year was the transaction in March 2023 to purchase the Class 378 rolling stock for £277m. The saving in lease financing over the life of the asset will further support TfL as it rebuilds its usable reserves

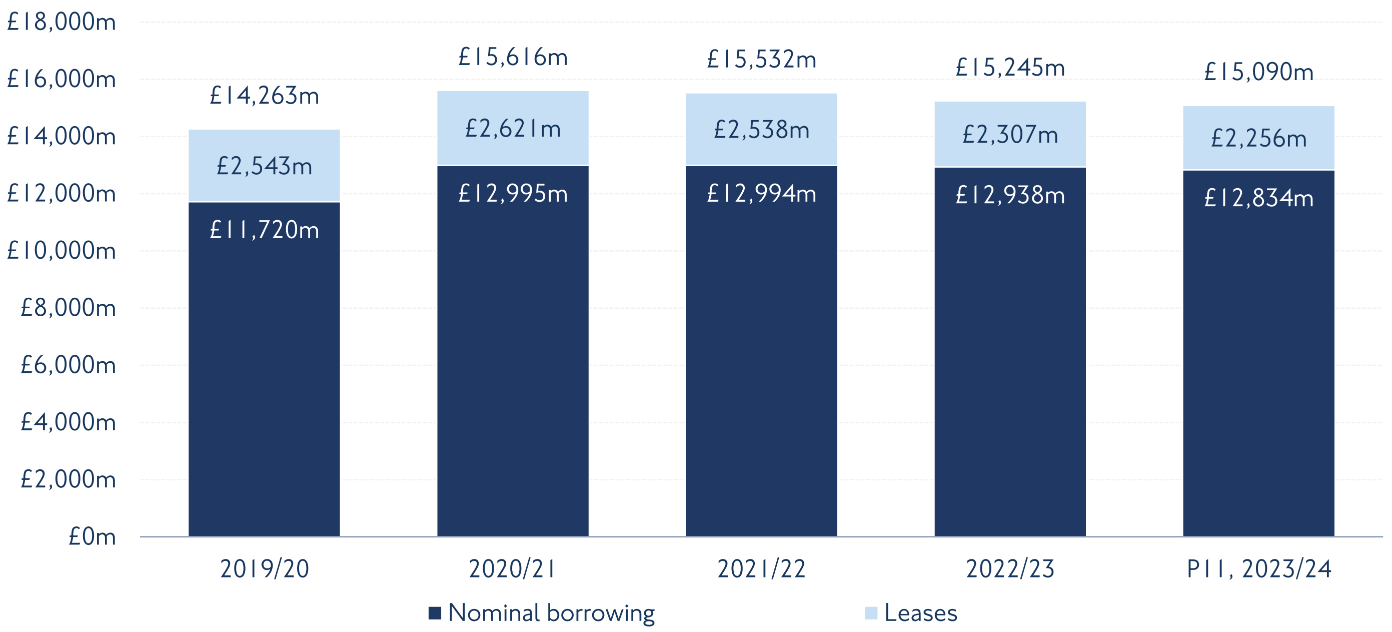
Debt

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

Our level of outstanding borrowing has decreased by £104m for the year up to end of P11, bringing our total borrowing balance to £12,834m. This is largely driven by a reduction in our short-term borrowing, to suit our cash and liquidity needs.

Under the new capital funding agreement with Government in December 2023, we have received £195m to date, £50m of this will be received before the end of the 2023/24 financial year, with the remaining £5m to be received in 2024/25. Consequently, we expect to defer some borrowing planned for this year into 2024/25 as set out in our 2024 Business Plan.

Total debt (£m)



93%

93% of our borrowing is at a fixed rate of interest

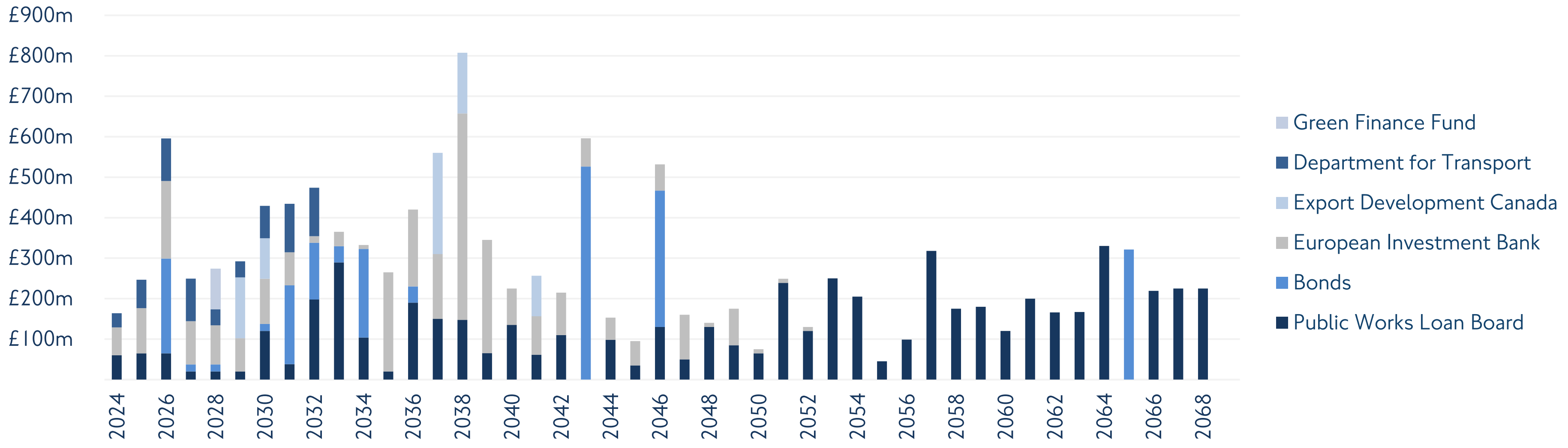
3.5%

The weighted average interest rate on our borrowing is 3.5%

19.0 years

The weighted average tenor of our borrowing is 19.0 years

TfL borrowing maturity profile



The borrowing maturity profile excludes £461m of short-term borrowing, which we generally continue to re-issue on a rolling basis.

Credit ratings

We are rated by three major credit rating agencies. This allows us to attract interest from a wide pool of investors and gives us access to a range of funding sources.

There have been no changes since our Q3 update to the Board.

	Standard & Poor's	Moody's	Fitch
Long-term rating	A+	A3	AA-
Outlook	Positive	Positive	Negative
Short-term rating	A-1	P-2	F1+
Last changed/affirmed	May 2023	November 2023	January 2024

Standard and Poor's (S&P)

- S&P affirmed our credit rating at A+/A-1 in May 2023 and revised the outlook to positive (from stable). This is a positive movement on the outlook and reflects S&P's view that recovering ridership and cost controls should result in higher financial flexibility. S&P issued the bulletin "Transport for London Fare Freeze: Yet Another Twist" on 22 January 2024. S&P confirmed the fares freeze is fully funded and their expectation that TfL will continue to improve its operating account. However, S&P are concerned over the continued lack of predictability, and the residual uncertainty over LT capital funding.

Moody's

- On 15 November 2023, Moody's upgraded our long-term credit rating from Baa1 to A3 and changed the outlook from stable to positive. This reflects the recovery to date and the work into achieving ongoing financial sustainability. The positive outlook reflects Moody's expectation that we will continue to build our financial surplus. A sustained improvement in operating performance and a multi-year funding agreement with Government with minimal conditions could lead to a further upgrade.

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 UK Government. Fitch have assigned a negative outlook, which reflects the negative outlook they have assigned to the UK Government's credit rating. Fitch has reaffirmed our credit rating in January 2024.

Divisional summaries

London Underground

Tube journeys are 6% up on 2022/23. Journeys are showing strong growth and are 43 million higher than Budget. Passenger income is (£13m) down Budget, a result of lower ticket yield compared to Budget.

Operating costs are (£1,901m) in the year to date, (£9m) higher than Budget. This is mainly driven by maintenance cost pressures and timing, offset by lower staff costs.

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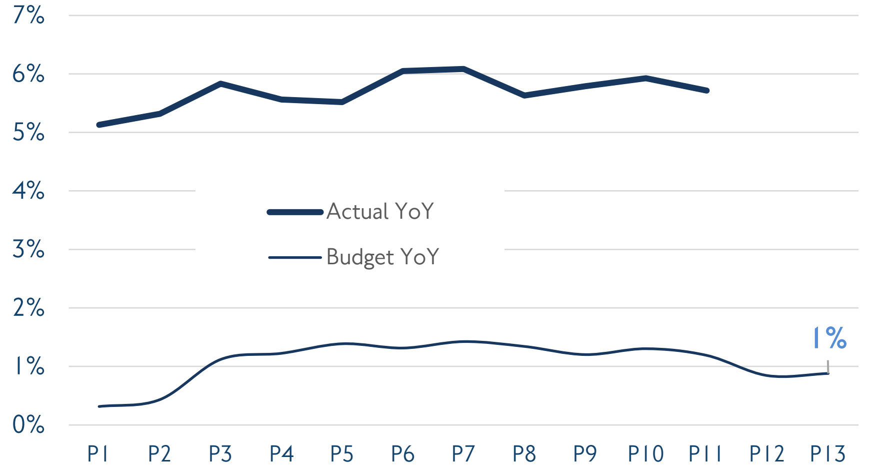
Capital renewals are (£39m) higher than Budget in the year to date, driven by higher spend to increase the level of delivery of critical track and rolling stock renewal.

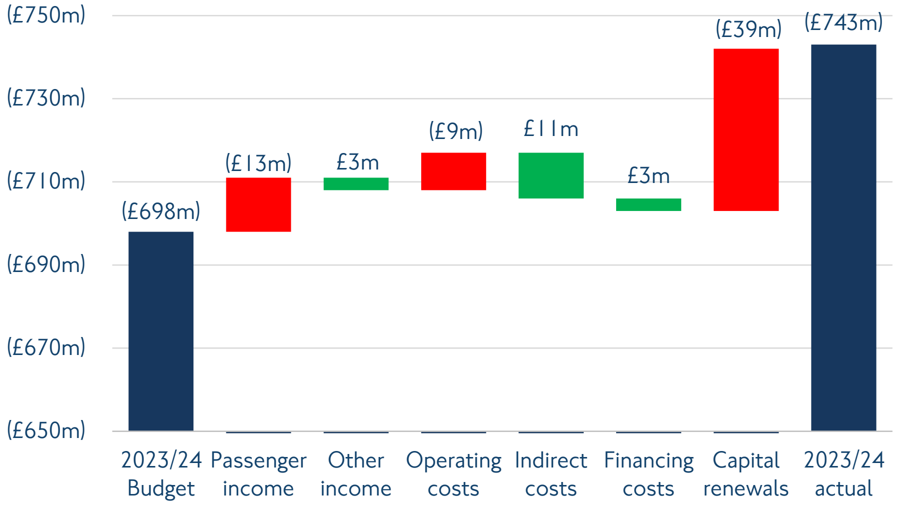
	Year to date, 2023/24				Year to date, 2022/23		
Income statement (£m)	Actuals	Budget	Variance to Budget		Last year	Variance to last year	
Passenger income	2,112	2,125	(13)	-1%	1,853	259	14%
Other operating income	24	21	3	14%	26	(2)	-8%
Revenue	**2,136**	**2,146**	**(10)**	**0%**	**1,879**	**257**	**14%**
Operating costs	(1,901)	(1,892)	(9)	0%	(1,757)	(144)	-8%
Net contribution	**235**	**254**	**(19)**	**-7%**	**122**	**113**	**93%**
Indirect costs	(370)	(381)	11	3%	(340)	(30)	-9%
Net financing costs	(226)	(229)	3	1%	(237)	11	5%
Capital renewals	(382)	(342)	(39)	-11%	(276)	(106)	-38%
Operating surplus / (deficit)	**(743)**	**(698)**	**(44)**	**-6%**	**(731)**	**(12)**	**-2%**
New capital investment	(483)	(501)	18	4%	(388)	(95)	-24%

Tube journeys year-on-year growth

% vs Growth Period / Budget		Journeys (millions)	Var to Budget
4%	0%	995	43



Operating surplus/ (deficit) compared to Budget



Elizabeth line

Elizabeth line journeys are showing strong growth, with cumulative journeys around 20% up on last year. Passenger income is £64m higher than Budget.

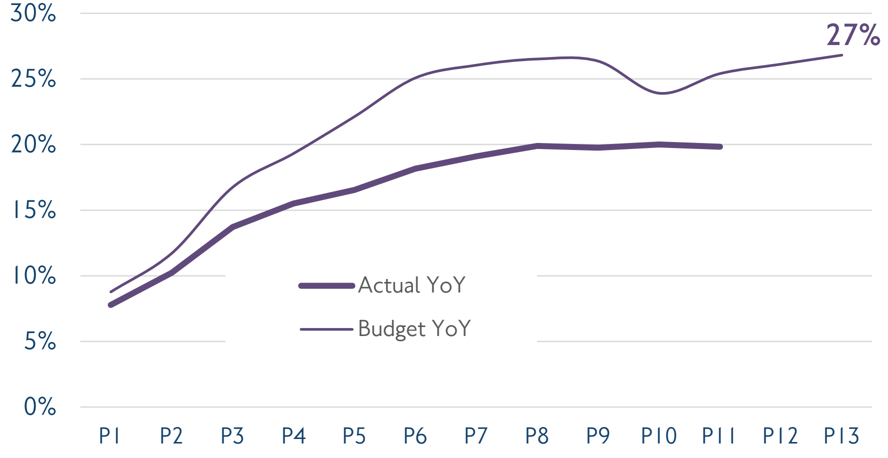
Operating costs are £14m lower than Budget, driven by lower concession costs.

The Elizabeth line is delivering a positive net contribution, and is within £20m of covering its indirect costs, financing costs and renewals.

Income statement (£m)	Year to date, 2023/24 Actuals	Budget	Variance to Budget		Year to date, 2022/23 Last year	Variance to last year	
Passenger income	508	444	64	14%	242	266	110%
Other operating income	6	8	(2)	-25%	15	(9)	-60%
Revenue	**514**	**452**	**62**	**14%**	**257**	**257**	**100%**
Operating costs	(447)	(461)	14	3%	(415)	(32)	-8%
Net contribution	**67**	**(9)**	**76**	**844%**	**(158)**	**225**	**142%**
Indirect costs	(11)	(24)	13	54%	(12)	1	8%
Net financing costs	(69)	(69)	-	0%	(72)	3	4%
Capital renewals	(7)	(8)	1	15%	(1)	(5)	-448%
Operating surplus / (deficit)	**(20)**	**(110)**	**90**	**82%**	**(243)**	**224**	**92%**
New capital investment	(1)	(7)	6	87%	1	(2)	-204%
Crossrail project	(42)	(78)	35	45%	(191)	148	78%
Total new capital investment	**(43)**	**(85)**	**41**	**49%**	**(190)**	**147**	**77%**

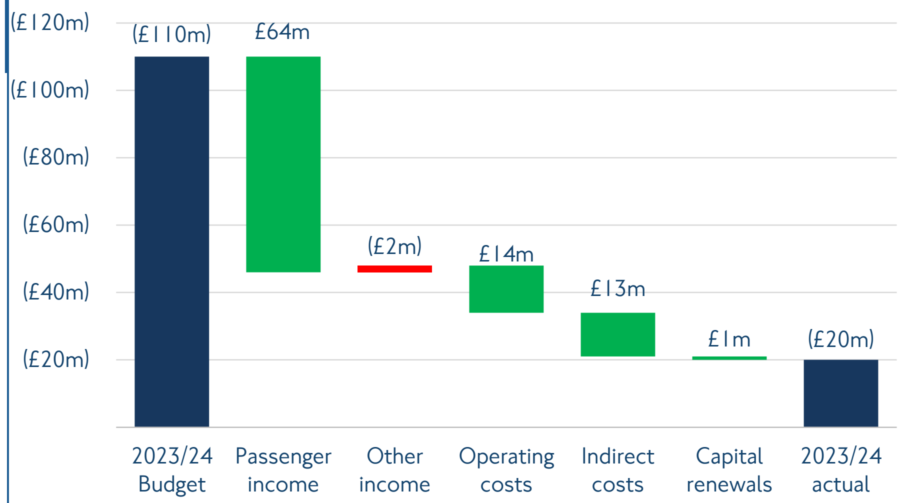
EL journeys year-on-year growth

% vs Growth Period / Budget		Absolute m	Var to Bud m
18%	40%	176	(8)



EL journeys are estimates and are subject to revision

Operating surplus/ (deficit) compared to Budget



Buses, Streets & Other operations

Including Congestion Charge, Low Emission Zone (LEZ) and Ultra Low Emission Zone (ULEZ)

Bus journeys have seen an 6% increase in growth since last year, but is lower than expected. Journeys are 33 million lower than Budget in the year to date.

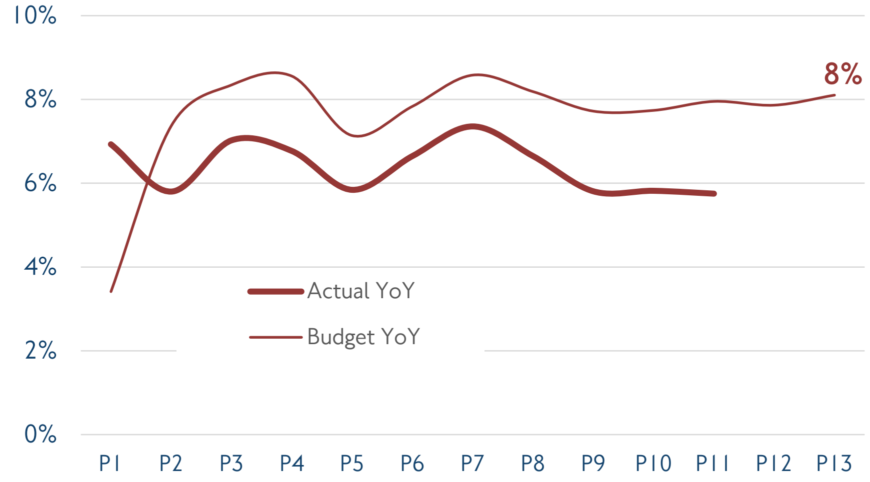
Other operating income is (£104m) below Budget. This is driven by lower ULEZ enforcement income (due to lower volumes) and cycle hire income.

Operating costs are (£24m) higher than Budget, mainly from the expansion of ULEZ scrappage scheme application. We have also seen higher bus performance payments to operators offset by savings, including lower bad debt (driven by lower enforcement income above).

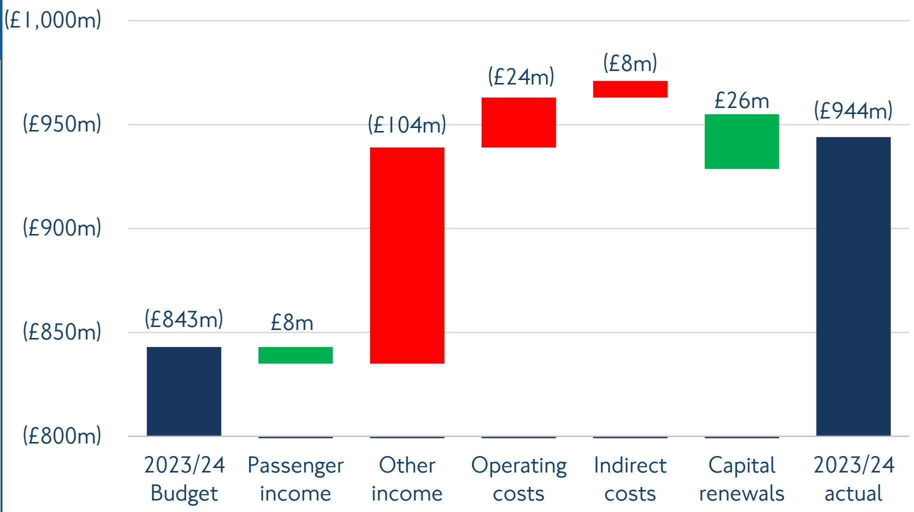
	Year to date, 2023/24				Year to date, 2022/23		
Income statement (£m)	Actuals	Budget	Variance to Budget		Last year	Variance to last year	
Passenger income	1,278	1,270	8	1%	1,156	122	11%
Other operating income	955	1,059	(104)	-10%	942	13	1%
Revenue	**2,233**	**2,329**	**(96)**	**-4%**	**2,098**	**135**	**6%**
Operating costs	(2,949)	(2,925)	(24)	-1%	(2,610)	(339)	-13%
Net contribution	**(716)**	**(596)**	**(120)**	**-20%**	**(512)**	**(204)**	**-40%**
Indirect costs	(73)	(65)	(8)	-12%	(65)	(8)	-12%
Net financing costs	(21)	(21)	-	0%	(22)	1	5%
Capital renewals	(134)	(161)	26	16%	(127)	(7)	-6%
Operating surplus / (deficit)	**(944)**	**(843)**	**(102)**	**-12%**	**(726)**	**(218)**	**-30%**
New capital investment	(192)	(231)	39	17%	(120)	(72)	-60%

Bus journeys year-on-year growth

% vs Growth Period / Budget		Absolute m	Var to Bud m
5%	10%	1,569	(33)



Operating surplus/ (deficit) compared to Budget



Rail

Rail journeys are showing strong growth and are around 6% up on last year. Journeys are 8 million higher than Budget in the year to date. Passenger income is also £5m up on Budget, reflecting this strong performance.

Operating costs are (£464m) in the year to date, and are broadly in line with Budget.

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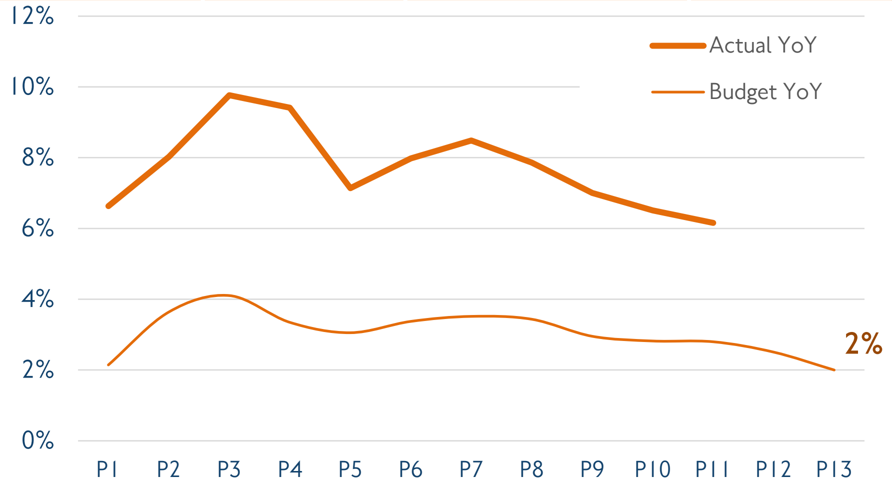
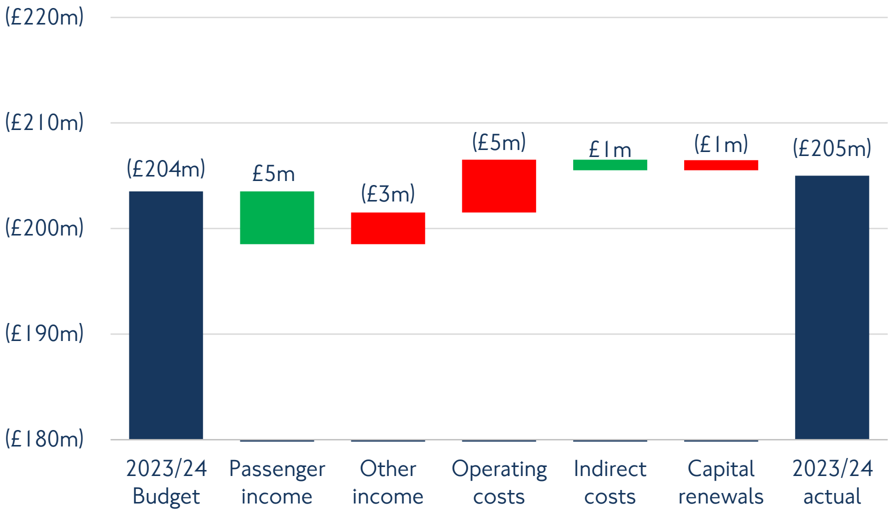
Income statement (£m)	Year to date, 2023/24 Actuals	Budget	Variance to Budget		Year to date, 2022/23 Last year	Variance to last year	
Passenger income	347	342	5	1%	299	48	16%
Other operating income	9	12	(3)	-25%	22	(13)	-59%
Revenue	**356**	**354**	**2**	**1%**	**321**	**35**	**11%**
Operating costs	(464)	(459)	(5)	-1%	(459)	(5)	-1%
Net contribution	**(108)**	**(105)**	**(3)**	**-3%**	**(138)**	**30**	**22%**
Indirect costs	(22)	(23)	1	4%	(22)	–	0%
Net financing costs	(29)	(29)	–	0%	(30)	1	3%
Capital renewals	(46)	(47)	1	2%	(33)	(13)	-39%
Operating surplus / (deficit)	**(205)**	**(204)**	**(1)**	**-1%**	**(223)**	**18**	**8%**
New capital investment	(211)	(227)	15	7%	(106)	(105)	-100%

Rail journeys year-on-year growth

% vs Growth Period / Budget		Absolute m	Var to Bud m
3%	3%	254	8



Operating surplus/ (deficit) compared to Budget



Key Project updates

DLR rolling stock and systems integration

Manufacturing of the new rolling stock in Spain is continuing, with 22 trains completed. Main line testing is also progressing and signalling integration testing of the onboard vehicle signalling control system is underway.

The modifications to the train control software reduce the fixed power assets required to support the new trains. This will reduce embedded carbon in construction and provide an energy saving over the trains' lifespan. We estimate the carbon saving from reduced construction activity to be 358 tC02e and work is ongoing to quantify the operational energy saving.

We encountered some challenges during integration testing works towards the end of 2023 which we are currently investigating. This has had an impact on delivery dates. We now expect the new trains to begin entering passenger service in Quarter 1, 2024/25. Importantly, the end date for the renewal of the full fleet remains Quarter 2, 2026/27.

Piccadilly line rolling stock upgrade

The manufacturing contract with Siemens Mobility Limited is progressing well, with the first fully assembled train continuing to be tested at Siemens' test and validation centre in Westphalia, Germany. The new train is undergoing pre-delivery performance and reliability proving prior to series production. The new train design had a media launch in November.

A rephasing of the timing of payments has been agreed in principle under the contract with Siemens Mobility Limited. This will not affect the delivery of the first train in 2024 for testing in London ahead of entering service in 2025 and will protect the planned Piccadilly line timetable uplift in 2027, ensuring Londoners will benefit from the new, higher-capacity walk-through trains.

East London line enhancement programme

Balfour Beatty has been appointed to deliver the signalling enhancement to the East London line funded by the Housing Infrastructure Fund, and the detailed design is complete. Following procurement of the necessary power infrastructure reinforcement, we have progressed the design elements of the work. We are also continuing to work on the necessary signalling upgrades, with a series of signal diversions completed successfully and wayside installations ongoing.

Finance Committee

Date: **13 March 2024**

Item: **Treasury Activities, Policies and Strategies**

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 23 September 2023 to 23 February 2024 (the Reporting Period) including a summary of the proposed changes to the Treasury Management Policies and Strategies.

1.2 Appended are the proposed TfL Treasury Management Strategy (TMS) for 2024/25, 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 Places for London Limited (Places, TfL's property development company) Treasury Management Strategy (Places TMS) and the Places for London Treasury Management Policies (Places 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 Places TMS, each of the TfL and Places TMP and the Derivatives Policy.

1.4 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 Recommendations

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

(a) approve the proposed TfL Treasury Management Strategy (TMS) 2024/25, attached as Appendix 1 to this paper, including the Investment Strategy, the Borrowing Strategy, the Liquidity Strategy, the Risk Management Strategy;

(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) approve the proposed Places for London 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 explanation;

(e) approve the proposed Treasury Management Policies for Places for London Limited attached as Appendix 5 to this paper; and

(f) subject to the approval of the TMS 2024/25 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 2024/25, 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 and/or any TfL Commercial Paper (Euros or US Dollars) borrowing in accordance with the TMS 2024/25;

(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 2024/25; and

(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 mitigating risk related to any index reflecting any of the above matters referred to in paragraphs 2.1(f)(i) to (iv) above.

3 Key Highlights

3.1 During the Reporting Period, we have complied at all times with each of the TfL TMS, the TfL TMP, the Derivatives Policy, the Places TMS and the Places TMP, each approved by the Committee on 8 March 2023. We have also complied with the Greater London Authority (GLA) Responsible Investment Policy approved by the Mayor on 25 April 2023.

3.2 In November 2023 Moody's upgraded TfL's long-term rating to A3 from Baa1, and the outlook has moved from Stable to Positive. Our ratings with S&P and Fitch have been affirmed and remain unchanged at A+ (Positive) and AA- (Negative).

3.3 Our ongoing collaboration with the GLA is progressing. We received approval from the GLA Group Collaboration Board in December 2023 for the design and to proceed with the implementation. The collaboration is expected to conclude in June 2024, at which point we expect to invest further in London Treasury Liquidity Fund LP (LTLF).

4 Liquidity Update

4.1 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 £1.3bn for 2024/25. 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, and no more than £1.3bn at the end of the financial year. We continue to balance these requirements by aiming to maintain our cash balances at around £1.2bn on average, however there will be occasions when our cash balances fall slightly below the 60 days aim stated by our Liquidity Policy. The Long-Term Funding Settlement ends in March 2024.

4.2 On 18 December 2023 the Department for Transport agreed to provide £250m capital funding to TfL for the 2024/25 financial year. Two tranches totalling £195m for this have already been received and the remaining £55m will be received in instalments by April 2024. There is no cash condition attached to this funding.

4.3 We remain confident that we retain sufficient liquidity to meet our financial obligations when they become due.

5 Investment Update

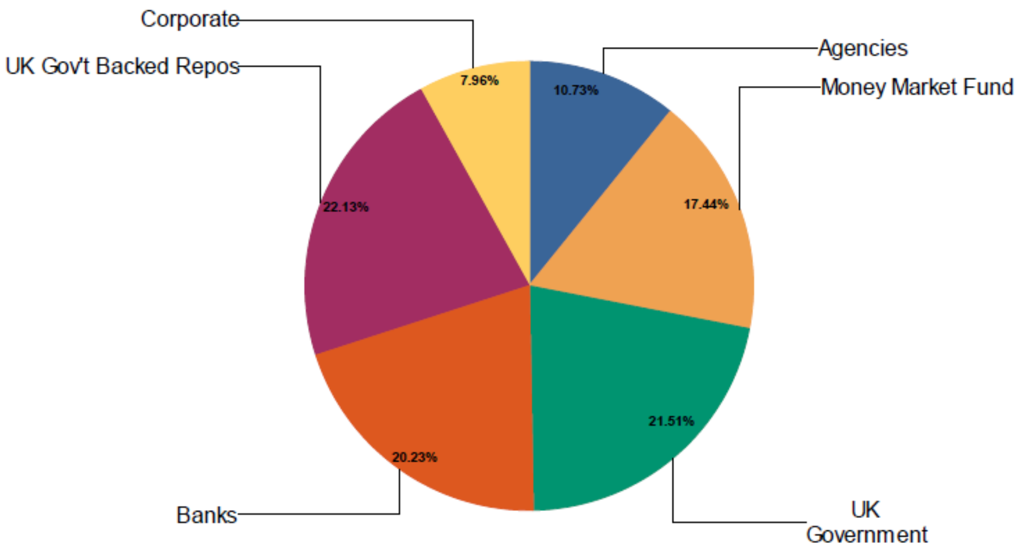
5.1 During the Reporting Period we have continued to diversify cash investments by country, sector, tenor, and counterparty. The maximum duration of investments has remained at three months. The Bank of England has continued to keep the base rate steady at 5.25 per cent over the Reporting Period.

5.2 Our investments remain short dated with 89.9 per cent maturing within two months. The weighted average maturity of investments over the Reporting Period increased from 18 days to 25 days.

5.3 The weighted average investment yield on 23 February 2024 was 5.28 per cent, nine basis points higher than the Sterling Overnight Index Average benchmark.

5.4 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, within the bounds of our TMS and TMP. As of 23 February 2024, 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 TfL cash position on 23 February 2024



5.5 We continue to work with TfL's commercial property subsidiary, Places, to enable it to meet the requirements of its own Treasury Management Strategy and Policies, including the production of cash forecasts and depositing surplus cash. We plan to open Money Market Fund sub-accounts for Places before the end of this financial year, to allow for better diversification within their investments.

6 Risk Management Update

6.1 The level of floating rate borrowing, as a percentage of all borrowings outstanding, has increased slightly over the Reporting Period, from 6.6 per cent to 6.8 per cent. The level of floating rate borrowing is monitored and will move, within range during the Reporting Period according to cash flow needs, refinancings and the price and availability of floating rate debt. This increase has resulted primarily due to better access to commercial paper (CP). We remain comfortably within the maximum limit of 25 per cent set out in our TMS for 2023/24.

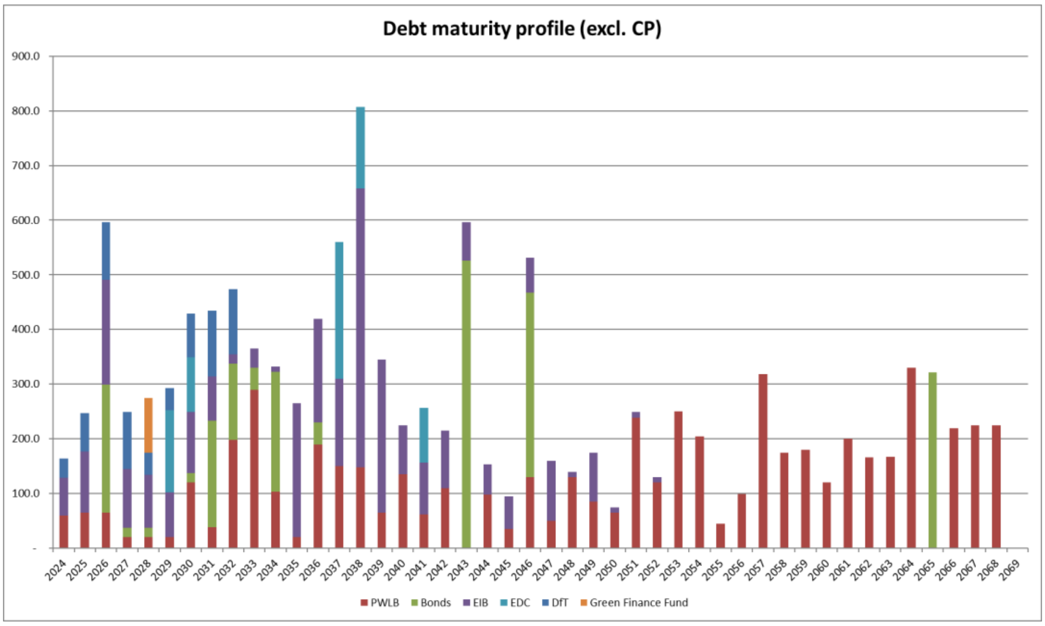
6.2 Although 6.8 per cent, or £874m, of total debt is exposed to floating interest rates, there is an element of natural hedge in the form of our short-term investments. This is because the income on those investments is also exposed to short-term interest rates. Therefore, a rise in interest rates on our floating rate debt is somewhat offset by a rise in interest receivable from our investment portfolio.

6.3 We continue to manage foreign exchange and interest rate risk, using derivatives to hedge material exposures relating to investments and commercial activities.

7 Borrowing Update

7.1 As of 23 February 2024, we had £12,784m in outstanding borrowing with an average tenor of 19 years and a weighted average interest rate of 3.46 per cent. We remained within the Authorised Limit for borrowing of £14,109m at all times during the Reporting Period. Chart 2 below shows our latest maturity profile.

Chart 2: Long-term debt maturity profile



7.2 We review the long-term debt maturity profile and ensure that debt maturities are spread evenly to avoid concentrated refinancing risk. Where we see large maturities, then we might seek to refinance these early, or forward hedge, to protect against interest rate risk or liquidity risk. We have added the maturity thresholds we observe to our TMP this year.

Euro and USD Commercial Paper

7.3 Historically TfL's borrowing has been restricted to GBP due to section 2(3) of the Local Government Act 2003, which provides that TfL, as a local authority for capital finance purposes, may not, without the consent of the Treasury, borrow otherwise than in sterling. On 5 December 2023, HM Treasury (HMT) granted permission for TfL to access short-term CP markets in Euros and US Dollars (USD).

7.4 The consent received from HMT will allow us to borrow in Euros and USD from CP markets and any such borrowing will be immediately swapped to a GBP equivalent in compliance with our risk management strategy. We have proposed some clarifications in our TMP and TMS in relation to this development.

GLA Green Finance Fund (GFF) borrowing - ULEZ loan

7.5 In October 2023 TfL entered into a £146.9m, four-year, loan agreement with the GLA as part of the GFF which provides debt finance to support the capital investment of carbon reduction and environmental projects. The loan facility will be drawn in two tranches and the rate of interest is fixed at the Public Works Loan Board (PWLB) Standard Fixed Interest Rate published, less 40 basis points. This is 20 basis points lower than the PWLB certainty rate that TfL has access to due to the competitive rate secured by the GLA for the GFF. We have drawn £100m under this agreement and expect to undertake a second drawdown to fund the remaining spend on the project in the near future.

Further GFF Applications

7.6 Following successful applications for additional green capital projects, further lending from the GFF has also been approved, subject to contract, to cover their capital costs. These projects support the Mayor’s ambition for London to be net zero by 2030. The loan agreements are currently being drafted, so no loans have been disbursed yet. Borrowing undertaken from the GFF will form part of our annual borrowing plans, funding projects approved in our latest business plan. Where opportunities to fund projects outside the business plan are identified, these projects will be subject to affordability and financial tests to ensure TfL’s affordability thresholds continue to be met.

UK Infrastructure Bank borrowing

7.7 In December 2023, TfL entered into a £300m loan agreement with the UK Infrastructure Bank (UKIB), which is our first loan agreement with them. The facility will be used to support the Docklands Light Railway rolling stock replacement programme. It has a three-year availability period and a tenor of around 40 years . Borrowing undertaken under this facility will form part of our annual borrowing plans. The interest rate is Gilts plus 40 basis points, representing a 40 basis point saving compared to the PWLB certainty rate.

Remaining 2023-2024 borrowing requirement

7.8 We expect to have £235m of long-term borrowing still to undertake before the end of 2023/24. This comprises £47m of incremental borrowing and £188m of refinancing. The £235m does not include refinancing of short-term borrowing, such as maturing CPs. We will continue to monitor our borrowing options and will draw on the most appropriate facility to meet our borrowing needs at the time.

8 Credit ratings

8.1 Our credit ratings as of 23 February 2024 are shown in the table below.

Table 1: TfL's credit ratings as of 23 February 2024

	Standard & Poor's	Moody's	Fitch
Long-term rating	A+	A3	AA-
Outlook	Positive	Positive	Negative
Short-term rating	A-1	P-2	F1+
Last update	25 May 2023 (affirmed)	23 November 2023 (upgraded)	10 January 2024 (affirmed)

8.2 We continued to engage with all three credit rating agencies during the Reporting Period. On 23 November 2023, Moody's upgraded the long-term rating for TfL to A3 from Baa1 and affirmed the short-term rating at P-2 (unchanged). The outlook has moved from stable to positive. This reflects TfL's improving operating performance, moderate capital programme following the completion of the Elizabeth line and more predictable funding arrangements with the government.

8.3 Fitch affirmed our ratings in January 2024. Our ratings with Fitch are the same as the UK sovereign ratings.

8.4 There have been no rating actions from S&P during the Reporting Period.

9 Banking

9.1 We have been working with our banking provider HSBC and outsourced partner BNP Paribas to build a new virtual bank account structure as part of the Places for London Limited Client Split Project. A new structure is required as 900 tenant deposit accounts and balances need to be transferred from Transport Trading Limited (TTL) to Places for London Limited. In November 2023 the new virtual account structure was added to the banking platform and 900 new virtual accounts were opened with their balances transferred to Places for London, meaning the tenants' deposits are being held in the now relevant entity. The project concluded in December 2023 when 900 virtual accounts in the old TTL hierarchy were closed.

9.2 We are working with our banking provider and Places to implement an automated direct debit mandate process for new tenants, where the paper mandates are no longer posted to the payer's bank to set up the direct debit instruction. Automated Direct Debit Instruction Service is the first step towards paperless direct debits and will allow the new mandate instructions to be processed directly to the bank by our outsourced partner. Moving to a new electronic solution makes it quicker, easier, safer and reduces the chance of human error in setting up the Direct Debit Instruction.

10 TfL Treasury Management Policies and Strategy

10.1 The Committee is asked to approve the TMS for 2024/25, the updated TMP and Derivatives Policy and the Places TMS and TMP, as proposed. These are detailed in Appendices 1-5 with tracked changes from last year with key highlights noted below.

10.2 We have moved the detail regarding counterparty exposure limits from the TMS to the TMP and Derivatives Policy. It should be noted that the limits themselves have not changed, only where the information is presented.

TfL Treasury Management Strategy 2024/2025

10.3 This highlights the proposed strategies for investment, borrowing, liquidity and risk management for the financial year 2024/25, as well as proposed counterparty exposure limits. It sets out TfL's borrowing requirement for 2024/25.

10.4 A key change this year is that as part of the ongoing collaboration with the GLA, we propose to further invest in the LTLF and propose to increase the investment counterparty limit from £10m to £900m. Investment above £10m will only be made once the full due diligence for GLA collaboration has concluded, including the finalisation of all the appropriate controls and documentation. We will seek further Committee approval before investing above £10m with LTLF.

10.5 On 5 December 2023, HM Treasury, pursuant to a consent requirement under the Local Government Act 2003 for any non-Sterling borrowing, confirmed permission for TfL to access short term CP markets in Euros and US Dollars. This enables TfL to undertake such non-Sterling borrowing for the first time. Therefore, we have amended our TMS to detail our approach to Euro and USD CP issuance for 2024/25.

10.6 All references to 'investments' in the TMS 2024/25 refer to investments held for treasury management purposes only and do not cover non-treasury and/or non-financial assets related investments, which will be covered in the Investment Management Strategy for non-financial assets, which is the subject of another item on this agenda.

10.7 In relation to the Risk Management Strategy, the proposals to the Committee for derivative investments set out in Recommendation 2.1(f) have been approved by the statutory and managing Chief Finance Officers, as required under the Derivatives Policy.

10.8 The TMS notes that TfL's borrowing requirement for 2024/25 is expected to be £717m, excluding rolling CP's as set out in the TMS. This amount consists of £247m maturing borrowing that TfL intends to refinance and £470m of incremental borrowing. We retain several options for refinancing during the year, including capital markets transactions, the PWLB, the UKIB, the GLA, other financial institutions and issuance under our CP programme.

TfL Treasury Management Policies

10.9 We have added additional detail on how we consider the maturity structure of new borrowing. The TMP is included as Appendix 2.

TfL Group Policy Relating to the Use of Derivative Investments

10.10 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 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.

10.11 The Derivatives Policy has been reviewed and updated to include the counterparty exposure limits for derivatives, which were previously included the TMS. The proposed policy can be found with tracked changes in Appendix 3.

Places for London Limited Treasury Management Strategy

10.12 In March 2023, the Places for London TMS was approved by the Committee. The Places TMS comprises the Places for London Borrowing Strategy; Investment Strategy; Liquidity Strategy and Banking and Cash Management. The Places TMS has been reviewed to reflect how the entity has evolved further since it was separated financially in April 2022. As the strategy has been updated slightly, it has been provided with tracked changes in Appendix 4.

Places for London Limited Treasury Management Policies

10.13 The Places TMP has been reviewed and no material changes have been made. It has been provided with 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: Places for London Limited Treasury Management Strategy

Appendix 5: Places for London 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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Appendix 1

TRANSPORT FOR LONDON

TREASURY MANAGEMENT STRATEGY 2024/25

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1 SUMMARY

1.1 This Treasury Management Strategy (TMS) 2024/25 comprises the:

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(i) Investment Strategy;

(ii) Borrowing Strategy;

(iii) Liquidity Strategy; and

(iv) Risk Management Strategy.

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2 BACKGROUND

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2.1 The TMS 2024/25 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 (the 'Treasury Management Code') issued by the Chartered Institute of Public Finance & Accountancy (CIPFA) and last updated in 2021;

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(ii) the Prudential Code for Capital Finance in Local Authorities (the 'Prudential Code') issued by CIPFA and last updated in 2021; and

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(iii) the Statutory Guidance on Local Government Investments (the 'Investments Guidance') issued by the Department for Levelling Up, Housing and Communities (DLUHC), formerly known as the Ministry of Housing, Communities and Local Government, last updated in 2018, with respect to treasury investments.

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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 2024/25 refer to investments held for treasury management purposes only and do not cover non-treasury or non-financial assets related investments.

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3 POLICIES AND DELEGATIONS

3.1 The TMS 2024/25 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 2024/25, 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[1], Director of Corporate Finance and Group Treasurer, with the exception of the matters specified in 3.3, provided no decision contravenes the TMS 2024/25, the Treasury Management Policies, or the TfL Group Policy Relating to the Use of Derivative Investments.

3.3 With respect to the investment of cash balances, the Investment Strategy contained within the TMS 2024/25 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 which will better meet their individual requirements 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.

3.4 With respect to Places for London Limited (Places), Places' 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 Places Treasury Management Strategy.

4 STRATEGIC OBJECTIVES

4.1 The objectives underpinning the TMS 2024/25 are:

(i) to ensure that sufficient cash and liquidity facilities are available to enable TfL to discharge its financial obligations when they become due, in accordance with approved budgets;

(ii) to undertake treasury management operations with primary regard for the security and liquidity of capital invested;

(iii) to maximise the yield from investments consistent with the security and liquidity objectives identified above;

(iv) to undertake treasury management activities having regard to Prudential Indicators (including Treasury Management Indicators) and to remain at all times within the Authorised Limit for external borrowings;

(v) to manage its borrowing in a manner that is affordable, sustainable and prudent and combines flexibility, security of access to funds, diversity of funding sources and value for money;

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[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.

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Investing with the Greater London Authority (GLA)

5.3 As part of the ongoing GLA collaboration, TfL is planning to increase its investment in London Treasury Liquidity Fund LP (LTLF) in accordance with the limit stated in TfL's Treasury Management Policy LTLF's assets are managed in accordance with the investment strategy included in Annex 1. TfL's investment in LTLF will comprise 98 per cent of loan contributions redeemable on a daily basis, and two per cent of core commitment which may be redeemed upon exit from the fund.

5.4 This means that of TfL's cash, up to £900m will be managed by LTLF in accordance with the LTLF Investment Strategy as determined by the fund's General Partner and agreed by the Limited Partners, consistent with the strategy approved by the Mayor, laid out in Annex 1 to this document and previously shared with the Finance Committee.

Investment managed by TfL

5.5 The remaining cash not invested in LTLF will be directly managed by TfL in accordance with this investment strategy and the limits detailed in the TfL Treasury Management Policies. This cash will be retained for managing shorter cashflows arising from daily and weekly fluctuations and will be invested in highly secure overnight, or short-term investments of one month or less to ensure TfL has sufficient liquidity to meet its forecast payment obligations.

5.6 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.

5.7 The maturity profile of investments will reflect the expected cash flow requirements of TfL and accommodate for forecast variability.

5.8 At the time of investment, all investments 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.

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Save in respect of the London Treasury Liquidity Fund LP, all investments will have a maximum tenor of one year and at…

5.9 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. Until a substantial investment is made in LTLF, 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.

5.10 TfL will invest in instruments including: sovereign Treasury bills and bonds, UK Debt Management Office deposits, repurchase agreements, bank deposits, certificates of deposit, bonds, commercial paper, floating rate notes, MMFs or any other instrument allowing TfL to achieve the objectives set out in 4.1. Due to the short-term nature of TfL's investments and the desire not to lose any principal, TfL will not invest in equity.

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5.11 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.

5.12 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.

5.13 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.

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6 BORROWING STRATEGY

6.1 The Borrowing Strategy will be applied in accordance with the strategic objectives listed in 4.1.

6.2 TfL's objective is to manage its borrowing in a manner that is affordable, sustainable and prudent and combines flexibility, security of access to funds, diversity of funding sources and value for money.

6.3 TfL's borrowing requirement for 2024/25 is expected to be approximately £717m, excluding rolling short-term commercial paper. This amount consists of £247m maturing borrowing that we intend to refinance, and £470m of new incremental borrowing.

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6.4 In addition to the expected TfL borrowing, Places may raise its own borrowing to meet its capital requirements. This funding would be non-recourse to TfL and is included in the Places Treasury Management Strategy and Policies.

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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. It will complement this with loans and other facilities from financial institutions and/or other public bodies, such as the GLA's Green Finance Fund. TfL's borrowing plans are ultimately underpinned by access to the Public Works Loan Board (or any future body replacing it), a readily available source of liquidity. Other sources of finance will be used where they further TfL's stated objectives.

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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's policy is to have at least 75 per cent of all outstanding borrowing at fixed interest rates and no more than 25 per cent of borrowing at variable rates. TfL aims to match the variable rate borrowing with cash-in-hand to offset fluctuations in the short-term interest rates.

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6.7 Borrowing is expected to be drawn predominantly in Sterling. However, HM Treasury has provided consent for TfL to access commercial paper markets in Euros and US Dollars, and TfL will access these markets when appropriate. Any foreign currency exposures arising from foreign currency borrowing will be subject to risk mitigation measures consistent with the principles of the Risk Management Strategy.

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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 2024/25 financial year, in order to mitigate interest rate risk related to future borrowing requirements.

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6.10 The source, tenor, currency and interest rate basis of individual debt transactions will be determined on a case by case basis taking into account value for money, TfL's risk appetite, market conditions, interest rate expectations, investors' preferences, the impact on TfL's debt maturity profile and target weighted average tenor.

6.11 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 Places) 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. Places will aim to hold sufficient cash and short-term investments as set out in the Places Treasury Management Strategy.

7.3 Where appropriate, the cash and short-term investments will be supplemented by access to external liquidity sources, such as bank overdrafts, revolving credit facilities and other standby credit facilities. The adequacy of the external liquidity sources will be reviewed on an ongoing basis and TfL will arrange and maintain these facilities as required.

7.4 Bank overdrafts and standby credit facilities will not be used in the normal course of business, however TfL would consider borrowing temporarily within the Authorised Limit to address short-term liquidity needs, where it represents prudent management of TfL's financial affairs.

7.5 Cash and short-term investment balances ring-fenced for the construction of Elizabeth line will be managed to ensure sufficient liquidity to meet Elizabeth line'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.

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8.3 The objectives of the Risk Management Strategy are to:

(i) achieve greater value for money through reducing costs or protecting revenues;

(ii) holistically manage financial risks across the whole of TfL; and

(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; 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;

(d) inflation risk across TfL and its subsidiaries; and

(e) price risk on any investment activities.

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.

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Annex 1 – London Treasury Liquidity Fund Investment Strategy 2024-25

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1. Background

1. This document sets out the investment strategy for the London Treasury Liquidity Fund (LTLF) for the financial year 2024-25.

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Deleted: <#>COUNTERPARTY EXPOSURE LIMITS¶
<#>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.¶
<#>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.¶
<#>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.¶
<#>As Moody's short-term credit rating does not have a P-1+ category, when a counterparty is rated P-1, its exposure limit will be based on the average limit derived from any Standard & Poor's and Fitch ratings. In the event the counterparty only has a short-term rating from Moody's and it is P-1, its limit will be £90m. Where it is rated P-2, its limit will be based on the average of all the rating agencies supplying a rating. If any of the rating agencies rates the counterparty A-3, P-3, or F3, no investments will be permitted.¶
Table 2 – Investment counterparty exposure limits¶
Moody's

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2. The main changes in the strategy from previous years, which have been agreed in principle by LTLF's Limited Partners' Advisory Committee (LPAC), are summarised below:

a. A new Strategic Lending allocation of 5% of the fund is to be created by taking 5% from Core Liquidity (now 50% rather than 55%). Liquidity has been maintained by reducing the maximum Weighted Average Life (WAL) of Core Liquidity from 90 days to 60 days.

b. Strategic Lending (a new 5% allocation) and Strategic Investments (the existing 10% allocation) have performance benchmarks of SONIA + 200bps and + 300bps respectively, giving LTLF the flexibility to take advantage of a wider range of investment opportunities. Previously strategic investments had a benchmark return of SONIA + 400bps, set in a very different interest rate environment and which ruled out a number of investments that could usefully contribute to achieving the targeted return while remaining within acceptable risk parameters.

c. In section 3, Counterparty and Investment Limits, investments are categorised as Specified (S) or Non-Specified (NS) in accordance with the statutory guidance. Previously there was a NS* category where the investments concerned had to be managed by an FCA regulated manager. Since all investments have to be managed by FCA regulated managers under the current fund structure, this category is redundant and has been replaced by NS.

d. Section 3.3 has been redrafted to clarify how the exposure limits are calculated, in particular, how forecast average balances are used for measuring limits for longer-term investments. This highlights how important it is to work in partnership to create accurate forecast cash-flow information, which then enables LTLF to meet Limited Partners' liquidity requirements in the most efficient manner possible.

e. In Table 5, cash exposure limits to individual counterparties are now reduced. These reduced limits promote a diversification of counterparties and better reflects how the portfolio is run in practice: the previous limits were a relic from times when it was envisaged the overall fund balances could be more volatile. A new limit of 10% of the portfolio to any one Local Authority counterparty (previously not limited) has been added. This reflects the fact that while Local Authorities are considered by the partnership to carry UK Sovereign equivalent risk, there is nevertheless the possibility of stressed Local Authority cash-flows in the short term. LTL's Investment Team undertakes due diligence on any Local Authority before any investment is made, avoiding those with excessive borrowing or well-publicised funding issues or suspected financial mismanagement where appropriate.

f. To bring consistency, a maximum limit on any new investment has been proposed across both Strategic Lending and Other Strategic Investments of 3% of assets under management at the point of commitment.

g. With Strategic Investments, while seen as longer-term investments, the intention is to have regular liquidity. This will come from a diversified portfolio of closed investments returning capital each year plus investments that offer redemption options within 12 months. An initial limit of at least 33% of the portfolio being liquid within one year was included in the 2023-24 investment strategy. Reviewing the investment opportunities available, to avoid overly restricting opportunities, it is proposed to set the percentage at 25% rather than 33%.

2. Strategic Asset Allocation

1. The proposed strategic asset allocation for the investment strategy is as follows:

Asset type		Allocation	Gross expected return
Core liquidity WAL ≤ 60 days	Overnight liquidity	10%	SONIA
	Short-term deposits or investment grade debt	40%	SONIA
Medium-term	Senior RMBS Expected WAL ≤ 3.5 years	35%	SONIA + 30bps
	Strategic lending Expected WAL ≤ 5 years	5%	SONIA + 200bps
Long-term core balance	Other strategic investments	10%	SONIA + 300bps
Total		100%	SONIA + 50bps

Glossary

RMBS: Residential Mortgage-Backed Securities
SONIA: Sterling Overnight Index Average rate
WAL: Weighted Average Life
Gross expected return: Expected gross return before fees and expenses incurred directly by LTLF

2. LTLF has the following objectives and risk profile:

Security of Capital

a. The portfolio 95% VaR (value at risk) should not exceed 2%.
b. The VaR will be assessed at least semi-annually using appropriate professional advice.

Liquidity

c. LTLF aims to meet all properly constituted withdrawal requests from its Limited Partners.

Yield

d. LTLF targets a net return of at least SONIA + 40 bps over a rolling three-year period.

3. Counterparty and Investment Limits

1. Table 1 sets out the range of specified and non-specified investments permitted by LTLF. Specified and non-specified investments are as defined in the Statutory Guidance on Local Government Investments issued by the Department for Levelling Up, Housing and Communities (DLUHC) under the Local Government Act 2003.

2. The following key applies:

S = Specified (These are sterling investments with high credit quality and a maturity period of not more than 365 days, or those which could be for a longer period but where the lender has the right to be repaid within 365 days if it wishes. These are low risk assets where the possibility of loss of principal or investment income is negligible. The instruments and credit criteria to be used are set out in the table below.)

NS = Non-Specified (Non-specified investments are any other type of investment. They normally offer the prospect of higher returns but carry a higher risk.)

3. LTLF will make best efforts to maintain at least 50% of all investments (or underlying investments) in the form of Specified Investments.

Table 1

Investment type	**Eligibility criteria**	**≤ 1 year to maturity at time of investment**	**> 1 year to maturity at time of investment**	**Maximum total exposure** (see 3.3)
Senior Unsecured Debt, e.g. • Deposits • Call Accounts • Notice Accounts • Certificates of Deposit • Loans • Commercial Paper • UK Gilts and T-Bills • All other senior unsecured bonds	Issuer (and security where separately rated) Investment Grade (IG) defined per **Table 3** OR UK Government (including the Debt Management Account Deposit Facility, Local Authorities and bodies eligible for PWLB finance) OR Issuer not meeting general criteria but instruments	S	NS	Aggregate 100%, individual limits determined by **Table 5**

	explicitly guaranteed by IG entity or sovereign national government meeting acceptable sovereign ratings per **Table 2**			
Money Market Funds	Fitch AAA_{mmf} or above See **Table 3** for equivalents from other agencies Daily liquidity	S	*N/A*	100% Not more than 20% per fund
Other Collective Investment Schemes e.g. Enhanced Cash Funds	Fitch AAA_{f} or equivalent from other agencies per **Table 3**	NS	*N/A*	20%
Covered Bonds	Bond rating Fitch $AA+_{sf}$ or equivalent from other agencies per **Table 3** AND Issuer rated Fitch A- or above or equivalent from other agencies per **Table 3**	NS	NS	20%
Repurchase Agreements (Repo)	Counterparty meets senior unsecured criteria AND proposed collateral (Min 100%) itself meets permitted investment	S – UK gilts or T-Bills AND counterparty meets senior unsecured criteria NS – other	*Not permitted*	S – 100% NS – 20%, and not more than 10% with counterparties not meeting senior unsecured

	criteria OR Collateralisation is >102% with UK Gilts / T-Bills			criteria
Senior UK Prime or Buy-to-Let Residential Mortgage-Backed Securities (RMBS)	Bond rating Fitch AA+$_{sf}$ or above or equivalent from other agencies per **Table 3**	NS	NS	35%
Medium-Term Strategic Lending	See **Section 5**	NS	NS	5%
Other Strategic Investments	See **Section 6**	NS	NS	10%

4. LTLF's assets under management ("AUM") can vary in the short-term as its Limited Partners deposit and withdraw their treasury funds in the normal course of business.
5. For short-term core liquidity assets, exposure is measured against LTLF's AUM on the day.
6. For medium and long-term assets, LTLF measures exposure against the forecast average daily AUM for the year ahead ("Forecast AUM") based on forecast cash-flows provided by its Limited Partners. The Forecast AUM is used to fix cash limits for the quarter ahead with such limits being recalculated at least quarterly. If revised forecast cash-flows are received during a quarter that adjust the Forecast AUM by more than 20%, then new cash limits will be set during that quarter.

4. Credit Ratings and Country Limits

1. Maximum direct exposures to non-UK financial institutions apply by country, based on the relevant sovereign ratings outlined in the table below:

Table 2 – Country Limits

Max. Aggregate Exposure (%)	**Fitch Sovereign Rating**	**S&P Sovereign Rating**	**Moody's Sovereign Rating**
25	AAA	AAA	Aaa
15	AA+	AA+	Aa1
5	A	A	A

Note: for non-UK, non-financial institutions, or in circumstances such as an instrument being issued through a subsidiary domiciled in one country but guaranteed or otherwise secured by a parent in another, the risks and appropriate country limit (if any, in the case of multinational corporations) in which to aggregate the exposure will be considered on a case-by-case basis and determined by the relevant portfolio manager.

2. Table 3 sets out the range of investment grade ratings used by LTLF and its portfolio managers.

Table 3 – Permitted Credit Ratings and Equivalence Mappings

Issuer and/or Senior Unsecured Bond Ratings					
Long-term			Short-term		
Fitch	Moody's	S&P	Fitch	Moody's	S&P
AAA	Aaa	AAA	-	-	-
AA+	Aa1	AA+	-	-	-
AA	Aa2	AA	F1+	P-1	A-1+
AA-	Aa3	AA-	-	-	-
A+	A1	A+	-	-	-
A	A2	A	F1	P-1	A-1
A-	A3	A-	-	-	-
BBB+	Baa1	BBB+	-	-	-
BBB	Baa2	BBB	F2	P-2	A-2
Structured Finance Ratings					
Fitch		Moody's		S&P	
AAA_{sf}		Aaa (sf)		AAA (sf)	
$AA+_{sf}$		Aa1(sf)		AA+ (sf)	
Money Market Fund Ratings					
Fitch		Moody's		S&P	
AAA_{mmf}		Aaa-mf		AAAm	
Other Permitted Fund Ratings					
Fitch		Moody's		S&P	
AAA_{f}		Aaa-bf		AAAf	

3. For core liquidity investments, lower ratings are balanced by higher ones in order to maintain a credit risk on rated instruments that is no greater than a 12-month deposit with an AA- institution. This is determined by assigning a credit factor to each rated investment per Table 4 and calculating a weighted average portfolio credit factor (PCF). This must remain below 5 and no single instrument may exceed 10.

Table 4 – Credit Factors

Credit Factors based on Issuer Default Rating (Fitch and Fitch Equivalents)

Use instrument rating or if not rated, rating of Issuer

Days	AAA	AA+	AA	AA−	A+	A	A−	BBB+	BBB
O/N	0.01	0.01	0.01	0.01	0.02	0.03	0.04	0.07	0.10
2-7	0.02	0.04	0.06	0.10	0.15	0.20	0.30	0.50	0.80
8-30	0.10	0.15	0.25	0.40	0.60	0.75	1.30	2.10	3.50
31-60	0.20	0.30	0.50	0.80	1.20	1.50	2.60	4.20	7.00
61-90	0.25	0.50	0.75	1.25	1.50	2.50	5.00	7.50	10.00
91-120	0.35	0.65	1.00	1.50	2.30	3.30	6.60	10.00	13.50

121-150	0.40	0.80	1.25	2.10	2.90	4.20	8.30	12.50	16.50
151-180	0.50	1.00	1.50	2.50	3.50	5.00	10.00	15.00	20.00
181-210	0.60	1.20	1.75	3.00	4.00	5.80	11.70	17.50	23.50
211-240	0.70	1.30	2.00	3.30	4.70	6.60	13.30	20.00	27.00
241-270	0.75	1.50	2.25	3.75	5.25	7.50	15.00	22.50	30.00
271-300	0.80	1.70	2.50	4.20	5.80	8.30	16.70	25.00	33.50
301-330	0.90	1.85	2.75	4.60	6.50	9.20	18.50	27.50	37.00
331-397	1.00	2.00	3.00	5.00	7.00	10.00	20.00	30.00	40.00
398-730	2.70	5.30	8.00	13.00	19.00	27.00	43.00	69.00	106.00

4. For the purposes of the above, UK Government (including the Debt Management Account Deposit Facility, Local Authorities and bodies eligible for PWLB finance) securities are treated as the long-term UK Sovereign rating, reflecting the UK's highly centralised and interdependent public finance regime.
5. Exposure limits to individual counterparties are determined by the colour bands assigned under the Colour Banding Methodology supplied by Link Asset Services.

Table 5 – Concentration Limits

Cash Exposure Limits – applied to individual counterparties		
Band	**Overnight**	**> 1 day**
UK Sovereign (see 4.7)	100%	100%
UK Local Authorities (see 4.7)	10%	10%
Yellow	20%	20%
Purple	20%	15%
Orange	15%	15%
Red	15%	10%
Green	10%	5%
No Colour	5%	5%

6. The bands above are calculated based on a range of credit ratings data, including published rating watches and outlooks.
7. Exposure to an individual counterparty in the UK Sovereign band has been set at 100% to cater for a severe market disruption scenario when all funds might be best placed with a UK Government institution. Notwithstanding their UK Sovereign status, Local Authorities' cash-flows may be temporarily stressed. Following the principles of good portfolio management and diversification, cash exposure to an individual Local Authority is limited to 10% of LTLF's AUM.

5. Medium-Term Strategic Lending

1. Medium-term strategic lending is a portfolio of individual lending or financing transactions seeking to earn higher returns than the core liquidity or RMBS assets but with a low risk of capital impairment.
2. Such opportunities may involve situations where market capacity may be limited or restricted despite ample security being available or where flexibility is sought by the borrower e.g. around early repayment without

penalty. An example transaction would be the provision of secured loan finance to an investment fund.

Gross expected return	SONIA + 200bps
Concentration risk	No individual medium-term strategic lending investment to exceed 3% of LTLF's Forecast AUM at the point of commitment

3. The expected WAL of medium-term strategic lending will not exceed five years.

4. Medium-term strategic lending will be secured on assets or cash-flows except where the borrower is (or is guaranteed by) an investment-grade counterparty (Fitch BBB or better, see Table 3) or a public body with credible sovereign support.

6. Long-Term Core Balance – Other Strategic Investments

1. In general terms, the other strategic investments allocation is seeking returns similar to those expected of a well-funded institutional pension fund.

Gross expected return	SONIA + 300bps

2. The other strategic investments allocation will be deployed on a best ideas basis across a range of asset classes, seeking investments anticipated to achieve the expected return and demonstrate a level of volatility that will keep the overall expected VaR within the limit set in Section 2.2 above.

3. The following limits will apply to the other strategic investments allocation:

Criteria	**Limit**
Overall expected portfolio volatility	95% VaR ≤ 2%
Concentration risk	No individual other strategic investment to exceed 3% of LTLF's Forecast AUM at the point of commitment
Sector diversification	
Infrastructure (debt and equity)	< 50% of other strategic investments allocation
Real estate (debt and equity)	< 50% of other strategic investments allocation
SME (debt and equity)	< 50% of other strategic investments allocation
Other debt and equity (public and private)	< 50% of other strategic investments allocation

4. LTLF will not directly hold land or property.

5. While the other strategic investments allocation is made up of medium to longer term investments, liquidity remains important. Investments will be managed to ensure a regular flow of capital distributions, and where funds

lack contractual redemption windows or other clear options to exit, the expected final maturity dates will be appropriately diversified.

Investments capable of redemption or sale on a recognised market within 12 months plus expected capital distributions from other strategic investments within 12 months	> 25% of other strategic investments allocation

6. LTL may seek the approval of the Alternative Investment Fund Manager (AIFM) and LPAC of LTLF in relation to new investment opportunities under the other strategic investments allocation, where such new investment opportunities are in a new fund or in a new product (the Reserved Investment Decisions).

7. Hedging

1. Investments denominated in foreign currency may be made under the medium-term strategic lending and other strategic investments allocations, provided that any currency risk is captured in the regular VaR analysis of LTLF and where necessary or desirable, such investments are hedged into sterling within the investment itself or with an overlay, with the related terms and level of hedging to be determined by LTLF after consultation with the LPAC.
2. Any portfolio managers undertaking hedging will be required to maintain appropriate policies on the use of hedging instruments, which must provide that any credit or liquidity risk arising from such instruments is limited to counterparties that meet the criteria of LTLF's core liquidity allocation.
3. The denomination of Limited Partners' investment in LTLF will always be sterling.

8. Investment Limit Exceptions

1. Any active exception (i.e. an exception due to an action by a portfolio manager) to the investment limits set out in the investment strategy requires the prior approval of the AIFM and the LPAC.
2. Where passive exceptions (i.e. exceptions due to changes in the value of the portfolio) to the investment limits set out in the investment strategy occur, they will be reported to the Investment Committee of LTL and to the AIFM. Any rebalancing of the portfolio in the event of passive exceptions will be at the discretion of the Chief Investment Officer of LTL (or such officer's designated deputy, in cases of absence).

9. Environmental Social and Governance (ESG) Considerations

1. LTLF's investment portfolio will be managed in accordance with the GLA Group Responsible Investment Policy.

Appendix 2

TRANSPORT FOR LONDON

TREASURY MANAGEMENT POLICIES

TREASURY MANAGEMENT POLICIES

1 BACKGROUND

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

(i) the Code of Practice and Cross-Sectoral Guidance Notes for Treasury Management in the Public Services (the 'Treasury Management Code') issued by the Chartered Institute of Public Finance & Accountancy (CIPFA) and last updated in 2021;

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(ii) the Prudential Code for Capital Finance in Local Authorities (the 'Prudential Code') issued by CIPFA and last updated in 2021; and

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(iii) the Statutory Guidance on Local Government Investments (the 'Investments Guidance') 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, 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 only and do not cover non-treasury and/or non-financial assets related investments.

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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 Policies document.

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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.

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 approved otherwise by the Finance Committee in respect of Places for London Limited.

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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 save where HM Treasury grants approval to borrow in alternative currencies, in which case TfL may borrow in line with any currency approval from HM Treasury. TfL received such approval from HM Treasury on 5 December 2023 in relation to the issuance of short dated Commercial Paper in Euro and US Dollars (only). Any such Euro and/or US Dollars Commercial Paper debt issuance will be hedged to mitigate against foreign exchange movements in line with our Risk Management Strategy.

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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 2016[1].

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).

2.10 To manage refinancing risk and in accordance with CIPFA guidance, TfL will consider upper and lower limits on the maturity structure of borrowing. These limits are set out annually in the Prudential Indicators paper and have been reproduced as Table 1.

Table 1 – Maturity Structure of Borrowing

	Upper Limit	Lower Limit
<1 year	20%	0%
1 year to <2 years	10%	0%
2 years to <5 years	25%	0%
5 years to <10 years	40%	0%
10 years and above	80%	50%

Investment Policy

2.11 All cash balances will be invested having regard to the Investments Guidance, as applicable to treasury investments, and will adhere to the GLA Responsible Investment Policy.

2.12 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.

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[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.

2.13 The counterparty limits set out below 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 limits 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 Director of Corporate Finance or Group Treasurer.

2.14 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.

2.15 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. Short-term credit ratings will be the primary ratings used to determine these limits, as defined in Table 2.

2.16 As Moody's short-term credit rating does not have a P-1+ category, when a counterparty is rated P-1, its exposure limit will be based on the average limit derived from any Standard & Poor's and Fitch ratings. In the event the counterparty only has a short-term rating from Moody's and it is P-1, its limit will be £90m. Where it is rated P-2, its limit will be based on the average of all the rating agencies supplying a rating. If any of the rating agencies rates the counterparty A-3, P-3, or F3, no investments will be permitted.

Table 2 – Investment counterparty exposure limits

Moody's		**Standard & Poor's**		**Fitch**		**Exposure limit per counterparty (£m)**
ST	**LT**	**ST**	**LT**	**ST**	**LT**	
P-1	Aaa Aa1 Aa2 Aa3 A1	A-1+	AAA AA+ AA AA-	F1+	AAA AA+ AA AA- A+	120
	A2 A3	A-1	A+ A	F1	A+ A A-	90
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

2.17 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.

2.18 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).

2.19 The exposure limit for London Treasury Liquidity Fund LP (LTLF) is set at £10m. Following the satisfactory delivery of the changes proposed under the GLA collaboration, approval will be sought from the Finance Committee for the LTLF exposure limit to increase to £900m. Annex 1 of the Treasury Management Strategy contains the latest approved Investment Strategy of LTLF for 2024/25.

2.20 Where an instrument benefits from a UK Government guarantee, the limit will be that for the UK Sovereign rather than that of the entity.

2.21 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.

2.22 If any investment limit applicable to a counterparty under the Treasury Management Policies or Treasury Management Strategy (TMS) changes while TfL has an outstanding investment 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 to run its course for economic reasons.

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Liquidity Policy

2.23 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 (LTIG), Places for London Limited and London Transport Museum Limited. Cash reserves include cash and short-term investments.

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2.24 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.

2.25 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.

2.26 The strategic cash reserve will be held at a target level and, if the cash balance falls below the operating cash reserve and into the strategic cash reserve, it must be replenished as soon as possible.

2.27 The statutory and managing Chief Finance Officers[2] 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 2.13, 3.2 and 14.1. The Treasury Management Policies will be implemented, operated and administered through the Treasury team within the Corporate Finance Directorate.

Deleted: /or as described in 2.5

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), Places for London Limited or LTIG. LTM, Places for London Limited 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 Director of Corporate Finance or Group Treasurer.

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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

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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.

Use of Derivative Investments. Subject as otherwise provided for in the TMS, the Treasury Management Policies or the TfL Group Policy Relating to the Use of Derivative Investments, the Treasury officers will enter into any appropriate documentation.

3.7 The statutory or managing Chief Finance Officers or the Director of Corporate Finance or the Group Treasurer will appoint relevant Treasury officers to be authorised signatories for the purposes of paragraph 3.5.

3.8 Subject as otherwise provided for within these policies, no investments, borrowings or entry into credit arrangements (including, but not limited to any lease or other such arrangement that might count towards TfL debt or liabilities under relevant accounting standards) shall be permitted without the consent of the statutory or managing Chief Finance Officer or Director of Corporate Finance or the Group Treasurer.

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

3.10 For the purposes of this document, TfL Officers means the Commissioner, managing Chief Finance Officer, statutory Chief Finance Officer, General Counsel Director of Corporate Finance and Group Treasurer.

4 BORROWING

4.1 The managing Chief Finance Officer is authorised to approve, notwithstanding the value of the borrowing, any new borrowings (subject to this falling within TfL's Authorised Limit). The Director of Corporate Finance or the Group Treasurer is authorised to approve, notwithstanding the value of the borrowing, any new borrowings (subject to this falling within TfL's Authorised Limit) for a tenor of not more than 12 months.

4.2 Without further reference to the statutory or managing Chief Finance Officer, Treasury officers will use the Euro Commercial Paper programme and any other short-term facilities (eg overdraft, commercial paper, back-stop facilities or revolving credit facilities) to manage 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.

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 Table 2 above.

Deleted: 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 RESPONSIBILITES, 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, Places for London Limited and LTM) in the hands of the TfL Group will be under the control of the Director of Corporate Finance and the Group Treasurer, and will be aggregated for cash flow and investment management purposes. Cash flow projections will be prepared on a regular and timely basis, and the Director of Corporate Finance and the Group Treasurer will ensure that these are adequate for the purposes of monitoring compliance with the policy statement.

Deleted: LTM

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Deleted: 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

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.

Appendix 3

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 body[1] 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 Officer[2] 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 Officer[3] 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 COUNTERPARTY EXPOSURE LIMITS- DERIVATIVE INVESTMENTS

5.1 TfL calculates its derivative investments counterparty exposures based on accepted market methodology. The current mark to market of each derivative investment 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.

5.2 TfL expects to hold all derivative investment contracts to maturity. As such, exposures under derivative investment 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.

5.3 Derivative investments 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 1 are derived from notional limits used for Investments.

Table 1 – Derivative investments counterparty exposure limits

[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.

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+	150
		A-1	A+	F1	A+	135
	A2		A		A	120
	A3				A-	105
P-2	A3	A-2	A-	F2	A-	90
	Baa1		BBB+		BBB+	0
	Baa2				BBB	0

5.4 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.

5.5 The proposed derivative investments counterparty exposure limits provide sufficient headroom for all proposed risk management activities in 2024/25. Derivative investments exposures are allocated over numerous approved counterparties to minimise concentration risk.

5.6 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 (and may also in the future be) agreed. The one-way CSA obligates counterparties to post collateral in the event the mark to market exposure of the aggregated derivative investments exceeds the specified CSA threshold. The CSA thresholds for derivative counterparties is shown in Table 2.

Table 2 – Derivative investments 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

5.7 TfL will apply the derivative investment 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.

5.8 If any derivative investments limit, applicable to a counterparty, changes while TfL has an outstanding derivative investment 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 a derivative investment to run its course for economic reasons.

6 RESPONSIBLE OFFICERS

6.1 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.

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

(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.

6.3 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.

6.4 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.

6.5 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.

7 REPORTING REQUIREMENTS, MONITORING AND MANAGEMENT INFORMATION ARRANGEMENTS

7.1 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.

7.2 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.

7.3 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.

8 ACCOUNTING AND AUDIT ARRANGEMENTS

8.1 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.

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

8.3 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.

9 POLICY CUSTODIAN AND OWNER

Deleted: Policy Custodian and Owner¶

9.1 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.

9.2 This policy will be reviewed annually.

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Appendix 4

Places for London Limited

TREASURY MANAGEMENT STRATEGY

1 BORROWING STRATEGY

1.1 Places for London Limited (Places) has an indicative borrowing requirement of up to £50m in 2024/25, subject to phasing of its capital programme.

1.2 Places 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 Places 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 Places Treasury Management Strategy, the Places Treasury Management Policies, the TfL Treasury Management Policies, and the TfL Treasury Management Strategy.

2.2 Places 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 Places may invest cash balances in fixed deposits with its clearing bank. There will be no restriction on the amount of cash Places can hold with its clearing bank although investments will be diversified as soon as practicable within the bounds of this Strategy.

2.4 Places 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 Places counterparty exposures will be considered and recorded separately, such that an investment by TfL will not impact how much Places can invest in any permitted counterparty, and vice versa.

3 LIQUIDITY STRATEGY

3.1 Places will regularly produce a detailed 12-week cash forecast, showing liquidity movements. Places, in addition, will also produce a longer term cashflow of at least 18 months, showing the liquidity sources and uses, including highlighting uses that represent funding commitments to any Joint Ventures.

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

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4 BANKING AND CASH MANAGEMENT

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

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Appendix 5

Places for London Limited

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TREASURY MANAGEMENT POLICIES

1 BACKGROUND

1.1 This document sets out Places for London Limited (Places) policies and practices, authorities and delegations of its treasury management activities which apply to Places and its subsidiaries.

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1.2 Transport for London (TfL) will provide borrowing, investment, liquidity and banking services to Places in line with the policies set out in this document.

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1.3 This document is an appendix to the main TfL Treasury Management Policies. Places is subject to the same policies and practices as they apply to TfL and all its subsidiaries save where specified otherwise in this Appendix.

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2 LIQUIDITY

2.1 Places will produce each period a cash flow forecast that will show liquidity demand each period over the next 18 months. Places 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, planned asset disposals and planned refinancings.

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2.2 For prudent financial management purposes, Places will aim to maintain a minimum level of cash reserves of £10m. Cash reserves include cash and short-term investments.

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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 Officers[1] 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 Places can enter into borrowing facilities and drawdown borrowings provided this is without recourse to TfL.

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[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.

3.2 Subject to and in accordance with paragraph 3.3 and/or 3.4 Places can enter into short term loan arrangements with TfL Group entities for working capital purposes.

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 & Chief Executive Places or the Chief Finance Officer Places 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 & Chief Executive Places, Chief Finance Officer Places, 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 & Chief Executive Places, Chief Finance Officer Places 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 Places 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 Places 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 Places with specimen signatures;

(b) open further accounts for and on behalf of Places 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 Places 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.

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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 Places Treasury Management Policies will apply to Places. The Places Treasury Management Policies will be implemented, operated and administered through the Treasury team within the Corporate Finance Directorate of TfL, in collaboration with the Places Finance team.

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6.2 The Chief Finance Officer Places is responsible for advising the Finance Committee on investments, borrowing, derivatives, financial risk management, capital financing and also for banking arrangements necessary for. On an operational basis, this will be discharged through the Director of Corporate Finance and the Group Treasurer.

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6.3 The Chief Finance Officer Places is responsible for ensuring the execution of the Places Treasury Management Policies. On an operational basis, this will be discharged through the Director of Corporate Finance and the Group Treasurer.

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6.4 The Chief Finance Officer Places will be responsible for advising the managing Chief Finance Officer of TfL that Places is in full compliance with all of the Places Treasury Management Policies. The managing Chief Finance Officer is responsible for ensuring that Places is in compliance with the Places 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.

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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 Places and/or its subsidiaries at all times.

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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 Places Treasury Management Strategy for the coming year and;

(ii) a monthly cash flow report to the Chief Finance Officer Places and to the Director of Corporate Finance that will show liquidity demand for the next 18 months by month.

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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: **13 March 2024**

Item: **Investment Management Strategy 2024/25 – Non-Financial Assets**

This paper will be considered in public

1 Summary

1.1 This paper sets out the proposed Investment Management Strategy 2024/25 – 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. The Strategy is to be approved by the Committee and to be noted by the Land and Property Committee at a separate meeting.

2 Recommendations

2.1 **The Committee is asked to note the paper and approve the Investment Management Strategy 2024/25 – 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 prepares at least one Investment Strategy for each financial year. TfL produces a Treasury Management Strategy, covering investments held for treasury management purposes, and this Investment Management Strategy, which covers non-financial asset investments. The Investment Management Strategy sits alongside TfL's Treasury Management Strategy, which is included as another item on this agenda.

3.2 The Secretary of State recommends that the Strategy should be presented for approval before the start of the financial year.

3.3 This is an annual update of an existing strategy which was approved by the Committee in March 2023. The Strategy, attached as Appendix 1 to this paper, has been updated to make clearer which items of non-financial investment are managed through TfL's subsidiary, Places for London Limited (Places), and which are managed directly by TfL. The strategic objectives set out within the IMS have been updated to align with the shareholder objectives agreed between TfL and Places, and the strategy relating to Media and Telecommunications has been updated to reflect the latest developments.

Further to a request from the Committee at the time of that approval, the Strategy for 2024/25 will be presented to the Land and Property Committee for noting.

3.4 Guidance from the Chartered Institute of Public Finance and Accountancy (CIPFA) states that local authorities must not borrow to invest primarily for financial return. In addition, local authorities cannot borrow from the Public Works Loans Board (PWLB) if they plan to buy investment assets primarily for yield at any point in the next three years. This applies regardless of whether the asset was notionally funded from PWLB borrowing or borrowing from other sources.

3.5 The Committee and the statutory Chief Finance Officer must remain confident that the activities in the Investment Management Strategy, and elsewhere within TfL, are consistent with the guidance from CIPFA, the PWLB and Government, in that TfL's capital spending plans do not include the acquisition of assets primarily for yield, and nor do they include plans to borrow to invest primarily for yield.

List of appendices to this report:

Appendix 1: Investment Management Strategy 2024/25 – Non-Financial Assets

List of Background Papers:

None

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Email: JoannaHawkes@tfl.gov.uk

TRANSPORT FOR LONDON

INVESTMENT MANAGEMENT STRATEGY 2024/25 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) 2024/25 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.

1.2 This strategy covers two aspects of non-financial segments of the TfL group. These relate to: TfL's investment through its subsidiary, Places for London Limited (Places); and TfL's own investment activities within media and telecommunications space which is covered within TfL's wider strategy and Business Plan.

2 BACKGROUND

2.1 The IMS 2024/25 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 2024/25 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

Places for London

3.1 TfL owns 5,660 acres of freehold land and a further 362 acres leasehold. While most of this land is required to enable the operational transport network, TfL's landholdings have increasingly supported the Mayor's priorities to build homes and create jobs for Londoners, while generating revenue to reinvest into London's transport network.

3.2 TfL created a fully owned subsidiary, Places for London Limited, to be a focussed property vehicle to manage its commercial property interests and support delivery of these priorities.

3.3 The objectives underpinning the IMS 2024/25 for Places, which guide future financial decision making, support investment management processes and risk management activities, are:

(i) deliver an enhanced financial return to TfL in the form of cash return and capital appreciation, representative of TfL's funding contribution, risk and affordability requirements;

(ii) develop and embed robust financial management practices appropriate for a real estate business of equivalent size, ensuring minimal financial risk back to TfL;

(iii) deliver new housing stock in line with the TfL business plan, agreement with HM Government and support of wider Greater London Authority (GLA) objectives; and

(iv) align with TfL's wider objectives; supporting delivery of operational transport enhancement where there are synergies between TfL and Places for London's capital programmes, as well as full alignment with TfL's "Colleague", "Customer" and "Green" objectives.

TfL - Media and telecommunications

3.4 The objectives underpinning the IMS 2024/25 for TfL are to:

(i) develop the media and telecommunications activities within TfL generating long-term cash flows, and positive income returns;

(ii) ensure investments made by TfL for commercial purposes are proportionate to financial capacity of TfL; and

(iii) confirm compliance with paragraphs 51 to 53 of the Prudential Code.

4 INVESTMENT PROGRAMME

4.1 The IMS 2024/25 is forward looking with substantial capital expenditure anticipated over a 10-year period. The main programmes of capital expenditure within it 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 Places business plan and investment strategy.

4.3 As TfL's commercial property company, Places will be the delivery vehicle for 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 2023/24 to 2032/33

Capital Plan Ranking by Expenditure (largest to smallest)	
Enhancing existing Commercial Property Estate	1
Developing Residential Properties (via Joint Ventures)	2
Developing Commercial Office Properties (via Joint Ventures)	3
Developing EV Charging Hubs (via Joint Ventures)	4
Digital Media	5
Telecommunications	6

Places for London

4.4 The Places investment programme is described in more detail in its annual Investment Strategy as reported to the Land and Property Committee, a summary of which is included below:

Enhancing the existing Commercial Property Estate

4.5 Places' existing commercial property estate covers a range of asset classes; retail, arches, offices, car parks and infrastructure. In total this portfolio comprises of over four million square feet of real estate and supports over 2,000 commercial tenancies.

4.6 Places will invest in new retail expansion on our current estate. In line with Places' revised customer experience strategy and its key assets strategy, investment will be targeted at improving the existing retail portfolio, which will drive rental income increases.

4.7 Our arches portfolio extends to 800 arches and 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. Investment into the Arches portfolio will provide and future-proof the right spaces for

London’s small business entrepreneurs, where several key arch estates have been identified for repurposing and redevelopment.

4.8 The offices portfolio includes a number of secondary office buildings, largely located around transport hubs. In the short term, our offices investment strategy will focus investment on development and repurposing of existing offices building in core locations to support the ‘flight to quality’ among London officer occupiers. Where secondary offices assets held are not in a core location or support development, they will be reviewed for disposal.

4.9 The car park portfolio covers 78 car parks and over 10,000 bays, typically located near London Underground stations. Investment will focus on improving the management, maintenance and safety of our car parks. Where appropriate these assets will be repurposed for investment into alternative uses including residential development, EV charging and last mile logistics.

4.10 The infrastructure portfolio includes: bus garages; utilities; antennae; surplus operational land; air rights and long leases. Investment in these assets is expected to be limited in the short-term, with a medium-term strategy to deliver value-add opportunities, but commercial and operational.

4.11 Places also plans to invest to enhance the environment and sustainability credentials of its existing assets, for example improving the Energy Performance Certificate rates, which will sustain and improve asset attractiveness and long-term income potential.

Residential

4.12 One of Places’ primary investment objectives is to deliver 20,000 homes over the next ten years, with a target of 50 per cent affordable housing.

4.13 Places’ development land is often in areas well located for residential development, with good transport links. Housing development will be delivered through a mix of ‘Build for Sale’ and ‘Build for Rent’ schemes, partnering with established market leading developer in joint venture arrangements. Build for Sale schemes will deliver future profits, providing cashflow to reinvest, while Build for Rent schemes will provide access to a long-term, low risk income stream.

4.14 Places’ largest and most valuable development site remains Earls Court. Places 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 with the submission of a new masterplan application in summer 2024 with consent and start on site envisaged in 2025. The Earls Court development will deliver around 4,000 homes.

Commercial Office Development

4.15 Places is investing to deliver 600,000 square feet of new offices developments by utilising over-station-development locations at Bank, Paddington and Southwark. These will be delivered through a joint venture with Helical.

Electric Vehicle Charging Hubs

4.16 A significant planned investment by Places in the short-term is the creation of an Electric Vehicle Charge Hub joint venture. This represents an important emerging sector, with the potential to utilise existing land holdings to support London's net zero transition along creating a long-term income opportunity.

TfL

Digital Media

4.17 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 London Underground (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.

4.18 TfL is currently tendering for its two largest advertising contracts (the Rail and Underground contract and the Bus Shelter contract), both of which expire in March 2025. As part of these contracts, we expect significant capital investment in the digital advertising assets as part of a cyclical upgrade and refresh. We will also be looking to identify opportunities for innovation and rationalisation of the existing estate.

4.19 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, and we are now almost back at pre-pandemic income levels. 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

4.20 In July 2022, we announced that customers using all four major mobile operators are set to have access to Boldyn Networks Ltd's 4G and 5G-ready mobile network across LU and the Elizabeth line, including within tunnels.

4.21 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

Places for London

5.1 Funding for property and development of existing assets within the Places 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 Places’ 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 Places 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 Places.

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. 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.

TfL

5.6 TfL will use general sources of funding identified in the latest business plan.

6 RISK MANAGEMENT

Places for London

6.1 The level of risk associated with the 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 Places 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 – Places 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 – Places will ensure funding requirements are conservatively assessed in each case and will not progress schemes unless funding sources confirmed.

6.5 Places 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 Places for London 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. Places 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 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.

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

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

6.10 Places will continue to work closely with the Land and Property Committee, which gives strategic guidance and direction.

6.11 Governance structures for Places 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 and TfL Assurance, to ensure that governance structures are appropriate for the level of risk.

TfL

6.12 TfL will continue to use its existing risk management policies to manage risk.

7 KEY PERFORMANCE INDICATORS

Places for London

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 March 2023 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 15 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.

TfL

7.2 TfL will use performance indicators relating to media and telecommunications as set out in Its 2024 Business Plan.

8 SUMMARY TABLE

Places for London

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 Places for London '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.
Commercial Office Developments	Opportunity to create prime Central London commercial office space with leading environmental sustainability credentials. Options exist to	Will provide a long-term income stream from assets. Station environment enhancement. Create options for new, high quality

	rationalise TfL's existing office facilities and estate.	TfL head offices in attractive locations.

TfL

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

Investment Area	Overview	Rationale
Digital Media	Replacement of traditional lighting with LED lighting, and future upgrade and refresh of digital advertising assets in Rail and Underground stations and bus shelters.	To protect and grow revenues with consumer expectation of digital product, in conjunction with traditional media.
Telecommunications	Provide 4G and 5G mobile connectivity to customers within ticket halls, corridors, underground tunnels and on platforms across the Tube in a phased approach.	To give customers a better and connected travel experience throughout the network.

TRANSPORT FOR LONDON
EVERY JOURNEY MATTERS

Finance Committee

Date: **13 March 2024**

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 2023/24 taxi (black cab) fares and tariffs review and seeks approval of changes to the fares and tariffs.

2 Recommendations

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

(a) increasing Tariffs 1, 2 and 3 by the total Cost Index figure (+8.92 per cent) to reflect the change in both taxi drivers' operating costs and average national earnings;

(b) making the Tariff 4 rates the same as the Tariff 2 rates;

(c) reducing the Heathrow extra from £3.60 to £2.00; and

(d) increasing the fixed-fares for shared-taxis that operate between Wimbledon Station and the All England Lawn Tennis Club (AELTC) and Southfields Station and the AELTC during the Wimbledon Tennis Championships.

3 Background

3.1 Taxi and private hire services in London are licensed and regulated by Transport for London (TfL). TfL also regulates taxi fares.

3.2 Taxi fares are calculated using a taximeter and the taximeter 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.

3.3 When the tariffs apply is shown in the table below. There is a minimum fare of £3.80 at all times.

Tariff	When tariff applies
Tariff 1 (T1)	• Monday to Friday between 05:00-20:00
Tariff 2 (T2)	• Monday to Friday between 20:00-22:00 • Saturday and Sunday between 05:00-22:00
Tariff 3 (T3)	• Every night between 22:00-05:00 • Public holidays
Tariff 4 (T4)	• 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 the journey distance or duration of a journey increases;

(d) recognise the time and investment required to meet specific criteria to enter into and remain licensed as a taxi driver, including the Knowledge of London and Conditions of Fitness for taxi vehicles; 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 maintained and updated by TfL and it provides a way for us to track changes to:

(a) **taxi drivers' operating costs:** This includes a number of different components related to being a taxi driver in London (e.g. vehicle costs and the cost of zero emission capable taxis, vehicle parts, tyres, servicing, fuel, insurance, etc.); and

(b) **average national earnings:** This is seen as the labour costs element of the Cost Index and can be used to maintain drivers' net earnings growth in line with average national earnings growth. The change in average national earnings uses figures published by the Office for National Statistics.

5.2 Although lower than the 2022/23 figure, the 2023/24 total Cost Index figure is still relatively high. The increase in taxi drivers' operating costs included large increases in vehicle costs, electricity/charging and insurance.

5.3 The Cost Index figures since 2018/19 are shown in the table below.[1]

5.4 The full Cost Index is set out in Appendix 1.

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Taxi drivers' operating costs	+2.30%	+2.00%	+0.58%	+1.00%	+7.61%	+5.20%
Average national earnings	+1.30%	+2.15%	-0.58%	+4.80%	+4.02%	+3.72%
Total Cost Index figure	**+3.60%**	**+4.16%**	**-0.01%**	**+5.80%**	**+11.64%**	**+8.92%**

6 Taxi fares and tariffs consultation

6.1 Our consultation on potential changes to taxi fares and tariffs opened on 9 October 2023 and closed on 20 November 2023.[2] A number of documents were published with the consultation including an equality impact assessment (EQIA), details of other impacts and factors to consider, and the Cost Index figures.[3] We also produced an easy read version of the consultation material and consultation questions,[4] and a British Sign Language (BSL) video.[5]

6.2 We sought views from a wide range of stakeholders using our stakeholder database, including stakeholder groups representing the interests of those with disabilities, those with a focus on women's safety and older people. We promoted the consultation online and at some of the busiest taxi ranks in London. The consultation was also sent to all London boroughs.

6.3 We received 1,487 responses to the consultation, with 42.5 per cent of respondents saying they were responding as a 'taxi user' and 36.0 per cent saying they were responding as a 'London taxi driver'. A summary of the consultation responses is enclosed in Appendix 2 and a summary of the stakeholder responses is enclosed in Appendix 3.

[1] Changes to most of the components in the Cost Index are informed by data from the Office for National Statistics and TfL data. Figures for vehicle costs are taken from the vehicle manufacturers. Figures for diesel and petrol are taken from the AA fuel reports. The BP Pulse charging costs are used for the electricity component.
[2] Review of taxi (black cab) fares and tariffs in London 2023, TfL consultation https://haveyoursay.tfl.gov.uk/taxi-fares-review-2023
[3] Review of taxi (black cab) fares and tariffs in London 2023, consultation documents, https://haveyoursay.tfl.gov.uk/taxi-fares-review-2023/widgets/79011/documents
[4] Review of taxi (black cab) fares and tariffs in London 2023, easy read documents, https://haveyoursay.tfl.gov.uk/27856/widgets/79011/documents/48128 and https://haveyoursay.tfl.gov.uk/27856/widgets/79011/documents/48129
[5] Review of taxi (black cab) fares and tariffs in London 2023, BSL video, https://haveyoursay.tfl.gov.uk/taxi-fares-review-2023/widgets/79012/videos/4341

Consultation proposals and questions

6.4 The consultation covered the following items:

Item	Proposals/questions
Tariffs 1, 2 and 3	We asked respondents to rank in order of their preference four different options for Tariffs 1, 2 and 3.
Tariff 4	We proposed to make the Tariff 4 rates the same as the Tariff 2 rates.
Booked taxi extra	Up to £2.00 can be added to the fare for booked taxis. We asked if the booked taxi extra should: • Remain at £2.00; or • Be increased, and if it should be increased what it should be increased to.
Heathrow extra	Heathrow Airport Limited (HAL) charge taxi drivers a fee to access the airport taxi ranks for most journeys. This charge set by HAL is currently £7.20. The Heathrow extra charge can be added to the fare for taxi journeys that start from one of the taxi ranks at the airport. This is to help taxi drivers cover the fee paid to HAL. The extra is typically set at around 50% of the fee taxi drivers must pay HAL and was set at £3.60 when the extra was last reviewed. The reason this is set to around 50% is because taxi drivers do not have to pay the fee to HAL every time they access the taxi ranks. HAL have reduced the fee taxi drivers pay from £7.20 to £3.60. We proposed reducing the Heathrow extra from £3.60 to £2.00. This is slightly above the 50% because extras can only be added to the taximeter in increments of 40 pence.
Wimbledon Tennis Championships fixed-fare, shared-taxi scheme	During the Wimbledon Tennis Championships fixed-fare, shared-taxis operate between Wimbledon Station and the AELTC and Southfields Station and the AELTC and each passenger pays a fixed fare of £2.50. We asked if the fixed fare for shared taxis between Southfields Station and the AELTC and Wimbledon Station and the AELTC during the Wimbledon Tennis Championships should: • Remain at £2.50; or • Be increased, and if it should be increased what it should be increased to.

6.5 For each item in the consultation, the potential outcomes were that, following careful consideration of the consultation responses, we:

(a) proceed with what was set out in the consultation;

(b) modify what was set out the consultation and proceed with a revised option; or

(c) make no changes.

7 Tariffs 1, 2 and 3

7.1 We asked respondents to rank in order of their preference four different options:

(a) **option 1:** increasing Tariffs 1, 2 and 3 to reflect the change in taxi drivers' operating costs (+5.20 per cent);

(b) **option 2:** increasing Tariffs 1, 2 and 3 to reflect the change in average national earnings (+3.72 per cent);

(c) **option 3:** increasing Tariffs 1, 2 and 3 to reflect the change in both taxi drivers' operating costs and average national earnings (+8.92 per cent); and

(d) **option 4:** freezing Tariffs 1, 2 and 3.

Consultation responses

7.2 Amongst all respondents:

(a) option 3 was the most preferred option, with 52.6 per cent of all respondents ranking this as their first choice. Although just under one quarter (24.6 per cent) ranked it as their least preferred option;

(b) option 4 was the least preferred option, with 59.1 per cent of all respondents ranking this as their fourth choice. Although just over one quarter (26.3 per cent) ranked it as their first choice;

(c) just over one fifth (21.5 per cent) of all respondents ranked option 1 as their first choice; and

(d) only 10.7 per cent of all respondents ranked option 2 as their first choice.

7.3 Amongst taxi users:

(a) option 3 was the most preferred option, with 45.7 per cent of taxi users ranking this as their first choice. However, one third (32.7 per cent) ranked it as their least preferred option;

(b) option 4 was the least preferred option, with 47.5 per cent of taxi users ranking this as their fourth choice. However, one third (32.6 per cent) ranked it as their first choice;

(c) just over one fifth (20.2 per cent) of taxi users ranked option 1 as their first choice; and

(d) only 14.9 per cent of taxi users ranked option 2 as their first choice.

7.4 It was unexpected that taxi users preferred option on whether Tariffs 1, 2 and 3 should be increased or frozen was for the largest increase (option 3, 8.92 per cent).

7.5 Amongst taxi drivers:

(a) option 3 was the most preferred option, with 72.4 per cent of taxi drivers ranking this as their first choice;

(b) option 4 was the least preferred option, with 86.2 per cent of taxi drivers ranking this as their fourth choice;

(c) just under one quarter (24.0 per cent) of taxi drivers ranked option 1 as their first choice; and

(d) only 4.7 per cent of taxi drivers ranked option 2 as their first choice.

Stakeholder responses

7.6 London TravelWatch (LTW) said taxis play an important role, are often essential, and provide door-to-door accessible transport for people who may not be able to use other transport or have no access to private transport. LTW said they understood the need to increase taxi fares and tariffs, given the increase in costs for taxi drivers, and that this would help drivers cover their costs. They said this could mitigate the risk of taxi drivers leaving the trade and it is important to protect the remaining taxi supply, so as people can still access taxis when they need them. However, they also said that fare increases disproportionately disadvantage people who rely on taxis for accessibility or safety reasons and mitigations should be put in place to protect these groups. LTW called for Tariff 3 to be protected from high increases.

7.7 The St John's Wood Society's first preference was option 1 (Tariffs 1, 2 and 3 increased by 5.20 per cent).

7.8 Visually Impaired People of Newham (VIPON) said they were extremely concerned about taxi fares being raised during the cost of living crisis and that this could mean a lot of people with disabilities are unable to go out and are isolated. They also called for Taxicard arrangements to be made consistent across all London boroughs.

7.9 Transport for All’s (TfA) first choice was option 4 (freezing Tariffs 1, 2 and 3). TfA said their primary concern is how increases would affect disabled people travelling by taxi. They said that increases would affect Taxicard members’ ability to travel and increase social isolation. While TfA appreciated that costs have risen, they said the cost of living crisis has hit disabled people hardest. They said that taxis are often or sometimes the only accessible form of transport and increases in fares will make them increasingly inaccessible.

7.10 The Taxi Now Group (TNG) said their first choice was option 3 (increasing Tariffs 1, 2 and 3 by 8.92 per cent). Option 3 was also the first choice of Addison Lee, FREENOW and Gett.

7.11 The Taxi Trade Tariff Group (TTTG) is made up of representatives from the five main taxi driver groups – the Licensed Taxi Drivers’ Association (LTDA), London Cab Drivers Club (LCDC), RMT, United Cabbies Group (UCG) and Unite the Union. They submitted a joint response and said:

(a) they regard option 3 (8.92 per cent increase) to be the only fair and reasonable option;

(b) they rejected the other options as these would mean a reduction in drivers’ earnings, as operating costs and average national earnings have increased;

(c) the tariff increase in 2023 did not include a cost of living increase, but only an amount to cover the increase in taxi drivers’ operating costs;

(d) taxi drivers’ earnings should not be separate from the main body of the Cost Index;

(e) while TfL considers the balance between a taxi drivers’ earnings and the ability of customers to pay when reviewing taxi fares and tariffs, the TTTG thought that the time for TfL to consider balance is when reviewing the licensing requirements TfL sets and road access for taxis (e.g. allowing taxis access to all bus gates or all low traffic neighbourhoods); and

(f) the Cost Index sets the outcome (+8.92 per cent for this review) that maintains a balance between taxi drivers’ earnings and the customers’ ability to pay. Beyond this the market will decide if the price is balanced or not.

Recommendation

7.12 After carefully reviewing all of the responses to the consultation and taking into consideration the issues raised and the positive and negative impacts identified, we recommend increasing Tariffs 1, 2 and 3 by the total Cost Index figure (+8.92 per cent) to reflect the change in both taxi drivers’ operating costs and average national earnings.

7.13 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, with relatively large increases in the cost of vehicles, electricity/electric vehicle charging and insurance;

(b) the Cost Index shows that there has been an increase in average national earnings;

(c) last year's increase to Tariffs 1, 2 and 3 covered the increase in taxi drivers' operating costs but did not include the increase in average national earnings. This was seen as a pay freeze and real terms reduction in taxi drivers' earnings by the taxi driver associations;

(d) the majority of taxi drivers supported increasing Tariffs 1, 2 and 3 by the total Cost Index figure (+8.92 per cent). The taxi driver associations also called for Tariffs 1, 2 and 3 to be increased by 8.92 per cent;

(e) it is important that taxi drivers are fairly paid to try to 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. There could be an increased risk to the safety of some people if taxi wait times increase or they are unable to get a taxi The number of licensed taxi drivers has been falling since 2013/14 and is now at its lowest since 1980. This decline accelerated during the coronavirus pandemic. Licensed taxi driver numbers are enclosed in Appendix 4. It is important to try and retain existing taxi drivers and it is hoped that increasing the tariffs by the full Cost Index figure, reflecting the change in both taxi drivers' operating costs and average national earnings, may help with this;

(f) the number of applications to be a licensed taxi driver and the number of newly licensed taxi drivers has been falling for several years. Figures for the number of taxi driver licence applications and newly licensed taxi drivers are enclosed in Appendix 4. In 2023 there was an increase in the number of applications to become a taxi driver but it was still significantly lower than the number received each year up until 2015. It is hoped that increasing the tariffs by the full Cost Index figure, reflecting the change in both taxi drivers' operating costs and average national earnings, may help encourage more people to apply to become a licensed taxi driver and complete the Knowledge of London;

(g) 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 late at night, when Tariff 3 applies and other modes of transport including buses and the Underground can be less readily available. Tariff 3 was increased by 1.6 per cent in April 2016 and then frozen until last year, when it was increased by the same amount as Tariffs 1 and 2 (7.61 per cent). We have recommended increasing Tariff 3 by the same amount as Tariffs 1 and 2 (8.92 per cent) in order to try and encourage taxi drivers to work at night, help ensure that the public can get a taxi when they need one and wait times do not increase. Tariff 3 was introduced to try and encourage taxi drivers to work at night and increase the supply of available taxis at night. Due to concerns about taxi fares being too expensive at night it was frozen for several years. In the 2022/23 taxi and private hire licensee customer satisfaction survey 43 per cent of taxi drivers thought Tariff 3 should be increased and it’s possible that some taxi drivers may be less likely to work at night. It is also hoped that increasing the supply of taxis at night will help reduce the risk that the public consider using an unlicensed vehicle or unbooked PHV; and

(h) we have considered the potential impacts identified in our EQIA, the impacts on children and vulnerable adults, the Department for Transport (DfT) Statutory Taxi and PHV Standards, and also other impacts identified. The EQIA is provided in Appendix 5. The assessment of other impacts is provided in Appendix 6.

8 Tariff 4

8.1 Tariff 4 applies once any taxi journey reaches approximately six miles. Tariff 4 was originally higher than Tariffs 1 and 2, and intended to encourage drivers to accept fares for longer journeys, when they may have been less likely to accept these unless there was an incentive to do so.

8.2 Tariff 4 has been frozen since 2016 following concerns that it had become too high and made longer taxi journeys less competitive.

8.3 Tariff 4 was originally higher than Tariffs 1 and 2 but lower than Tariff 3. As a result of it being frozen, it is now lower than Tariffs 2 and 3. Changing or removing Tariff 4 has been considered in the past.

8.4 In our consultation we proposed making the Tariff 4 rates the same as the Tariff 2 rates. Tariff 2 applies on Monday to Friday between 20:00-22:00, and on Saturday and Sunday between 05:00-22:00

8.5 Making Tariff 4 the same as Tariff 2 was proposed for the following reasons:

(a) this simplifies the tariff structure;

(b) this ensures that there will continue to be an incentive for taxi drivers to accept longer journeys when Tariff 1 applies. It also means that the tariff rate will not fall once a journey reaches six miles when Tariff 2 applies;

(c) Tariff 3 will continue to be the highest tariff and hopefully encourage taxi drivers to work at night;

(d) if we continue to freeze Tariff 4 this could mean some taxi drivers are less willing to accept fares for longer journeys and passengers wanting to make these journeys experience problems when trying to get a taxi;

(e) this change may reduce the risk of drivers refusing to accept longer journeys, benefiting passengers wanting to take a taxi for a journey that is over six miles; and

(f) all taxi drivers would benefit when they have a journey that goes over six miles as tariff rate would be higher than it is at present. Taxi drivers who work at Heathrow Airport may be more likely to benefit as they may be more likely to do longer journeys.

Consultation responses

8.6 The majority (59.4 per cent) of all respondents supported making the Tariff 4 rates the same as the Tariff 2 rates, with the majority of taxi users (57.7 per cent) and taxi drivers (68.9 per cent) supporting this.

8.7 LTW said that making Tariff 4 the same as Tariff 2, and decreasing the costs for long journeys at night would likely have some safety benefits, although they added that there is a trade-off that must be considered as it would result in daytime costs increasing. TfA opposed making the Tariff 4 rates the same as the Tariff 2 rates.

8.8 Addison Lee, FREENOW, Gett, the TNG, and the TTTG all supported making the Tariff 4 rates the same as the Tariff 2 rates.

Recommendation

8.9 After carefully reviewing all of the responses to the consultation and taking into consideration the issues raised and the positive and negative impacts identified, we recommend making the Tariff 4 rates the same as the Tariff 2 rates.

8.10 We are making this recommendation for the following reasons:

(a) this simplifies the tariff structure;

(b) this ensures that there will continue to be an incentive for taxi drivers to accept longer journeys when Tariff 1 applies. It also means that the tariff rate will not fall once a journey reaches six miles when Tariff 2 applies;

(c) Tariff 3 will continue to be the highest tariff and hopefully encourage taxi drivers to work at night;

(d) all taxi drivers would benefit when they have a journey that goes over six miles as the tariff rate would be higher than it is at present. Taxi drivers who work at Heathrow Airport may be more likely to benefit as they may be more likely to do longer journeys; and

(e) taxi passengers wanting to use taxis for longer journeys may also benefit, as this change may reduce the risk of taxi drivers refusing to accept longer journeys.

9 Booked taxi extra

9.1 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 costs associated with hirings being taken via a booking service.

9.2 The booked taxi extra can be charged for all hirings taken via a booking service, regardless of whether the journey is completed or it does not go ahead.

9.3 Some taxi companies have requested that the booked taxi is increased and so we asked respondents if the booked taxi extra should remain at £2.00 or be increased, and if they thought it should be increased what it should be increased to.

Consultation responses

9.4 Two thirds (66.7 per cent) of all respondents thought the booked taxi extra should remain at £2.00. A similar number of taxi users (68.1 per cent) and taxi drivers (61.2 per cent) thought the booked taxi extra should remain at £2.00.

9.5 The St John’s Wood Society, TfA, TNG and UCG said the booked taxi extra should remain at £2.00.

9.6 Addison Lee said the booked taxi extra should be increased to £2.80, while FREENOW and Gett said it should be increased to £5.20.

9.7 After carefully reviewing all of the responses to the consultation and taking into consideration the issues raised and the positive and negative impacts identified, , we are not recommending any changes to the booked taxi extra.

9.8 The reasons for this are:

(a) the majority of respondents thought the booked taxi extra should remain at £2.00;

(b) we are recommending an increase to Tariffs 1, 2 and 3 and this follows a relatively large increase to Tariffs 1, 2 and 3 last year. So all taxi users, including those who book taxis, will be paying more; and

(c) the number of people who use booked taxis (e.g. through apps) has grown and if the booked taxi extra was increased a larger number of taxi users would now be impacted and would have to pay more.

10 Heathrow extra

10.1 At Heathrow Airport there are taxi ranks at each of the terminals. There is also a taxi feeder park, this is an area where taxis queue before proceeding to one of the terminal taxi ranks.

10.2 Taxi drivers must pay a fee to enter the taxi feeder park at Heathrow Airport and access the taxi ranks at the terminals. Heathrow Airport Limited (HAL) sets the fee taxi drivers must pay to enter the taxi feeder park. The fee is intended to only cover the cost of operating the taxi feeder park and the taxi ranks at the airport. Taxi drivers who do a ‘local job’ and return to the airport in under one hour normally do not have to pay the taxi feeder park fee, and can instead bypass the taxi feeder park and go straight to one of the taxi ranks.

10.3 We allow taxi drivers to charge passengers taking a taxi from one of the taxi ranks at the airport a Heathrow extra to help drivers cover part of the cost of the taxi feeder park fee. We introduced the Heathrow extra in April 2004. It has normally been around 50 per cent of the taxi feeder park fee.

10.4 HAL decide whether to increase or reduce the taxi feeder park fee. In July 2021 they increased the fee from £3.60 to £7.20 owing to losses incurred during the coronavirus pandemic when demand for taxis at the airport was massively reduced. As a result of the increase to the fee taxi drivers must pay, in April 2022 we increased the Heathrow extra taxi drivers can add to taxi fares from £2.80 to £3.60.

10.5 In April 2023 HAL decreased the fee taxi drivers pay from £7.20 to £3.60. Extra charges are added to the taximeter in increments of 40 pence, so any extra must be a multiple of 40 pence (e.g. £1.20, £1.60, £2.00, £2.40, etc.). In our consultation we proposed reducing the Heathrow extra from £3.60 to £2.00.

Consultation responses

10.6 Just over two fifths (41.9 per cent) of all respondents supported reducing the Heathrow extra to £2.00. A similar number (45.6 per cent) opposed this. There was more support for the proposal amongst taxi users (49.2 per cent), but a higher level of opposition amongst taxi drivers (58.4 per cent).

10.7 The St John’s Wood Society, TfA and Gett supported reducing the extra to £2.00. Addison Lee, FREENOW, LCDC, the TNG and UCG opposed reducing the extra.

10.8 HAL said the extra should be the same as the taxi feeder park fee taxi drivers pay. HAL also said that they are reviewing the taxi feeder park fee and suggested any revised fee should be used when considering changes to the Heathrow extra.

10.9 During the consultation a meeting was held with the taxi trade associations' Heathrow Airport representatives. They expressed their opposition to the Heathrow extra being reduced and stated that they think the extra should be the same as the taxi feeder park fee.

Recommendation

10.10 After carefully reviewing all of the responses to the consultation and taking into consideration the issues raised and the positive and negative impacts identified, , we recommend reducing the Heathrow extra to £2.00.

10.11 We are making this recommendation for the following reasons:

(a) this maintains the longstanding arrangement where the Heathrow extra is around half of the taxi feeder park fee. This recognises that taxi drivers do not pay the taxi feeder park fee every time they go to one of the taxi ranks at the airport;

(b) after a significant fall in taxi use during the coronavirus pandemic, demand for taxis at Heathrow Airport has recovered and on some occasions is exceeding the pre-pandemic demand;

(c) we are recommending an increase to Tariffs 1, 2 and 3, following an increase to Tariffs 1, 2 and 3 last year. So all taxi users, including those who take a taxi from one of the taxi ranks at Heathrow Airport, will be paying more; and

(d) if HAL change the taxi feeder park fee, we will review the Heathrow extra in the following taxi fares and tariffs review.

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

11.1 During the Wimbledon Tennis Championships fixed-fare, shared-taxi schemes operate. Passengers share their taxi with other people they may not know and each passenger pays a fixed fare. Potential benefits from these schemes include:

(a) passengers have a shorter wait for a taxi and reduced fares;

(b) taxi drivers get a higher fare than for an equivalent exclusive hiring;

(c) the supply of available taxis can be used more efficiently; and

(d) the local community potentially benefits from fewer taxi movements, resulting in less congestion, noise and pollution.

11.2 Fixed-fare, shared-taxis operate from the Wimbledon Tennis Championships to parts of central London. In the previous taxi fares and tariffs review[6] we reviewed these fixed fares and increased them. The increases ranged from 60 pence to £1.00. A full list of the increases and areas covered was included in the notice published in April 2023.[7] No changes to these fixed fares were proposed as part of this review.

11.3 Fixed-fare, shared-taxis also operate between Wimbledon Station and the AELTC and Southfields Station and the AELTC during the Wimbledon Tennis Championships.

11.4 The fixed fare between Wimbledon Station and the AELTC and Southfields Station and the AELTC during the Wimbledon Tennis Championships is £2.50 per passenger. The fixed fare was last reviewed in 2008 when it was increased from £2.00 to £2.50.

11.5 During the 2023 Wimbledon Tennis Championships problems were reported with the service between the stations and the tennis, particularly in the evenings. It was reported that there were not enough taxis to meet the demand, resulting in long waits for passengers or passengers being unable to get a taxi.

11.6 In our consultation we asked respondents if the fixed fare between Wimbledon Station and the AELTC and Southfields Station and the AELTC during the Wimbledon Tennis Championships should be increased. If they thought the fixed fare should be increased we asked what it should be increased to.

Consultation responses

11.7 The majority of all respondents (59.2 per cent), taxi users (55.8 per cent) and taxi drivers (72.6 per cent) thought the fixed fare should be increased for all journeys between Wimbledon Station and the AELTC and Southfields Station and the AELTC during the Wimbledon Tennis Championships. Around one third of all respondents (33.7 per cent) and taxi users (37.8 per cent), plus one fifth (21.0 per cent) of taxi drivers thought the fixed fare should remain at £2.50.

11.8 TfA, FREENOW and the TNG said the fixed fare should remain at £2.50. Addison Lee, Gett, the St John's Wood Society, TTTG and UCG said the fixed fare should be increased.

11.9 Amongst all respondents who said the fixed fare should be increased, there was a fairly even split across the four options included in the consultation (£3.00, £3.50, £4.00 and £4.50), with around one quarter supporting each option. The TTTG said the fixed fare should be increased to £3.00.

[6] Review of taxi (black cab) fares and tariffs 2022, 11 November 2022, https://haveyoursay.tfl.gov.uk/taxi-fares-review-2022

[7] TPH Notice 03/23, Taxi Fares and Tariffs Update, Appendix 1 – New fixed fares for the Wimbledon Tennis Championships, https://content.tfl.gov.uk/03-23-tph-notice-taxi-fares-and-tariffs-update-2023.pdf

Recommendation

11.10 After carefully reviewing all of the responses to the consultation and taking into consideration the issues raised and the positive and negative impacts identified, we recommend increasing the fixed fare between Wimbledon Station and the AELTC and Southfields Station and the AELTC during the Wimbledon Tennis Championships to £3.50 per passenger.

11.11 We are making this recommendation for the following reasons:

(a) the fixed fare has not been increased since 2008, although the tariffs and taxi drivers' operating costs have increased since then;

(b) the majority of respondents to the consultation supported increasing the fixed fare;

(c) we want to encourage taxi drivers to use the taxi ranks during the Wimbledon Tennis Championships, serve the fixed-fare, shared-taxi scheme, and reduce the risk of there being long wait times for taxis or people being unable to get a taxi; and

(d) a larger increase, to £3.50 per passenger, may help encourage taxi drivers to use the taxi ranks during the Wimbledon Tennis Championships and increase the supply of taxis available to serve the fixed-fare, shared-taxi scheme.

12 Equality and other impacts

12.1 TfL is subject to an ongoing duty, under section 149 of the Equality Act 2010 (known as the public sector equality duty), to have due regard to the need to:

(a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act;

(b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and

(c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

12.2 The protected characteristics covered by section 149 of the Equality Act 2010 are: age, disability, gender reassignment, pregnancy and maternity, race, sex, religion or belief and sexual orientation, and in certain circumstances civil partnership or marriage.

12.3 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 service.[8] The scheme is funded by TfL and the London boroughs, and taxis are used for the majority of Taxicard journeys.

12.4 Our EQIA is provided in Appendix 5. This identifies a number of negative impacts on people with protected characteristics if the taxi fares and tariffs are increased. These impacts may be greater for individuals with more than one protected characteristic (e.g. if someone is disabled and elderly). The negative impacts primarily relate to passengers having to pay more or potentially being unable to travel by taxi as often. The EQIA also identifies a negative impact if fares and tariffs are not increased and this results in the number of taxi drivers falling. This could affect the supply of taxis and some people may be unable to get a taxi when they want to travel.

12.5 Some potential negative impacts on older taxi drivers are identified. They may be negatively impacted if the fares and tariffs are increased, this results in fewer people using taxis or a decline in the number of taxi journeys, and older taxi drivers cannot work longer to try and maintain their income or cover increased operating costs. However, they may also be negatively impacted if there is no increase to the fares and tariffs and they are unable to cover increased operating costs.

12.6 All options for Tariffs 1, 2 and 3 would have some level of negative impact on those with protected characteristics.

12.7 The number of licensed taxi drivers and people applying to become a licensed taxi driver has fallen significantly and this can have a negative impact on people with protected characteristics, as they may have a longer wait for a taxi or be unable to take a taxi when they want to travel.

12.8 We recognise that not increasing fares and tariffs may have an adverse impact on drivers and driver supply, as it could mean more people leave the taxi trade or fewer people consider applying to become a taxi driver, which in turn may have disproportionate impacts on those with protected characteristics who may rely on taxi services more.

12.9 After considering the current issues and impacts we are proposing to increase Tariffs 1, 2 and 3 by 8.92 per cent to help address the issues with the number of licensed taxi drivers and people applying to become a licensed taxi driver.

12.10 Increasing Tariffs 1, 2 and 3 by the total Cost Index figure, so both the increase in taxi drivers' operating costs and the increase in average national earnings are covered, may help to stop or slow the decline in the number of licensed taxi drivers.

12.11 There was an increase in the number of people applying to become a licensed taxi driver in 2023. The taxi driver associations and taxi booking companies have been promoting the Knowledge of London and encouraging people to consider applying to become a licensed taxi driver. The increase to Tariffs 1, 2

[8] Taxicard scheme, https://tfl.gov.uk/modes/taxis-and-minicabs/taxicard-and-capital-call

and 3 may help support these schemes and encourage people to apply to become a licensed taxi driver.[9]

12.12 However, we acknowledge that increasing Tariffs 1, 2 and 3 will have a negative impact on people with a protected characteristic as it will mean taxi fares increase and they may not be able to afford to use taxis or may need to reduce how often they use them.

12.13 As part of this review of taxi fares and tariffs, we also considered:

(a) impacts relating to health and safety, and crime and disorder;

(b) economic impacts;

(c) environmental impacts; and

(d) impacts in relation to the protection of children and vulnerable adults and the DfT Statutory Taxi and PHV Standards.

12.14 Some potential negative impacts were identified including:

(a) taxi users and Taxicard members would be negatively impacted by increases to the tariffs as the fares they pay would increase;

(b) if 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 tariffs are increased 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 tariffs despite taxi 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, with people travelling late at night potentially disproportionately negatively impacted;

(e) 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;

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[9] Addison Lee partnership with WizAnn Knowledge of London school, https://www.addisonlee.com/addlib/addison-lee-wizann-knowledge-school-initiative/. FREENOW Knowledge of London subsidy, https://www.free-now.com/uk/knowledge-subsidy/. Gett and Taxi-Now Group Knowledge of London school partnership, https://www.taxi-point.co.uk/post/taxi-now-group-partners-with-gett-to-open-new-central-london-taxi-academy

(f) some children and vulnerable adults will experience a negative impact if London boroughs use taxis to provide transport services for them and increasing the tariffs means they have to reduce or make cuts to these services;

(g) some taxi users and Taxicard members would be negatively impacted by making the Tariff 4 rates the same as the Tariff 2 rates, as the fares for longer journeys would increase; and

(h) 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 between Wimbledon and Southfields stations and the tennis then the fares they pay would increase.

12.15 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 (PHV) Standards when exercising its functions so as to protect children, and vulnerable individuals who are 18 or over, from harm.

12.16 The assessment of other impacts and factors to consider, and the consideration of the Statutory Taxi and PHV Standards is provided in Appendix 6. Separately we've consulted on proposals for how we would implement the Standards that were not already in place in London.[10] The outcome of the consultation and the changes that are being implemented was announced in November 2023.[11]

13 Next steps

13.1 The Finance Committee is authorised to approve proposals to make, amend or revoke London cab orders, to the extent they prescribe fares for hackney carriages.[12] If approved, any changes to taxi fares and tariffs would come into effect in April 2024.

13.2 Approval of changes to London taxi sharing scheme orders including orders which prescribe fees of up to £20 is within Officers delegated authority. Any changes to the fares for the fixed-fare, shared-taxi service between Wimbledon Station and the AELTC and Southfields Stations and the AELTC during the Wimbledon Tennis Championships would be implemented before the start of this year's Tennis Championships.

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[10] Improving safety for taxi and PHV passengers, February 2023, https://haveyoursay.tfl.gov.uk/improvingsafetyfortaxiandphvpassengers

[11] TPH Notice 07/23, Improving Safety for Taxi and PHV Passengers consultation outcome, https://content.tfl.gov.uk/tph-notice-07-23-improving-safety-for-tph-passengers-consultation-outcome.pdf

[12] TfL Committees and Panels Terms of Reference, 16 October 2023, https://content.tfl.gov.uk/committees-and-panels-terms-of-reference-oct-2023.pdf

List of appendices to this report:

Appendix 1: Taxi Cost Index 2023/24
Appendix 2: Summary of consultation responses
Appendix 3: Summary of stakeholder responses
Appendix 4: Taxi driver figures
Appendix 5: Taxi fares and tariffs review EQIA
Appendix 6: Assessment of other impacts and factors to consider – this includes an assessment of health and safety, including crime and disorder, impacts, economic impacts, environmental impacts, and impacts in relation to the DfT's Statutory Taxi and Private Hire Vehicle Standards, and the protection of children and vulnerable adults

List of background papers:

The consultation webpage and documents as part of the consultation are available here: haveyoursay.tfl.gov.uk/taxi-fares-review-2023.

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Cost Index Figures

The table below shows the updated Cost Index figures.

The Cost Index showed a:

- 5.20 per cent increase in taxi drivers' operating costs
- 3.72 per cent increase in average national earnings
- Total Cost Index figure of 8.92 per cent

July 2023		2022/23			2023/24			Change	
	Last Update	**£ Per Year**	**% of Cost**	**p per Mile**	**£ Per Year**	**% of Cost**	**p per Mile**	**Cost Inc.**	**Total Inc.**
Vehicle Cost	June 2023	7,556.67	11.1%	34.35	8,314.59	11.2%	37.79	+ 10.03%	+ 1.11%
The Knowledge	May 2023	935.64	1.4%	4.25	935.64	1.3%	4.25	-	-
Vehicle Licence Fees	May 2023	219.70	0.3%	1.00	219.70	0.3%	1.00	-	-
Parts	May 2023	2,739.83	4.0%	12.45	2,964.50	4.0%	13.48	+ 8.20%	+ 0.33%
Tyres	May 2023	405.78	0.6%	1.84	439.05	0.6%	2.00	+ 8.20%	+ 0.05%
Garage and Servicing – Premises	May 2023	370.56	0.5%	1.68	400.94	0.5%	1.82	+ 8.20%	+ 0.04%
Garage and Servicing – Labour	May 2023	1,312.57	1.9%	5.97	1,420.20	1.9%	6.46	+ 8.20%	+ 0.16%
Fuel (Petrol)	May 2023	1,501.88	2.2%	6.83	1,309.10	1.8%	5.95	- 12.84%	- 0.28%
Fuel (Diesel)	May 2023	4,501.47	6.6%	20.46	3,890.34	5.2%	17.68	- 13.58%	- 0.90%
Electricity	June 2023	2,354.37	3.5%	10.70	3,357.16	4.5%	15.26	+ 42.59%	+ 1.47%
Insurance	May 2023	4,686.56	6.9%	21.30	6,697.10	9.0%	30.44	+ 42.90%	+ 2.96%
Miscellaneous	May 2023	650.13	1.0%	2.96	703.44	0.9%	3.20	+ 8.20%	+ 0.08%
Social Costs	April 2023	1,816.12	2.7%	8.26	1,934.17	2.6%	8.79	+ 6.50%	+ 0.17%
Total Operating Costs		**29,051.29**	**42.7%**	**132.05**	**32,585.95**	**44.0%**	**148.12**	**+ 12.17%**	**+ 5.20%**
Average National Earnings	April 2023	38,983.38	57.3%	177.20	41,517.30	56.0%	188.72	+ 6.50%	+ 3.72%
Grand Total		**68,034.67**		**309.25**	**74,103.25**		**336.83**	**+ 8.92%**	**+ 8.92%**

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Appendix 2: Summary of consultation responses

Respondents

- In total 1,487 responses to the taxi fares and tariffs consultation were received
- We asked respondents who they were responding as, and they could choose an answer from the list below:
  - Taxi (black cab) user
  - Taxicard member
  - London taxi (black cab) driver
  - Non-taxi (black cab) user
  - Private hire/minicab operator
  - Private hire/minicab driver
  - Representative of an organisation
- This was not a mandatory question. The responses from those who did answer this question are shown below

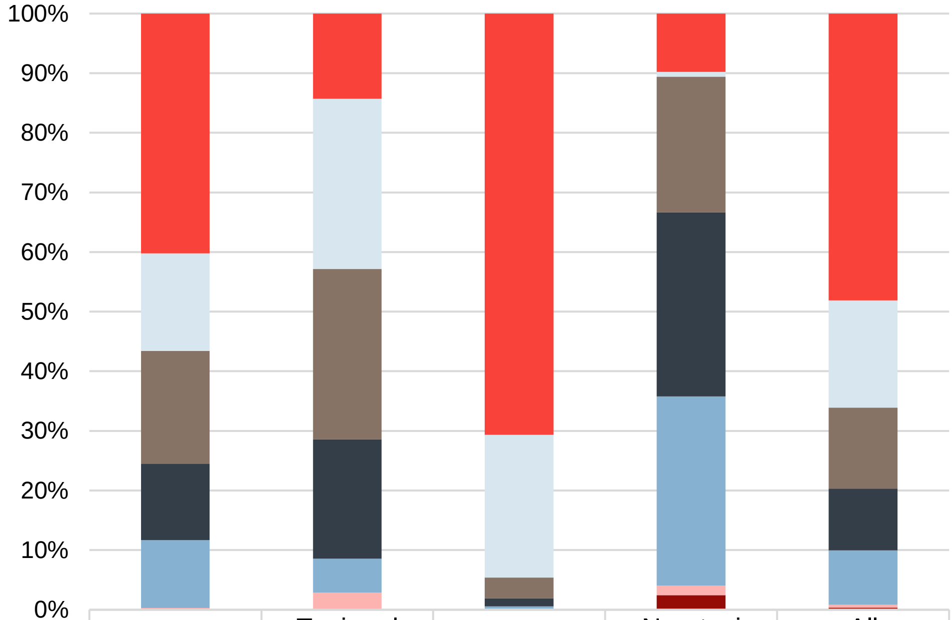
Respondent Type	Count	%
Taxi (black cab) user	633	46.3%
Taxicard member	37	2.7%
London taxi (black cab) driver	535	39.2%
Non-taxi (black cab) user	123	9.0%
Private hire/minicab operator	3	0.2%
Private hire/minicab driver	23	1.7%
Representative of an organisation	12	0.9%
Total	**1366**	**100%**

- For the purpose of the analysis the respondent types were collated into the following five groups:
  - Taxi users
  - Taxicard members
  - Taxi drivers
  - Non-taxi users
  - All respondents – this includes everyone who did not answer the question about who they were responding as
- The number of respondents in each group is shown below

Respondent Type	Count	%
Taxi users	633	42.5%
Taxicard members	37	2.5%
London taxi drivers	535	36.0%
Non-taxi users	123	8.3%
All respondents	**1487**	**100%**

Value for money

- Respondents were asked to rate the value for money of taxi fares in London. The chart below shows the responses
- 66.1 per cent of all respondents rated the value for money of taxi fares as good or very good
- 19.5 per cent of all respondents rated the value for money of taxi fares as poor or very poor



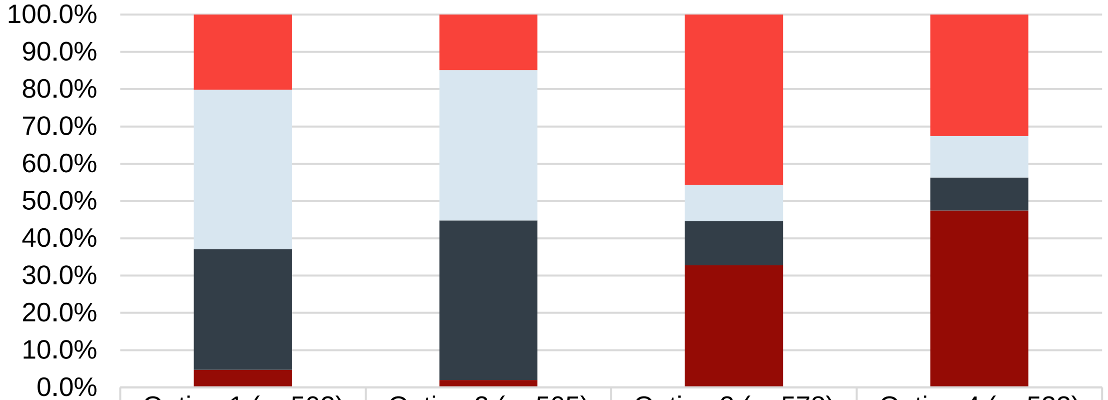
	Taxi users (n=624)	Taxicard members (n=35)	Taxi drivers (n=521)	Non-taxi users (n=123)	All respondents (n=1353)
Very good value for money	40.2%	14.3%	70.6%	9.8%	48.1%
Good value for money	16.3%	28.6%	24.0%	0.8%	18.0%
Ok value for money	18.9%	28.6%	3.5%	22.8%	13.6%
Poor value for money	12.8%	20.0%	1.3%	30.9%	10.3%
Very poor value for money	11.4%	5.7%	0.4%	31.7%	9.2%
No opinion	0.2%	2.9%	0.2%	1.6%	0.4%
Don’t know	0.2%	0.0%	0.0%	2.4%	0.4%

Tariffs 1, 2 and 3

- Respondents were asked to rank in order of preference four options for Tariffs 1, 2 and 3:
    - **Option 1:** Increasing Tariffs 1, 2, and 3 by 5.20 per cent to reflect the change in taxi drivers' operating costs
    - **Option 2:** Increasing Tariffs 1, 2, and 3 by 3.72 per cent to reflect the change in average national earnings
    - **Option 3:** Increasing Tariffs 1, 2, and 3 by 8.92 per cent to reflect the change in both taxi drivers' operating costs and average national earnings
    - **Option 4:** No change in tariff rates (freezing tariffs)
- The charts below show how respondents ranked each option

Taxi users

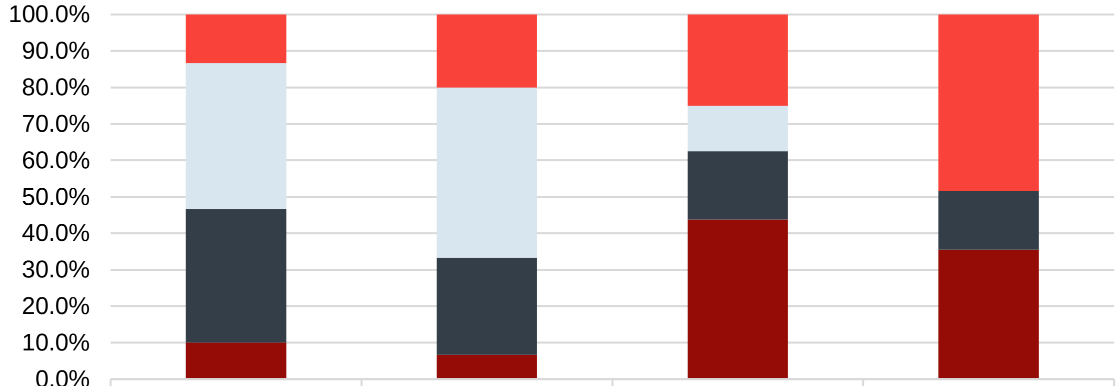
- 45.7 per cent of taxi users ranked option 3 (8.92 per cent increase to Tariffs 1, 2 and 3) as their most preferred option, although 32.7 per cent ranked it as their least preferred option
- 32.6 per cent of taxi users ranked option 4 (freeze Tariffs 1, 2 and 3) as their most preferred option, with 47.5 per cent ranking it as their least preferred option



	Option 1 (n=503)	Option 2 (n=505)	Option 3 (n=578)	Option 4 (n=533)
1 (most preferred)	20.2%	14.9%	45.7%	32.6%
2	42.8%	40.4%	9.7%	11.1%
3	32.3%	42.7%	11.9%	8.8%
4 (least preferred)	4.8%	2.0%	32.7%	47.5%

Taxicard members

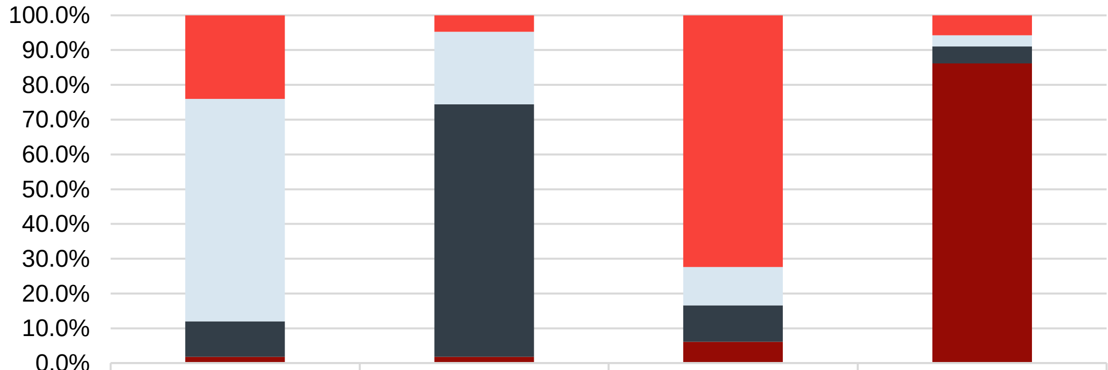
- 48.4 per cent of Taxicard members ranked option 4 (freeze Tariffs 1, 2 and 3) as their most preferred option
- 43.8 per cent of Taxicard members ranked option 3 (8.92 per cent increase to Tariffs 1, 2 and 3) as their least preferred option



	Option 1 (n=30)	Option 2 (n=30)	Option 3 (n=32)	Option 4 (n=31)
1 (most preferred)	13.3%	20.0%	25.0%	48.4%
2	40.0%	46.7%	12.5%	0.0%
3	36.7%	26.7%	18.8%	16.1%
4 (least preferred)	10.0%	6.7%	43.8%	35.5%

Taxi drivers

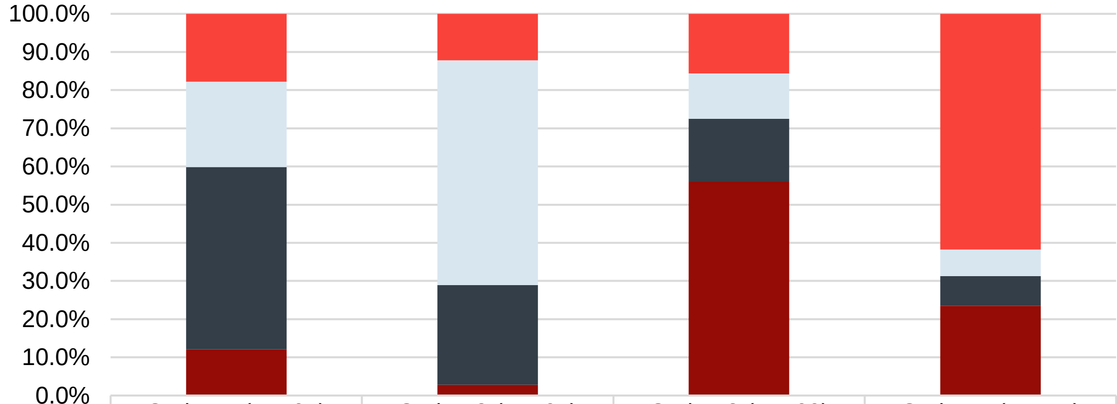
- 72.4 per cent of taxi drivers ranked option 3 (8.92 per cent increase to Tariffs 1, 2 and 3) as their most preferred option
- 86.2 per cent of taxi drivers ranked option 4 (freeze Tariffs 1, 2 and 3) as their least preferred option



	Option 1 (n=449)	Option 2 (n=458)	Option 3 (n=489)	Option 4 (n=435)
1 (most preferred)	24.0%	4.7%	72.4%	5.7%
2	64.0%	20.9%	11.0%	3.2%
3	10.3%	72.6%	10.4%	4.8%
4 (least preferred)	1.7%	1.8%	6.1%	86.2%

Non-taxi users

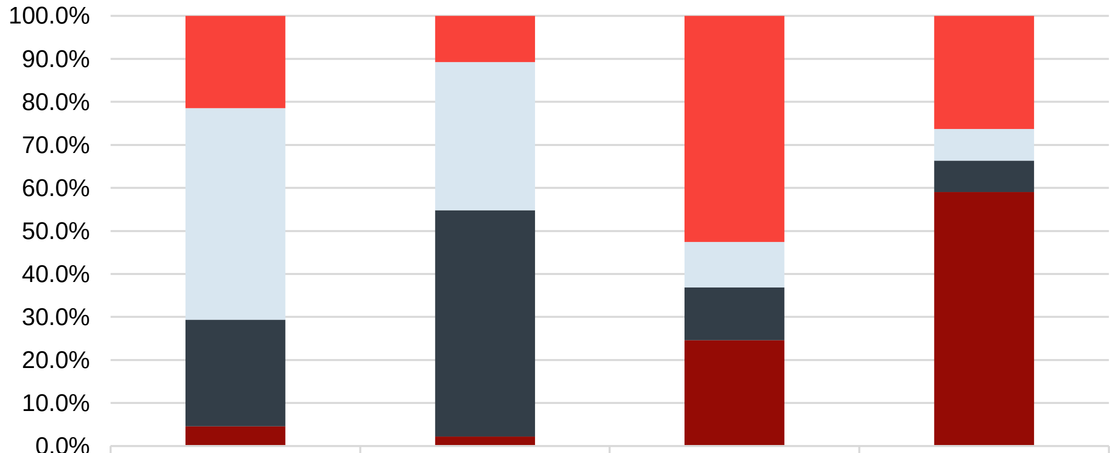
- 61.7 per cent of non-taxi users ranked option 4 (freeze Tariffs 1, 2 and 3) as their most preferred option
- 56.0 per cent of non-taxi users ranked option 3 (8.92 per cent increase to Tariffs 1, 2 and 3) as their least preferred option



	Option 1 (n=107)	Option 2 (n=107)	Option 3 (n=109)	Option 4 (n=115)
1 (most preferred)	17.8%	12.1%	15.6%	61.7%
2	22.4%	58.9%	11.9%	7.0%
3	47.7%	26.2%	16.5%	7.8%
4 (least preferred)	12.1%	2.8%	56.0%	23.5%

All respondents

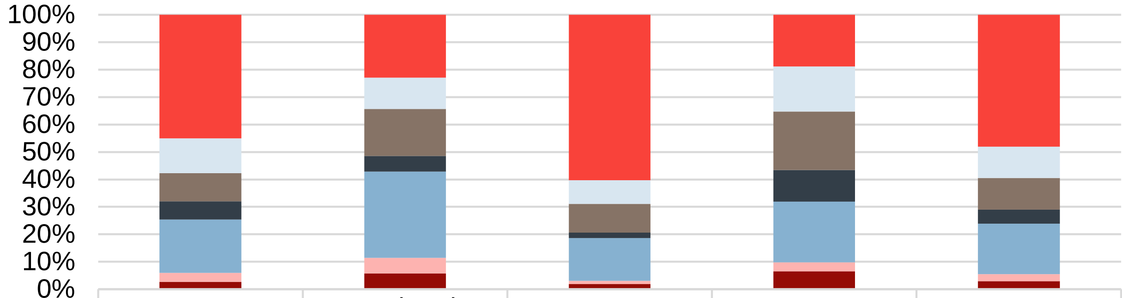
- 52.6 per cent of all respondents ranked option 3 (8.92 per cent increase to Tariffs 1, 2 and 3) as their most preferred option, although 24.6 per cent ranked it as their least preferred option
- 59.1 per cent of all respondents ranked option 4 (freeze Tariffs 1, 2 and 3) as their least preferred option, although 26.3 per cent ranked it as their most preferred option



	Option 1 (n=1127)	Option 2 (n=1113)	Option 3 (n=1222)	Option 4 (n=1227)
1 (most preferred)	21.5%	10.7%	52.6%	26.3%
2	49.2%	34.4%	10.6%	7.4%
3	24.8%	52.6%	12.3%	7.3%
4 (least preferred)	4.6%	2.2%	24.6%	59.1%

Tariff 4

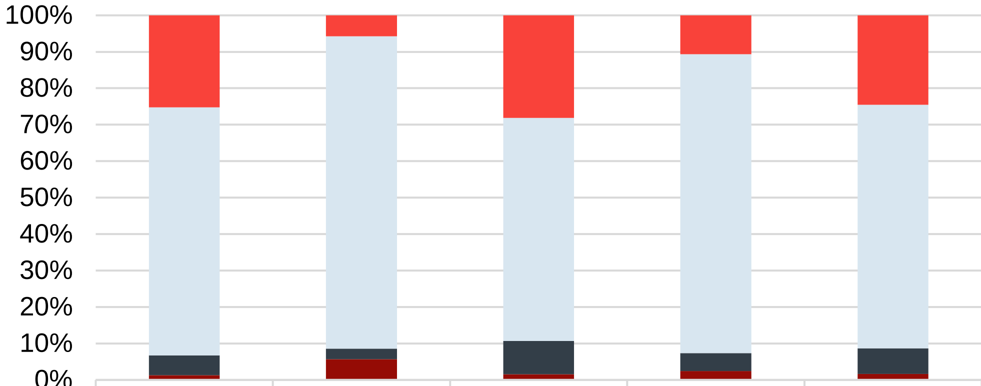
- Respondents were asked if they supported or opposed our proposal to make the Tariff 4 rates the same as the Tariff 2 rates. The chart below shows the responses
- 59.4 per cent of all respondents supported the proposal, while 23.5 per cent opposed it



	Taxi users (n=622)	Taxicard members (n=35)	Taxi drivers (n=524)	Non-taxi users (n=122)	All respondents (n=1351)
Fully support	45.0%	22.9%	60.3%	18.9%	48.0%
Partly support	12.7%	11.4%	8.6%	16.4%	11.4%
Neutral	10.3%	17.1%	10.5%	21.3%	11.5%
Partly oppose	6.6%	5.7%	1.9%	11.5%	5.1%
Fully oppose	19.5%	31.4%	15.6%	22.1%	18.4%
No opinion	3.2%	5.7%	1.1%	3.3%	2.5%
Don’t know	2.7%	5.7%	1.9%	6.6%	3.0%

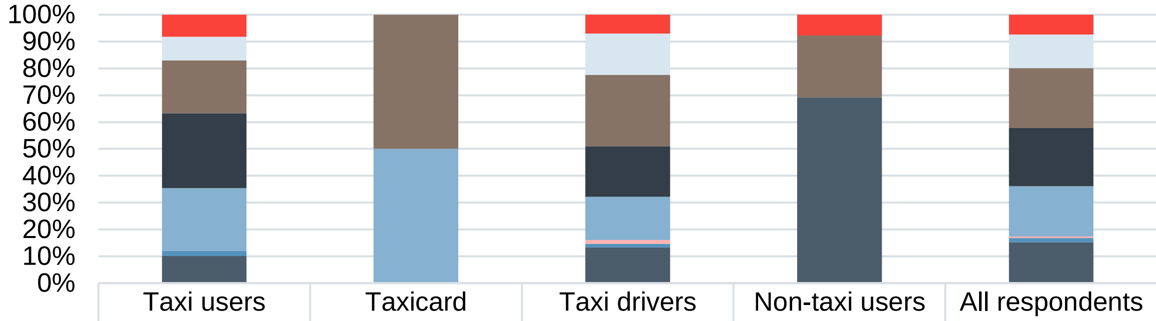
Booked taxi extra

- Respondents were asked if the booked taxi extra should remain at £2.00 or be increased, and if they thought it should be increased what it should be increased to. The charts below show the responses
- 66.7 per cent of all respondents said the booked taxi extra should remain at £2.00, and 24.6 per cent said it should be increased



	Taxi users (n=627)	Taxicard members (n=35)	Taxi drivers (n=523)	Non-taxi users (n=122)	All respondents (n=1356)
It should be increased	25.2%	5.7%	28.1%	10.7%	24.6%
It should remain at £2.00	68.1%	85.7%	61.2%	82.0%	66.7%
No opinion	5.4%	2.9%	9.2%	4.9%	7.1%
Don't know	1.3%	5.7%	1.5%	2.5%	1.6%

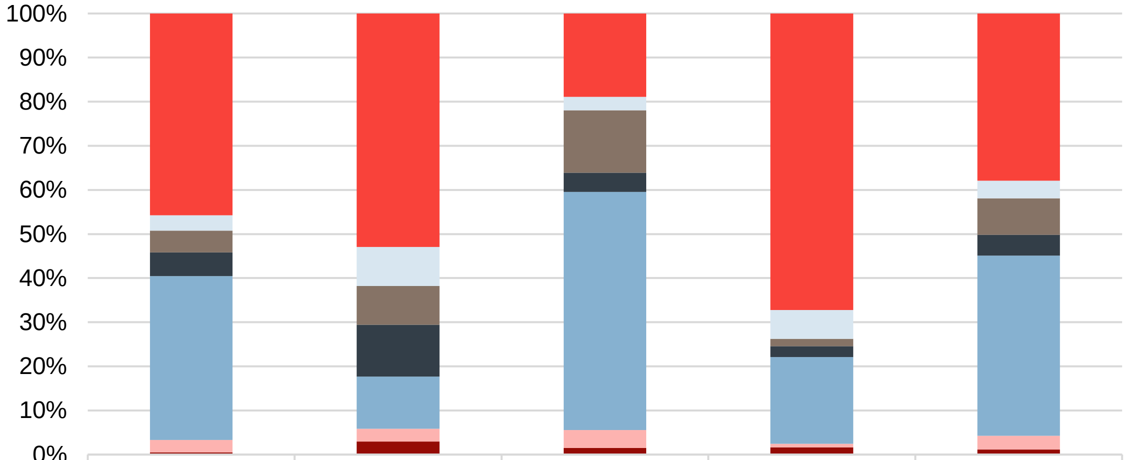
- Amongst the respondents who said the booked taxi extra should be increased, there was most support for increasing it to £2.80 (12.5 per cent), £3.20 (22.3 per cent), £3.60 (21.7 per cent) and £4.00 (18.7 per cent)



	Taxi users (n=158)	Taxicard members (n=2)	Taxi drivers (n=143)	Non-taxi users (n=13)	All respondents (n=327)
£2.40	8.2%	0.0%	7.0%	7.7%	7.3%
£2.80	8.9%	0.0%	15.4%	0.0%	12.5%
£3.20	19.6%	50.0%	26.6%	23.1%	22.3%
£3.60	27.8%	0.0%	18.9%	0.0%	21.7%
£4.00	23.4%	50.0%	16.1%	0.0%	18.7%
£4.40	0.0%	0.0%	1.4%	0.0%	0.6%
£4.80	1.9%	0.0%	1.4%	0.0%	1.5%
£5.20	10.1%	0.0%	13.3%	69.2%	15.3%

Heathrow extra

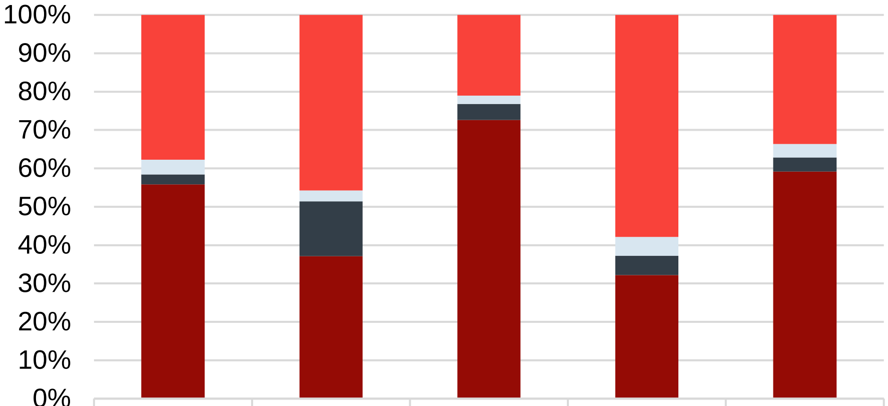
- Respondents were asked if they supported or opposed our proposal to reduce the Heathrow extra from £3.60 to £2.00. The chart below shows the responses
- 41.9 per cent of all respondents supported the proposal, while 45.6 per cent opposed it



	Taxi users (n=630)	Taxicard members (n=34)	Taxi drivers n=524)	Non-taxi users (n=122)	All respondents (n=1360)
Fully support	45.7%	52.9%	18.9%	67.2%	37.9%
Partly support	3.5%	8.8%	3.1%	6.6%	4.0%
Neutral	4.9%	8.8%	14.1%	1.6%	8.2%
Partly oppose	5.4%	11.8%	4.4%	2.5%	4.7%
Fully oppose	37.1%	11.8%	54.0%	19.7%	40.9%
No opinion	2.9%	2.9%	4.0%	0.8%	3.2%
Don’t know	0.5%	2.9%	1.5%	1.6%	1.1%

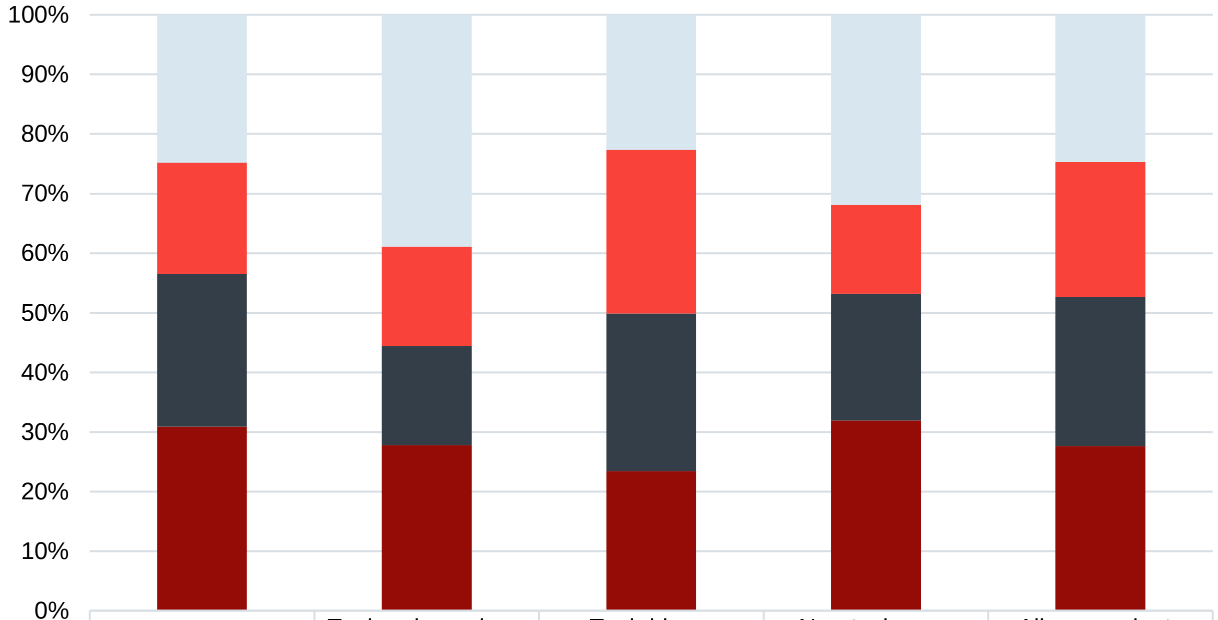
Wimbledon Tennis Championships fixed-fare, shared-taxi scheme

- Respondents were asked if the fixed fare between Wimbledon and Southfields stations and the Wimbledon Tennis Championships should be increased, and if they thought it should be increased what it should be increased to. The charts below show the responses
- 59.2 per cent of all respondents thought the fixed-fare should be increased for all journeys between Wimbledon and Southfields stations and the tennis, while 33.7 per cent thought the fixed-fare should remain £2.50



	Taxi users (n=625)	Taxicard members (n=35)	Taxi drivers (n=518)	Non-taxi users (n=121)	All respondents (n=1345)
Fixed fare should remain at £2.50 per passenger	37.8%	45.7%	21.0%	57.9%	33.7%
Fixed fare should only be increased for journeys in the mornings/from Wimbledon and Southfields stations to the Wimbledon Tennis Championships	3.8%	2.9%	2.1%	5.0%	3.5%
Fixed fare should only be increased for journeys in the evenings/from the Wimbledon Tennis Championships to Wimbledon and Southfields stations	2.6%	14.3%	4.2%	5.0%	3.6%
Fixed fare should be increased for all journeys	55.8%	37.1%	72.6%	32.2%	59.2%

- Amongst all respondents who said the fixed fare should be increased, there was a fairly even split across the four options included in the consultation (£3.00, £3.50, £4.00 and £4.50), with around one quarter supporting each option



	Taxi users (n=379)	Taxicard members (n=18)	Taxi drivers (n=393)	Non-taxi users (n=47)	All respondents (n=859)
£3.00	24.8%	38.9%	22.6%	31.9%	24.7%
£3.50	18.7%	16.7%	27.5%	14.9%	22.7%
£4.00	25.6%	16.7%	26.5%	21.3%	25.0%
£4.50	30.9%	27.8%	23.4%	31.9%	27.6%

Appendix 3: Summary of stakeholder responses

We sought views from a wide range of stakeholders using our stakeholder database, including stakeholder groups representing the interests of those with disabilities, those with a focus on women's safety and older people. We also south the views of taxi driver groups. Responses were submitted by the following stakeholders:

1. London TavelWatch
2. St John's Wood Society
3. Transport for All
4. Visually Impaired People of Newham
5. London Cab Drivers Club
6. Taxi Now Group
7. Taxi Trade Tariff Group
8. United Cabbies Group
9. Addison Lee
10. FREENOW
11. Gett
12. CHAPRA
13. Heathrow Airport

London TravelWatch
London TravelWatch (LTW) said that 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.

They said that while some perceive them to be a luxury, taxis are often essential and there are many instances when taxis can help people get around when other options are not viable. They also said taxis allow people to travel at times and between locations that may not be well served by other transport, they can be particularly important in outer London, and can be vital at night.

LTW said that most importantly taxis provide door-to-door, accessible transport for people who may not be able to use other types of transport and have no access to private transport. Taxis can be particularly important for disabled and older people and it is vital this aspect is considered when considering any changes.

LTW said they understand the need to increase taxi fares and tariffs, given the considerable increase in costs for taxi drivers over the past year. They said this would help drivers cover their costs and mitigate the risk of drivers changing career. They added that given the decrease in the number of taxi drivers, it is important to protect the remaining taxis available, so as people can still access them when they need to.

LTW said it was important to strike a balance between drivers being fairly paid and people who use taxis getting fair and affordable fares, to make sure people are not priced out of using taxis. They said fare increases are likely to disproportionately disadvantage people who rely on taxis for accessibility or safety reasons, so mitigations should be put in place to protect these groups.

LTW called for Tariff 3 to be protected from high increases, to protect people who have to travel by taxi at night from increased costs. LTW said this was particularly important from a safety perspective and their research found that 31 per cent of people who reported feeling unsafe when travelling in London decided to take PHVs or taxis more.

LTW said higher fares may result in some people being stranded overnight if they can't afford a taxi. They said that making Tariff 4 the same as Tariff 2, and decreasing the costs for long journeys at night would likely have similar safety benefits, although they added that there is a trade-off that must be considered as it would result in daytime costs increasing.

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 could lead to fewer taxis being available at night, longer waits and some people being unable to get a taxi. LTW said that given the importance of taxis at night they accept Tariff 3 may need to be increased but they would advise that the increase is smaller than the increase for Tariffs 1 and 2. LTW also said they would like TfL to monitor the situation and make changes in the future as needed.

LTW said that if taxi fares are increased they would like TfL to take steps to reduce the negative impacts, with a particular focus on disabled people and people travelling at night.

LTW said extra support could be put in place for Taxicard members 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
- Increasing 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
- Protecting night services, including the Night Tube and Night Bus, to ensure that these remain a safe and viable alternative for those who cannot afford taxis when travelling at night

LTW said that in the longer term they would like to see measures that increase the number of accessible PHVs, and that currently the lack of accessible vehicles means that there is a section of the community who do not have the option to use PHVs. They said this needs to be addressed so there is 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 but would welcome further proposals on how this could be achieved.

LTW said TfL should also continue the work to make other modes of transport more accessible, including improving step-free access across the Tube and Overground, and providing more real-time information on lift and escalator services.

St John's Wood Society
The St John's Wood Society is a local amenity society and works alongside Westminster City Council to protect the character of their area.

The St John's Wood Society:

- Rated the value for money of taxi fares in London as ok
- Ranked the tariff options in the following order:
  - **1st choice:** Option 1, Tariffs 1, 2 and 3 increased to reflect the change in taxi drivers' operating costs (5.20 per cent)
  - **2nd choice:** Option 4, Tariffs 1, 2 and 3 are frozen
  - **3rd choice:** Option 3, Tariffs 1, 2 and 3 increased by the total Cost Index figure (8.92 per cent)
  - **4th choice:** Option 2, Tariffs 1, 2 and 3 increased to reflect the change in average national earnings (3.72 per cent)
- Were neutral on making Tariff 4 the same as Tariff 2
- Said the booked taxi extra should remain at £2.00
- Partly supported reducing the Heathrow extra from £3.60 to £2.00
- Said the fixed fare should be increased to £3.00 for all journeys between Wimbledon and Southfields stations and the Wimbledon Tennis Championships

The St John's Wood Society said that the premiums charged by the taxi booking platforms at busy times need to be better controlled. They said the additional charge can be around £15 for a short journey in Zone 1/2, more than doubling the fare.

Transport for All
Transport for All (TfA):

- Had no opinion on the value for money of taxi fares in London
- Ranked the tariff options in the following order:
  - **1st choice:** Option 4, Tariffs 1, 2 and 3 are frozen
  - **2nd choice:** Option 2, Tariffs 1, 2 and 3 increased to reflect the change in average national earnings (3.72 per cent)
  - **3rd choice:** Option 1, Tariffs 1, 2 and 3 increased to reflect the change in taxi drivers' operating costs (5.20 per cent)
  - **4th choice:** Option 3, Tariffs 1, 2 and 3 increased by the total Cost Index figure (8.92 per cent)
- Fully opposed making Tariff 4 the same as Tariff 2
- Said the booked taxi extra should remain at £2.00
- Fully supported reducing the Heathrow extra from £3.60 to £2.00
- Said the fixed fare for journeys between Wimbledon and Southfields stations and the Wimbledon Tennis Championships should remain at £2.50 per passenger

TfA said that as a disabled person's organisation, their primary concern is how the proposed increases will affect disabled people travelling by taxi.

They said TfL had acknowledged that Taxicard users will be affected if these increases go ahead and may not be able to make as many taxi journeys. TfA said given that Taxicard is used by disabled Londoners who find public transport inaccessible, these proposed increases will affect their ability to travel throughout the city, consequently increasing social isolation.

While TfA appreciated that costs have risen, they said the cost of living crisis has hit disabled people hardest and disabled people already face over £900 of extra costs per month on average (Scope, 2023), and as such, will be the most affected by increased taxi fares.

TfA added that taxis are often the most (and sometimes only) accessible form of transport, and these proposed increase in fares will only serve to make them increasingly inaccessible.

Visually Impaired People of Newham
Visually Impaired People of Newham (VIPON) said they were extremely concerned about taxi fares being raised during the cost of living crisis.

They said this means a lot of people with disabilities will be unable to go out and are isolated. They said that in Newham, Taxicard members are only allowed to swipe their card once, which means there will be a big impact on them. They added that Taxicard members in Newham cannot travel across the whole borough, only about a quarter of it and then they have to pay the rest of the fare themselves which is already very expensive.

VIPON said other boroughs allow double-swipes, but if fares increase they will have to pay a lot more too. They said at the moment Taxicard is not consistent across the boroughs and asked if all boroughs could allow double-swipes and pay the same amount. VIPON said the service is confusing since the change from ComCab to Addison Lee, as the prices have changed, and some drivers take a longer route, charge more or do not come to the door to pick up members, despite asking for a door-to-door service. This increases the fare as members cannot find the vehicle and are charged waiting time.

VIPON said it was a problem that some drivers have not done the Knowledge, as taxi drivers have, as this means they drive around for longer to find where people want to go and this increases the fare, resulting in disabled people not being able to go out.

VIPON asked if raising taxi fares could be reconsidered as it will mean disabled people are more isolated, won’t be able to afford journeys to go to hospital, or visit friends and relatives. They also asked if fares could be made consistent throughout London.

London Cab Drivers Club
The London Cab Drivers Club (LCDC) submitted a response about the Heathrow extra and some other items. Points made in the response included:

- It was proposed to reduce the Heathrow Extra to £2.00/50 per cent of the taxi feeder park fee but the extra was not increased to 50 per cent when the taxi feeder park fee was between £6.60 and £7.20
- TfL and Heathrow's timings for reviews are not synchronised
- The method of taxi drivers recovering 50 per cent of the taxi feeder park fee is flawed, as drivers often did only one trip per day and sometimes local journeys took longer due to local traffic
- The taxi feeder park fee was initially only 50 pence and drivers' expenses were lower. Taxi vehicle costs have increased and are now around two to three times the cost of an average saloon car, and the grant for taxis has not increased with inflation or as the vehicle costs have increased
- The cost of fuel and charging electric vehicles has increased. Inflation and interest rates have increased too. Taxi drivers were told there would be savings with the new vehicles but that has proved to be wrong, with the cost of fuel and electricity escalating plus there is added downtime for charging
- Most taxi drivers cannot charge at home, despite research suggesting they can
- Taxi drivers have had to buy electric taxis but the charging infrastructure is inadequate. At Heathrow Airport there are only seven chargers, and they often do not work
- The number of taxi drivers has fallen to around 17,000, while the number of PHV drivers is over 100,000. There are very few PHVs that are wheelchair accessible. The Government have called on councils to make taxis and PHVs more accessible[1]. PHV drivers have been allowed to continue using older diesel vehicles. Heathrow Airport Limited (HAL) have been working on a Sustainable Transport Strategy but the problems at the airport are all related to the growth in the PHV market
- The original taxi feeder park is now an authorised vehicle area, and the current taxi feeder park is further away from the terminals. Drivers were not able to challenge this previously and have only been able to do so recently
- There are specific issues at the airport and the Heathrow extra is used to recover the provision of the whole service at the airport. At night taxi drivers may enter the taxi feeder park but may not get a job, and will then have to wait several hours for the first flight in the morning or leave. If taxi drivers pay the taxi feeder park but do not get a fare, the taxi feeder park fee is not refunded
- HAL are prepared to back taxi drivers on the Heathrow extra. It is not always possible for drivers doing local jobs to get back to the terminal taxi ranks within one hour. If they do not return within one hour they have to pay the taxi feeder park fee again
- TfL were asked to introduce a higher minimum fare for the airport to encourage taxi drivers to work there but refused to consider this
- The taxi trade reps have been asking HAL to make improvements to the taxi feeder park, but the investment for this comes from taxi drivers via the taxi feeder park fee. It was suggested that TfL provide a taxi feeder park and cover the costs associated with running this

[1] GOV.UK, Government calls on councils to make taxis and private hire vehicles more accessible, 17 November 2023, https://www.gov.uk/government/news/government-calls-on-councils-to-make-taxis-and-private-hire-vehicles-more-accessible

- The taxi trade is undermined by other services, with lower costs, lower standards and very few wheelchair accessible vehicles
- It takes several years to become a taxi driver and taxi drivers have provided a 24/7 service at the airport 365 days of the year and should be supported by TfL. TfL set the standards but there is no driving test requirement for PHV drivers
- The Other Regulated Costs (ORC) team at the airport have said that the taxi feeder park is likely to come down and HAL will be aiming to reduce this to £3.00 in April. They will try to change this so it coincides with any changes in the tariffs
- The taxi trade would not be happy to see the Heathrow extra reduced, cannot agree to anything less than recovering the whole charge for each job and believe passengers are confused by changes to the Heathrow extra
- TfL should fund a dedicated tout squad at London's airport. When the taxi trade asked HAL about this, they were advised that taxi drivers would have to pay for this via the taxi feeder park fee. When TfL was asked about this, the taxi trade were advised that funding would have to come from taxi licence fees

Taxi Now Group

The Taxi Now Group (TNG):

- Rated the value for money of taxi fares in London as very good
- Said option 3, Tariffs 1, 2 and 3 increased by the total Cost Index figure (8.92 per cent) was their 1st choice from the tariff options
- Fully supported making Tariff 4 the same as Tariff 2
- Said the booked taxi extra should remain at £2.00
- Fully opposed reducing the Heathrow extra from £3.60 to £2.00
- Said the fixed fare for journeys between Wimbledon and Southfields stations and the Wimbledon Tennis Championships should remain at £2.50 per passenger

The TNG said the booking fee charge should be removed from the fare chart as customers are being charged this twice – once by the app companies and again by taxi drivers. They said there was no need to have this on the fare chart and added that TaxiApp charge £2.50 plus VAT.

Taxi Trade Tariff Group

The Taxi Trade Tariff Group (TTTG) is made up of representatives from the five main taxi driver associations:

- Licensed Taxi Drivers' Association (LTDA)
- London Cab Drivers Club (LCDC)
- RMT
- United Cabbies Group (UCG)
- Unite the Union

The TTTG:

- Regarded increasing the tariffs by 8.92 per cent (option 3) to be the only fair and reasonable option

- Rejected option 1 (5.20 per cent increase), as this would only cover the increase in taxi drivers' operating costs, excluded labour costs and would result in a reduction of drivers' earnings in real terms
- Rejected option 2 (3.72 per cent increase) as this would not even cover the increase in operating costs, and would result in a reduction in drivers' earnings in real terms and also nominal terms
- Rejected option 4 (no increase) as this would reduce drivers' earnings by 5.20 per cent in nominal terms and 8.92 per cent in real terms

They mentioned that this comes on top of the tariff increase earlier in 2023 where taxi drivers received no cost of living increase, but merely an amount to cover the increase in taxi driver operating costs.

They stated that driver earnings should not be separate from the main body of the Cost Index.

They said they were aware that the Finance Committee considers a balance between drivers' earnings and the ability of the customers to pay. They said that TfL control costs via the Conditions of Fitness (CoF), and that traffic conditions and road access largely control the efficiency of taxis. They said that the time to consider balance is during CoF reviews and reviews of road access for taxis.

They stated that the Cost Index review sets the outcome (8.92 per cent on this occasion) that maintains a balance between drivers' earnings and the customers' ability to pay. Beyond this the market will decide if the price is balanced or otherwise.

The TTTG:

- Fully supported bringing Tariff 4 in line with Tariff 2, they said that Tariff 4 has become an anomaly and instead of being an enhanced rate it is currently a discounted rate when Tariffs 2 and 3 apply
- Fully supported the fixed fare between the Wimbledon and Southfields stations/the tennis being increased from £2.50 to £3.00

United Cabbies Group

The United Cabbies Group (UCG) also submitted a separate response and:

- Rated the value for money of taxi fares in London as very good
- Ranked the tariff options in the following order:
  - **1st choice:** Option 3, Tariffs 1, 2 and 3 increased by the total Cost Index figure (8.92 per cent)
  - **2nd choice:** Option 1, Tariffs 1, 2 and 3 increased to reflect the change in taxi drivers' operating costs (5.20 per cent)
  - **3rd choice:** Option 2, Tariffs 1, 2 and 3 increased to reflect the change in average national earnings (3.72 per cent)
  - **4th choice:** Option 4, Tariffs 1, 2 and 3 are frozen
- Fully supported making Tariff 4 the same as Tariff 2
- Said the booked taxi extra should remain at £2.00
- Fully opposed reducing the Heathrow extra from £3.60 to £2.00

- Said the fixed fare should be increased to £3.50 for all journeys between Wimbledon and Southfields stations and the Wimbledon Tennis Championships

The UCG also made the following comments:

- The consultation says that “taxis provide an important service including for people less able to use public transport" and that they also “provide an alternative to using a private car, which can contribute to improving congestion and air quality". This is at odds with TfL’s policy where decisions are made that negatively impact taxi passengers
- TfL could decide to lift the restrictions on taxis using bus gates in places such as Bishopsgate and Tottenham Court Road and supporting access in other locations (e.g. Bank Junction and low traffic neighbourhoods). These restrictions have a direct negative impact on journey times and costs, especially for Taxicard members and people who need a publicly available wheelchair accessible vehicle
- TfL could resolve this and stop the increased routes and fares for taxi passengers. The cost increases hurt taxi passengers with a protected characteristic and who use taxis because they cannot cycle, walk or handcycle (e.g. people with mobility impairments or visual impairments). This also affects special educational needs and disabilities (SEND) transport for children who do not have a regular driver and may not have access to a car or blue badge and so use a taxi
- Passengers do not understand how taxis can use bus lanes but then are restricted from being able to take the quickest route. Longer routes increase the metered fare. This has an impact on women travelling alone at night, who may choose to be dropped off at a location to reduce the fare but this may be in a poorly lit area
- Although taxi drivers do not know if a passenger has a mobility or visual impairment, they are compelled to accept hirings. It cannot be right that the poor design of schemes increases costs for those most in need and this goes against the rationale for trying to keep taxi fares affordable, which was referenced in the last Finance Committee discussion on taxi fares
- Feedback from taxi passengers, especially those who are reliant on taxis, is that taxis should be included in all TfL and borough schemes. Carers who do not drive, parents with babies, pregnant women and people who may be vulnerable use taxis. Safer travel at night is seriously hampered by a continued lack of access in key areas
- Taxis should be part of the solution and want to be. Transport is not a binary issue and restrictions on taxi access have a cumulative impact on the ability to transport the public and this should be considered alongside the annual taxi fares review
- TfL cannot say they will apply part of the Cost Index, as was done last year, and at the same time create longer routes and journey times for taxis, which increase the cost for passengers, through restricting taxi access to roads on the TLRN or supporting the exclusion of taxis from borough schemes. A joined up, holistic view needs to be applied so that taxi passengers know that access is consistent across the area taxi drivers are licensed for

Addison Lee

Addison Lee:

- Rated the value for money of taxi fares in London as very good
- Ranked the tariff options in the following order:
    - **1st choice:** Option 3, Tariffs 1, 2 and 3 increased by the total Cost Index figure (8.92 per cent)
    - **2nd choice:** Option 1, Tariffs 1, 2 and 3 increased to reflect the change in taxi drivers' operating costs (5.20 per cent)
    - **3rd choice:** Option 2, Tariffs 1, 2 and 3 increased to reflect the change in average national earnings (3.72 per cent)
    - **4th choice:** Option 4, Tariffs 1, 2 and 3 are frozen
- Fully supported making Tariff 4 the same as Tariff 2
- Said the booked taxi extra should be increased to £2.80
- Fully opposed reducing the Heathrow extra from £3.60 to £2.00
- Said the fixed fare should be increased to £3.50 for all journeys between Wimbledon and Southfields stations and the Wimbledon Tennis Championships

FREENOW

FREENOW:

- Rated the value for money of taxi fares in London as very good
- Ranked the tariff options in the following order:
    - **1st choice:** Option 3, Tariffs 1, 2 and 3 increased by the total Cost Index figure (8.92 per cent)
    - **2nd choice:** Option 1, Tariffs 1, 2 and 3 increased to reflect the change in taxi drivers' operating costs (5.20 per cent)
    - **3rd choice:** Option 2, Tariffs 1, 2 and 3 increased to reflect the change in average national earnings (3.72 per cent)
    - **4th choice:** Option 4, Tariffs 1, 2 and 3 are frozen
- Fully supported making Tariff 4 the same as Tariff 2
- Said the booked taxi extra should be increased to £5.20
- Fully opposed reducing the Heathrow extra from £3.60 to £2.00
- Said the fixed fare for journeys between Wimbledon and Southfields stations and the Wimbledon Tennis Championships should remain at £2.50 per passenger

FREENOW also made the following comments:

- Taxi fares provide truly excellent value for money, given the high quality service of drivers and the use of specialist, wheelchair accessible vehicles
- Users' perceptions may be affected by increased congestion, delays, and increased journey times leading to higher fares. The causes of these issues are:
    - Reduction in road capacity
    - Introduction of access restrictions for taxis, accentuated by low traffic neighbourhoods. FREENOW said these undermine the value of taxis being wheelchair accessible
    - Increase in distances because of detours including those caused by streetspace initiatives
    - Roadworks

- FREENOW said these factors are detrimentally impacting demand and when someone decides not to take a taxi this has a detrimental impact on taxi drivers' incomes
- FREENOW said they strongly support increasing Tariffs 1, 2 and 3 by the Cost Index figure (+8.92 per cent). They said the increase is necessary for taxi drivers, as they are experiencing the same cost of living challenges as everyone else. They added that the increase is more important given that the last review increased the tariffs by the increase in taxi drivers' operating costs (+7.61 per cent) and did not include the increase in average national earnings (+4.02 per cent)
- FREENOW said an increase of 8.92 per cent to Tariffs 1, 2 and 3 was necessary to help make up lost ground from the previous review, and the 2022/23 Taxi and Private Hire Licensee Customer Satisfaction Survey showed that some taxi drivers said an increase to the tariffs was necessary, and the increase should help taxi drivers with purchasing an electric taxi
- FREENOW said a more equitable income level should serve to make being a taxi driver a more attractive career, arrest the long term decline in licensed taxi drivers since 2013/14, and address the severe supply problems customers can experience
- FREENOW strongly support Tariff 2 applying to journeys of six or more miles, irrespective of when they take place. They said this would also simplify the fare system
- FREENOW said the booked taxi extra is an important component in allowing them to provide fast, safe and quality services. They said that allowing it to be charged via the taximeter should be removed to ensure passengers are not charged the extra twice
- FREENOW said the booked taxi extra should be increased to £5.20 and should be reviewed annually as part of the fares and tariffs review
- FREENOW anticipated that for the options covered by the booked taxi extra (hirings arranged by telephone, mobile phone, etc) less than £5.20 would be charged in most cases. They said that being able to vary the amount is important, as some bookings can be more complex or difficult to arrange. They also said that the booked taxi extra has not changed in a decade, so a substantial upwards adjustment was needed
- FREENOW said they were disappointed that TfL had not given consideration to introducing a cancellation fee, after informing the Finance Committee in October 2022 that this was being considered. They said that passengers who book a taxi could be charged £5.80 (the booked taxi extra plus the minimum fare) and it seems reasonable that where a taxi is booked but cancelled, and the driver has incurred some costs, there should be some recompense amounting to, but not exceeding, the sum of the minimum fare and the booked taxi extra. They said introducing a cancellation fee would be much fairer to drivers and would improve the supply situation
- FREENOW said they were strongly in favour of including a cancellation fee in the Cab Order. They said cancellation fees are standard and can play a critical role in maximising utilisation rates of drivers/vehicles while minimising dead mileage. Passengers who are not charged cancellation fees are twice as likely to cancel compared to passengers who are charged cancellation fees

- FREENOW called for TfL to work with them and others to introduce a cancellation fee
- FREENOW support increasing the minimum fare and £4.20 would be the most suitable amount. They also called for the introduction of a separate minimum fare for apps, as drivers may have to drive extra distances to pick up passengers who have booked a taxi through an app. They said a higher minimum fare for apps could improve acceptance rates and this would have a profound effect in areas with a lower supply of taxis
- FREENOW said there was merit in considering Tariff 3 applying to taxi journeys on Saturday and Sunday, between 20:00-22:00. Doing this would better renumerate drivers, and motivate them to drive during periods of higher demand which would benefit the public. They said this could also serve to retain existing drivers, encourage people who have left the trade to return, and encourage people to apply to become a taxi driver
- FREENOW said an increase to the soiling charge seems reasonable and £100 would be appropriate

Gett

- Rated the value for money of taxi fares in London as very good
- Ranked the tariff options in the following order:
  - **1st choice:** Option 3, Tariffs 1, 2 and 3 increased by the total Cost Index figure (8.92 per cent)
  - **2nd choice:** Option 1, Tariffs 1, 2 and 3 increased to reflect the change in taxi drivers' operating costs (5.20 per cent)
  - **3rd choice:** Option 2, Tariffs 1, 2 and 3 increased to reflect the change in average national earnings (3.72 per cent)
  - **4th choice:** Option 4, Tariffs 1, 2 and 3 are frozen
- Fully supported making Tariff 4 the same as Tariff 2
- Said the booked taxi extra should be increased to £5.20
- Partly supported reducing the Heathrow extra from £3.60 to £2.00
- Said the fixed fare should be increased to £4.50 for all journeys between Wimbledon and Southfields stations and the Wimbledon Tennis Championships

CHAPRA

CHAPRA is a London residents association and they:

- Rated the value for money of taxi fares in London as poor
- Ranked the tariff options in the following order:
  - **1st choice:** Option 4, Tariffs 1, 2 and 3 are frozen
  - **2nd choice:** Option 2, Tariffs 1, 2 and 3 increased to reflect the change in average national earnings (3.72 per cent)
  - **3rd choice:** Option 1, Tariffs 1, 2 and 3 increased to reflect the change in taxi drivers' operating costs (5.20 per cent)
  - **4th choice:** Option 3, Tariffs 1, 2 and 3 increased by the total Cost Index figure (8.92 per cent)
- Said the booked taxi extra should remain at £2.00
- Partly supported reducing the Heathrow extra from £3.60 to £2.00

- Said the fixed fare should be increased to £3.00 for journeys in the evenings/from the Wimbledon Tennis Championships to Wimbledon and Southfields stations

They also said that taxis are part of London and they need to be there in the future, therefore they must remain competitive with PHVs.

Heathrow Airport Limited
Heathrow Airport Limited (HAL) said their key interest was in the Heathrow extra.

HAL said that the taxi feeder park fee, which taxi drivers pay, falls under Other Regulated Charges, and it is not allowed to make a profit or loss. The annual process to review the fee normally commences in the latter part of the year. HAL said they would like to keep TfL updated on this and suggested the 2024 fee is used when considering changes to the Heathrow extra.

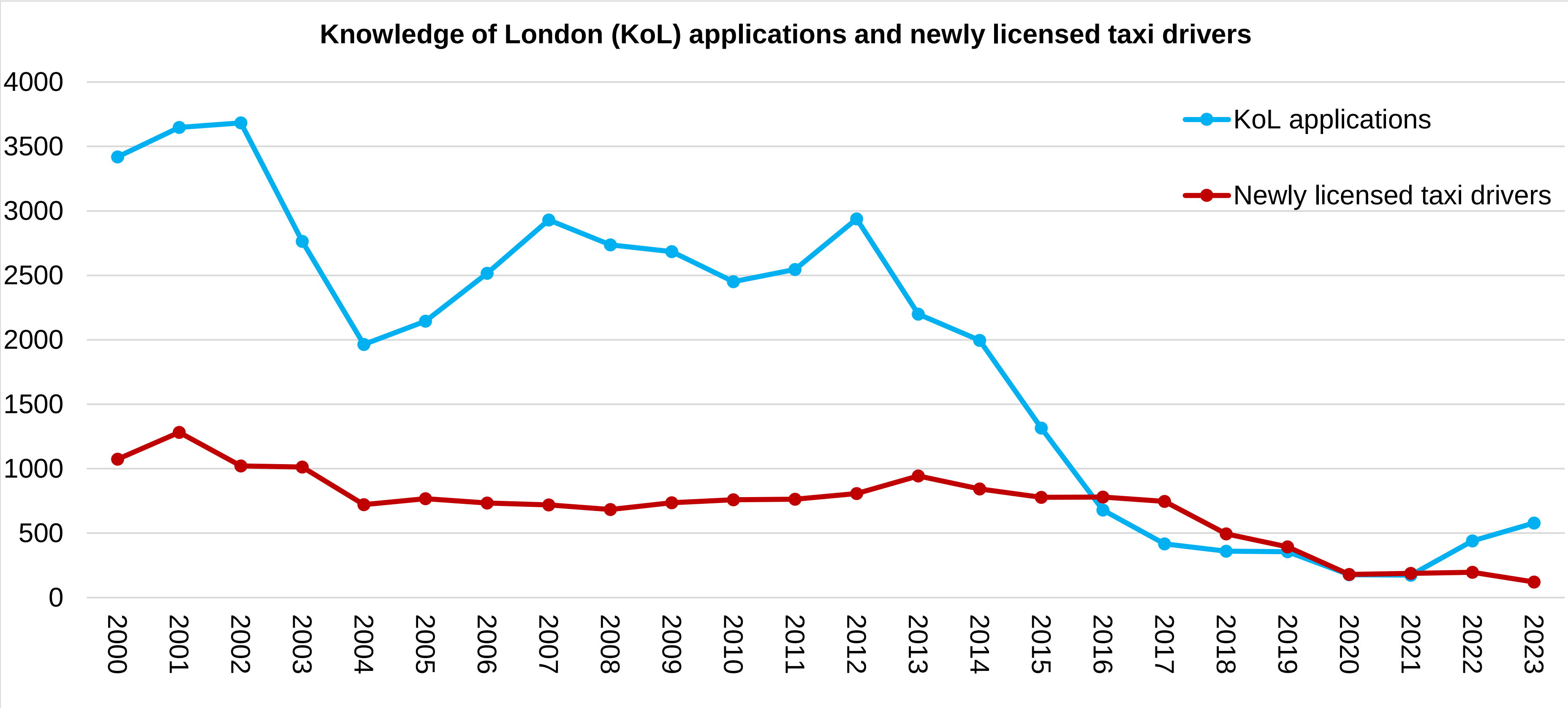
HAL's position is that taxi drivers should be able to pass on the full cost of the feeder park fee to passengers, rather than around half of it. They said this would ensure that taxi drivers can make a fair and consistent profit from Heathrow journeys rather than one that varies from year to year as the taxi feeder park fee and Heathrow extra are out of sync. HAL said they are obliged to consult on the taxi feeder park fee, this process will be concluded by the end of 2023, but it is not possible to confirm the 2024 fee until the process is completed.

HAL said they support taxi drivers still being able to pass the terminal drop-off charge (TDOC) on to passengers dropped off at Heathrow forecourts, as this ensures taxi drivers are not penalised and the benefits (modal shift to public transport, and impacts on decarbonisation, air quality and congestion) of the TDOC are maintained.

Knowledge of London applications and newly licensed taxi drivers

The chart below[1] shows the number of:

- Applications to do the Knowledge of London and become a licensed taxi driver
- Newly licensed taxi drivers

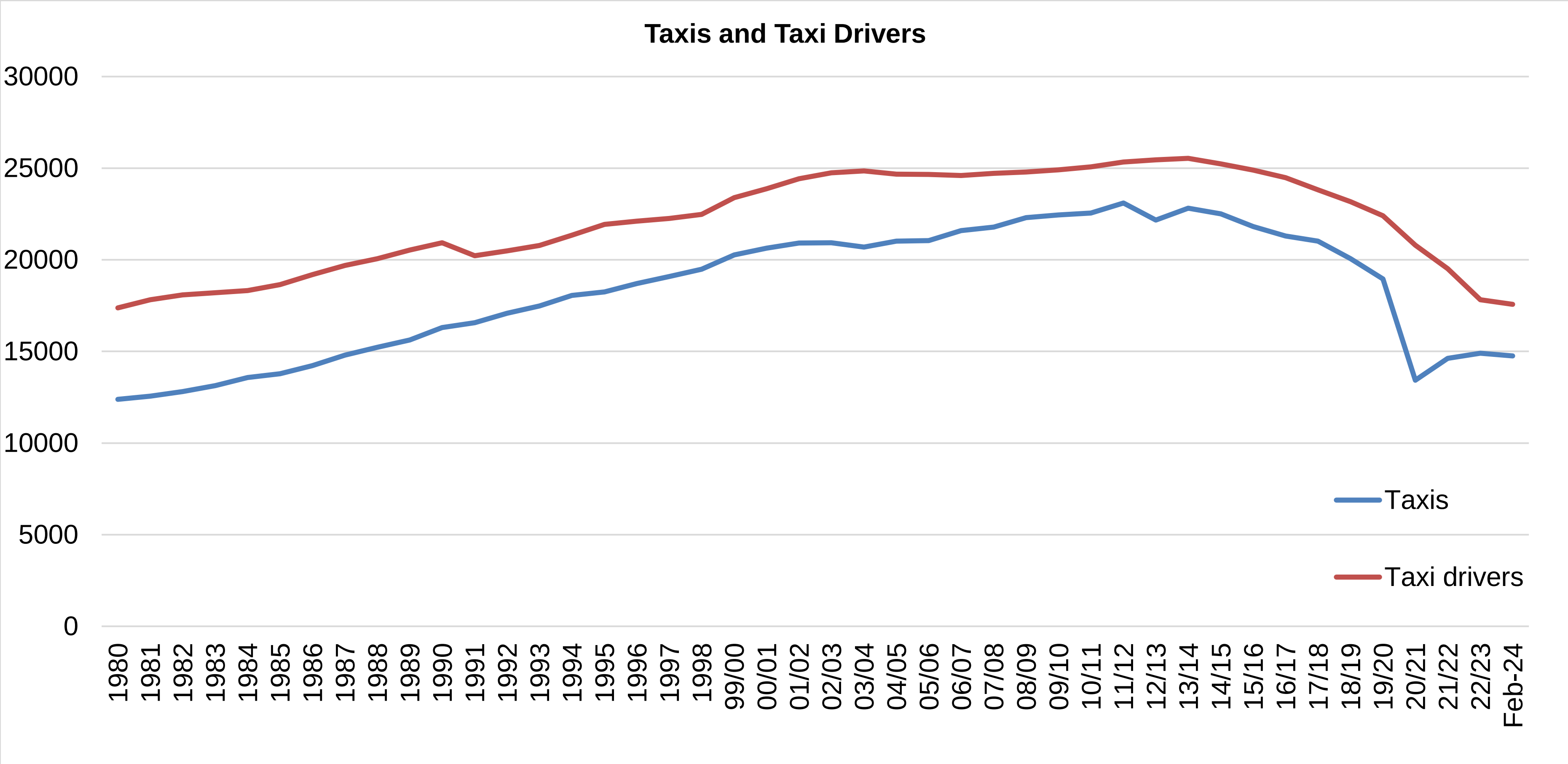


[1] TfL licensing data

Licensed taxis and taxi drivers

The chart below[2] shows the number of:

- Licensed taxis
- Licensed taxi drivers



[2] TfL licensing data

Pre- and post-pandemic figures
The table below shows the number of taxi and PHV licensees in March 2020 and in February 2024.[3]

While the number of licensed PHV drivers declined during the coronavirus pandemic, it has now almost retuned to the pre-pandemic level.

The number of licensed taxi drivers was declining before the pandemic. The rate of decline accelerated during the pandemic and the number has continued to fall.

	15 March 2020	04 February 2024	Difference	%
Taxis	18961	14750	-4211	-22.21%
Taxi Drivers	22409	17572	-4837	-21.59%
PHV Operators	2124	1717	-407	-19.16%
PHV Drivers	111590	106588	-5002	-4.48%
PHVs	95955	92071	-3884	-4.05%

[3] TfL licensing data

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Taxi Fares and Tariffs Review Equality Impact Assessment (EQIA) Update

An EQIA was published with the taxi fares and tariffs consultation.[1]

The EQIA that was published is available here: https://haveyoursay.tfl.gov.uk/27856/widgets/79011/documents/49403

The EQIA evidence base document published with the consultation is available here: haveyoursay.tfl.gov.uk/27856/widgets/79011/documents/49404.

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] Review of taxi (black cab) fares and tariffs 2023, EQIA, https://haveyoursay.tfl.gov.uk/taxi-fares-review-2023

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

<table>
<tr><td>Title of strategy, service, business plan, programme, or project</td><td colspan="4">Taxi (Black Cab) Fares and Tariffs Review 2023</td><td colspan="2">Unique ID No.
(To be assigned by the D&I team)</td><td>D&IC/23/517</td></tr>
<tr><td>Team/Department/ Directorate</td><td colspan="7">Transport for London (TfL), Licensing and Regulation</td></tr>
<tr><td>EQIA author</td><td colspan="7">Darren Crowson, TfL Taxi and Private Hire Policy Manager</td></tr>
<tr><td>Senior accountable person</td><td colspan="7">Christopher Plummer, TfL Head of Taxi and Private Hire Policy</td></tr>
<tr><td>Date EQIA started</td><td colspan="4">25 August 2023</td><td>Date EQIA completed</td><td colspan="2">12 September 2023: EQIA prepared
16 January 2024: EQIA updated following close of consultation and for submission to Finance Committee meeting on 13 March 2024</td></tr>
<tr><td>Project Stage</td><td colspan="7">12 September 2023: Preparing public consultation for launch on 9 October 2023
16 January 2024: Recommendations being prepared for submission to Finance Committee for consideration at its meeting on 13 March 2024</td></tr>
<tr><td></td><td>Service</td><td>Project</td><td>Programme</td><td>Strategy or business plan</td><td colspan="3">Others (please state below)</td></tr>
</table>

<table>
<tr><td>What is the focus of this EQIA?
(Please tick which is appropriate)</td><td></td><td></td><td></td><td></td><td>1. Potential changes to taxi (black cab) fares and tariffs
2. Public consultation on taxi fares and tariffs and if the consultation is accessible and inclusive</td></tr>
<tr><td colspan="6">Who would benefit or be impacted by your strategy, service, business plan, programme, or project (Please provide details of below)</td></tr>
<tr><td>Customer</td><td colspan="5">The main groups impacted are:
• Taxi passengers
• Taxicard members
• Taxi drivers</td></tr>
<tr><td>Employee (for workforce or employee <u>only</u> impact assessment, please email the D&I workforce team at EQIA@tfl.gov.uk)</td><td colspan="5">None</td></tr>
</table>

<table>
<tr><td>Provide background information and outline the aims/objectives/scope of the strategy, service, business plan, programme, or project</td><td>We normally review taxi fares and tariffs annually and aim to implement changes in April of each year.

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.

Consultation documents
The enclosed taxi fares and tariffs consultation document provides information on:
1. Our role in licensing and regulating taxi services
2. Taxi fares and tariffs
3. Taxi fares and tariffs consultation options
4. Other consultation items
5. The Cost Index
6. Taxi users’ and drivers’ views on fares and tariffs</td></tr>
</table>

	7. Taxicard 8. Impact assessments and other factors to consider 9. Consultation questions This information and the EQIA will be published when the consultation is launched and will be publicly available. **Previous review of taxi fares and tariffs** Taxi fares and tariffs were last updated by TfL in April 2023. The changes from the previous review came into effect on Saturday 29 April 2023 and were: **Tariffs** • Tariffs 1, 2 and 3 were increased by 7.61 per cent • This reflected the increase in taxi drivers' operating costs (+7.61 per cent), but was lower than the total Cost Index figure (+11.64 per cent) as it did not include the increase in average national earnings (+4.02 per cent) **Booked taxi extra** • The requirement for this to be added to the taximeter was removed • There was no change to the actual extra and this is still £2.00 **Wimbledon Tennis Championships fixed-fare, shared-taxi scheme** • We increased the fixed-fares for shared-taxis from the tennis to parts of central London • We amended one of the authorised places where the fixed-fare, shared-taxi scheme operates from during the Wimbledon Tennis Championships **Consultation proposals and questions** For this year's consultation we're not consulting on a single proposal but instead asking respondents whether taxi fares and tariffs should be:

	• Increased to reflect the change in taxi drivers' operating costs (**+5.20 per cent** increase to Tariffs 1, 2 and 3)
	• Increased to reflect the change in average national earnings (**+3.72 per cent** increase to Tariffs 1, 2 and 3)
	• Increased to reflect the change in both taxi drivers' operating costs and average national earnings (**+8.92 per cent** increase to Tariffs 1, 2 and 3)
	• Frozen (no change)
	
	We are taking this new approach in response to feedback from previous consultations which suggested that having multiple, complex options which impact different tariffs or spread the cost differently (i.e. across the minimum fare and tariffs) was hard to understand.
	
	The other items included in the consultation are below:
	• **Tariff 4:** We are proposing to make the Tariff 4 rates the same as the Tariff 2 rates so these will be equal going forward
	• **Booked taxi extra:** The maximum booked taxi extra is £2.00, we are asking respondents if they think the booked taxi extra should:
	  ○ Remain at £2.00
	  ○ Be increased, and if they think it should be increased how much should it be increased by/what it should be increased to
	• **Heathrow extra:** We are proposing to reduce the Heathrow extra from £3.60 to £2.00
	• **Wimbledon Tennis Championships fixed-fare, shared taxi scheme:** We are asking respondents if they think any of the fixed fares for shared taxis between Southfields and Wimbledon stations and the tennis should:
	  ○ Remain at £2.50

	○ Be increased, and if the think it should be increased how much should it be increased by/what it should be increased to In the consultation respondents will also be asked: • For any suggestions they have for how any potential negative impacts on taxi users, Taxicard members or taxi drivers might be mitigated or avoided • 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 and the 2023/24 review of taxi (black cab) fares and tariffs.

The evidence base document contains the following sections:

- Taxi users – London residents
- Travel in London: Understanding our diverse communities 2019
- Taxicard journeys and members
- Leonard Cheshire's 'Driving Change: Improving the Accessibility of Taxis and Private Hire Vehicles for Disabled People' report
- 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
- Taxi demand and taxi fares elasticity

- 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

Taxi drivers
Taxi drivers are asked if they have a disability, what their sexual orientation, what their religion or belief is, and if they identify as transgender. The number of taxi drivers who have declared that they do have a disability, are lesbian, gay or bisexual (LGB), have a religion or belief, or do identify as transgender is very low. However, many taxi drivers do not answer these questions or choose 'prefer not to say' where this is an option so the actual numbers could be higher than those shown in the evidence base document.

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			- 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 Trade Tariff Team – this includes representatives from: • Licensed Taxi Drivers Association (LTDA) • London Cab Drivers Club (LCDC) • RMT • Unite the Union • United Cabbies Group (UCG)	Monthly meetings	- They disagreed with the outcome of the last taxi fares and tariffs review. Instead of the tariffs being increased by 7.61% (which was the same as the increase in taxi drivers' operating costs) they thought the tariffs should have been increased by 11.64% (the total Cost Index figure). They feel that increasing the tariffs by only the increase in taxi drivers' operating costs, but not including the increase in average national earnings (4.02%), in effect meant that taxi drivers' pay was frozen in the last taxi fares and tariffs review - They support taxi fares and tariffs increasing as taxi drivers' operating costs and average national earnings 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 2024 - They support using the Cost Index - They support using the total Cost Index figure (+8.92%) - Their favoured approach would be to spread the increase across the minimum fare and Tariffs 1, 2 and 3 and for the minimum fare to be increased by 20 pence (from £3.80 to £4.00) and Tariffs 1, 2 and 3 to be increased by 7.60% - They support Tariff 4 being made the same as Tariff 2 - They think the £2.50 fixed fares in the Wimbledon fixed-fares, shared-taxi scheme should all be increased to £3.00

		- They have said that they are opposed to increasing the booked taxi extra and reducing the Heathrow extra
The consultation will be extended to: • 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	From 9 October 2023	- All consultation responses will be reviewed, and a consultation report will be prepared - This will be used to inform recommendations - **16 January 2024:** Some stakeholders responded to the consultation. A summary of stakeholder responses in provided in Appendix 3
To help ensure that the consultation is accessible and inclusive we will do the following: • Prepare an Easy Read version of the consultation material and consultation questions • Prepare a British Sign Language video on the consultation • Provide options (online survey, email, post, phone) for submitting a response	From 9 October 2023	- 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 (age, gender, etc.) will be collected when they registered and created an account

• 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 • Previously Disability Horizons helped promote the taxi fares consultation to disabled people and groups representing them. Disability Horizons has closed but a new company, Crip Life, has launched and we will see if they can support us with promoting the consultation		
TfL's Consultation Delivery Team and IC Works	From 9 October 2023	- Following feedback from TfL's Consultation Delivery Team and IC Works, who prepare Easy Read materials for TfL, we have tried to make the fares and tariffs options in the consultation easier to understand and compare - By doing this we hope to make the consultation less complex, more accessible, and easier for everyone to engage with and respond to
01 March 2023 Enclosed is a summary of the consultation responses from relevant stakeholders.	01 March 2023	**London TravelWatch** London TravelWatch (LTW) said that 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. They said that while some perceive them to be a luxury, taxis are often essential and there are many instances when taxis can help people get around when other options

		are not viable. They also said taxis allow people to travel at times and between locations that may not be well served by other transport, they can be particularly important in outer London, and can be vital at night. LTW said that most importantly taxis provide door-to-door, accessible transport for people who may not be able to use other types of transport and have no access to private transport. Taxis can be particularly important for disabled and older people and it is vital this aspect is considered when considering any changes. LTW said they understand the need to increase taxi fares and tariffs, given the considerable increase in costs for taxi drivers over the past year. They said this would help drivers cover their costs and mitigate the risk of drivers changing career. They added that given the decrease in the number of taxi drivers, it is important to protect the remaining taxis available, so as people can still access them when they need to. LTW said it was important to strike a balance between drivers being fairly paid and people who use taxis getting fair and affordable fares, to make sure people are not priced out of using taxis. They said fare increases are likely to disproportionately disadvantage people who rely on taxis for accessibility or safety reasons, so mitigations should be put in place to protect these groups. LTW called for Tariff 3 to be protected from high increases, to protect people who have to travel by taxi at

		night from increased costs. LTW said this was particularly important from a safety perspective and their research found that 31 per cent of people who reported feeling unsafe when travelling in London decided to take PHVs or taxis more. LTW said higher fares may result in some people being stranded overnight if they can't afford a taxi. They said that making Tariff 4 the same as Tariff 2, and decreasing the costs for long journeys at night would likely have similar safety benefits, although they added that there is a trade-off that must be considered as it would result in daytime costs increasing. 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 could lead to fewer taxis being available at night, longer waits and some people being unable to get a taxi. LTW said that given the importance of taxis at night they accept Tariff 3 may need to be increased but they would advise that the increase is smaller than the increase for Tariffs 1 and 2. LTW also said they would like TfL to monitor the situation and make changes in the future as needed. LTW said that if taxi fares are increased they would like TfL to take steps to reduce the negative impacts, with a particular focus on disabled people and people travelling at night.

		LTW said extra support could be put in place for Taxicard members 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 • Increasing 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 • Protecting night services, including the Night Tube and Night Bus, to ensure that these remain a safe and viable alternative for those who cannot afford taxis when travelling at night LTW said that in the longer term they would like to see measures that increase the number of accessible PHVs, and that currently the lack of accessible vehicles means that there is a section of the community who do not have the option to use PHVs. They said this needs to be addressed so there is 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 but would welcome further proposals on how this could be achieved.

		LTW said TfL should also continue the work to make other modes of transport more accessible, including improving step-free access across the Tube and Overground, and providing more real-time information on lift and escalator services.
		
		Transport for All
		Transport for All (TfA):
		• Had no opinion on the value for money of taxi fares in London
		• Ranked the tariff options in the following order:
		  ○ **1st choice:** Option 4, Tariffs 1, 2 and 3 are frozen
		  ○ **2nd choice:** Option 2, Tariffs 1, 2 and 3 increased to reflect the change in average national earnings (3.72 per cent)
		  ○ **3rd choice:** Option 1, Tariffs 1, 2 and 3 increased to reflect the change in taxi drivers' operating costs (5.20 per cent)
		  ○ **4th choice:** Option 3, Tariffs 1, 2 and 3 increased by the total Cost Index figure (8.92 per cent)
		• Fully opposed making Tariff 4 the same as Tariff 2
		• Said the booked taxi extra should remain at £2.00
		• Fully supported reducing the Heathrow extra from £3.60 to £2.00
		• Said the fixed fare for journeys between Wimbledon and Southfields stations and the Wimbledon Tennis

		Championships should remain at £2.50 per passenger TfA said that as a disabled person's organisation, their primary concern is how the proposed increases will affect disabled people travelling by taxi. They said TfL had acknowledged that Taxicard users will be affected if these increases go ahead and may not be able to make as many taxi journeys. TfA said given that Taxicard is used by disabled Londoners who find public transport inaccessible, these proposed increases will affect their ability to travel throughout the city, consequently increasing social isolation. While TfA appreciated that costs have risen, they said the cost of living crisis has hit disabled people hardest and disabled people already face over £900 of extra costs per month on average (Scope, 2023), and as such, will be the most affected by increased taxi fares. TfA added that taxis are often the most (and sometimes only) accessible form of transport, and these proposed increase in fares will only serve to make them increasingly inaccessible. **Visually Impaired People of Newham** Visually Impaired People of Newham (VIPON) said they were extremely concerned about taxi fares being raised during the cost of living crisis.

		They said this means a lot of people with disabilities will be unable to go out and are isolated. They said that in Newham, Taxicard members are only allowed to swipe their card once, which means there will be a big impact on them. They added that Taxicard members in Newham cannot travel across the whole borough, only about a quarter of it and then they have to pay the rest of the fare themselves which is already very expensive. VIPON said other boroughs allow double-swipes, but if fares increase they will have to pay a lot more too. They said at the moment Taxicard is not consistent across the boroughs and asked if all boroughs could allow double-swipes and pay the same amount. VIPON said the service is confusing since the change from ComCab to Addison Lee, as the prices have changed, and some drivers take a longer route, charge more or do not come to the door to pick up members, despite asking for a door-to-door service. This increases the fare as members cannot find the vehicle and are charged waiting time. VIPON said it was a problem that some drivers have not done the Knowledge, as taxi drivers have, as this means they drive around for longer to find where people want to go and this increases the fare, resulting in disabled people not being able to go out. VIPON asked if raising taxi fares could be reconsidered as it will mean disabled people are more isolated, won't be able to afford journeys to go to hospital, or visit friends and

				relatives. They also asked if fares could be made consistent throughout London.
	Yes	**No**	**Don't Know**	**Comments** *(state clearly what this engagement or consultation will be and how it will be organised)*
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	Yes			- We are aiming to launch a full public consultation on 9 October 203

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.

Potential positive and negative impacts that could affect all taxi passengers, Taxicard members and taxi drivers

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 all taxi passengers, Taxicard members and taxi drivers with protected characteristics or who are in other inclusion groups

The cross symbol ✗ has been used when listing potential negative impacts
The tick symbol ✓ has been used when listing potential positive impacts

Taxi passengers and Taxicard members

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

- They could be negatively impacted by increases to the tariff rates as the fares passengers pay could increase
- They could be negatively impacted if the time element of the tariffs is increased as this will increase the fares passengers pay. The increases could be greater if journey times are increasing for taxi journeys as a result of taxi journeys taking longer (e.g. because of delays due to congestion or restrictions on access for taxis or other vehicles). They could also be negatively impacted if the distance element of the tariffs is increased as this will increase the fares passengers pay. The increases could be greater if journey distances are increasing for taxi journeys as a result of taxi journeys being longer (e.g. because of restrictions on access for taxis). We normally increase both the time and distance elements when the Tariffs increase, rather than only increasing one or the other
- They could be negatively impacted by making Tariff 4 the same as Tariff 2 as the fares for journeys over six miles would increase
- They could be negatively impacted by increasing the booked taxi extra as the fares for booked taxis would increase
- They could 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 would increase
- They could 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 or taxis not being available when they want to travel
- They could 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 or taxis not being available when they want to travel

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

- ✓ Taxi passengers would experience a positive impact if the tariffs were increased and taxi drivers can cover operating costs and remain in the taxi trade. This could 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 tariffs results in an increase in 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
- ✓ Taxi passengers could experience a positive impact if the tariffs are frozen as this could mean the fares they pay do not increase
- ✓ Taxi passengers could experience a positive impact if the Heathrow extra is reduced as the fares for taxi journeys from Heathrow airport could be reduced, although if the tariffs are increased then the fares could still increase despite any reduction in the Heathrow extra

Taxi drivers

All taxi drivers could be negatively impacted if:

- No change to the tariffs is made and they cannot cover increased operating costs
- Any increase to the tariffs is less than the increase in taxi drivers' operating costs (+5.20 per cent) and they cannot cover increased operating costs
- The increase to the tariffs is less than the total Cost Index figure (+8.92 per cent) as taxi drivers may feel this is in effect real terms pay cut, as it would be lower than the sum of the increase in taxi drivers' operating costs (+5.20 per cent) and the increase in average national earnings (+3.72 per cent)
- Increases to the 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 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
- ✓ The number of taxi drivers falls, either because of the tariffs not being increased and drivers not being able to cover increased operating costs or the tariffs increasing and fewer people using taxis. Then the remaining taxi drivers could experience a positive impact as there could be less competition for work amongst the taxi drivers still licensed and they may be busier, and their incomes may increase. However, the long-term impact may be negative if a fall in licensed taxi drivers results in passengers switching to other modes instead of taxis as the wait times for taxis have increased or taxis are not available when they want to travel

Race and ethnicity

Taxi passengers and Taxicard members

- People from Black, Asian and minority ethnic groups could experience or perceive higher levels of crime, fear, abuse or harassment on public transport and so for some journeys may choose to use taxis, or they may feel less safe using public transport. They may experience a negative impact if the tariffs are increased as they fares they pay would 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. The poverty rate for people from Black, Asian and minority ethnic groups is 33 per cent in London[2] and they could be disproportionately impacted if the tariffs increase and they cannot afford to travel by taxi

Taxi drivers

The number of taxi drivers who have said they are from Black, Asian and minority ethnic groups is low and not representative of the capital's population, with 62 per cent of licensed taxi drivers identifying as White British.[3] The 2021 Census data for England and Wales[4] showed that:

- 46.2 per cent of the capital's residents identified with Asian, Black, mixed or 'other' ethnic groups,
- A further 17.0 per cent with white ethnic minorities
- 36.8 per cent identified as White British
- × Not increasing any of the tariffs despite taxi drivers' operating costs and average national earnings increasing could create a perception that being a taxi driver is not an attractive career. This could deter people from Black, Asian and minority ethnic groups from applying to become a taxi driver
- × However, they could also be deterred from applying to become a taxi driver if the tariffs are increased and this results in the number of taxi journeys or people using taxis declining, and taxi drivers' incomes declining

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

Taxi passengers and Taxicard members

- × Female taxi passengers and Taxicard members may experience a negative impact if the tariffs are increased as the fares they pay will increase. They 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
- × Twenty-six per cent of women and 23 per cent of men in London are living in poverty[5] and they could be disproportionately impacted if the tariffs increase and they cannot afford to travel by taxi
- × Female taxi passengers and Taxicard members who are older may be disproportionately impacted if they have greater concerns about safety and so are more likely to want to use a taxi. As they are older they may also face barriers with using some other modes

[2] Trust for London, London's Poverty Profile, 27 June 2023, https://trustforlondon.org.uk/
[3] TfL licensing data, 6 April 2023
[4] Office for National Statistics, regional ethnic diversity, 22 December 2022, https://www.ethnicity-facts-figures.service.gov.uk/uk-population-by-ethnicity/national-and-regional-populations/regional-ethnic-diversity/latest
[5] Trust for London, London's Poverty Profile, 27 June 2023, https://trustforlondon.org.uk/

of transport (e.g. buses, Tube) or not being able to consider walking or cycling as an alternative. If the tariffs are increased the fares they pay will increase
- ✓ The impact may be positive for female taxi passengers and Taxicard members if the tariffs are frozen and this makes them more likely to use taxis, especially at night, 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 female taxi passengers and Taxicard members if the tariffs are increased and taxi drivers' incomes increase and they continue being a licensed taxi driver, or more people apply to become a licensed taxi driver. This could help increase the supply of available taxis and reduce wait times. However, female taxi passengers would still experience a negative impact as the fares they pay would increase

Taxi drivers
- × The number of female taxi drivers is extremely low and not representative of the capital's population. Not increasing any of the tariffs despite taxi drivers' operating costs and average national earnings increasing could create a perception that being a taxi driver is not an attractive career. This could deter women from applying to become a taxi driver
- × However, they could also be deterred from applying to become a taxi driver if the tariffs are increased and this results in the number of taxi journeys or people using taxis declining
- × Female taxi drivers who are also carers may be disproportionately impacted if no change to the tariffs is made, any increase is less than the increase to operating costs, or increases to the 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

Gender reassignment

Taxi passengers and Taxicard members
- × Taxi passengers and Taxicard members whose gender identity is different from the gender assigned to them when they were born may experience a negative impact if the tariffs are increased as the fares they pay will increase. They 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
- ✓ The impact may be positive for taxi passengers and Taxicard members whose gender identity is different from the gender assigned to them when they were born if the 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
- ✓ There could be a positive impact for taxi passengers and Taxicard members whose gender identity is different from the gender assigned to them when they were born if the tariffs are increased and taxi drivers' incomes increase and they continue being a

licensed taxi driver, or more people apply to become a licensed taxi driver. This could help increase the supply of available taxis and reduce wait times. However, they would still experience a negative impact as the fares they pay would increase

Taxi drivers

- The number of taxi drivers who have declared that their gender identity is different from the gender assigned to them when they were born is low. Not increasing any of the tariffs despite taxi drivers' operating costs and average national earnings increasing could create a perception that being a taxi driver is not an attractive career. This 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
- However, they could also be deterred from applying to become a taxi driver if the tariffs are increased and this results in the number of taxi journeys or people using taxis declining

Age

Taxi passengers and Taxicard members

- Younger and older taxi passengers and Taxicard members 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 they 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
- Although smartphone usage appears to be increasing amongst older people, they are still less likely to have a smartphone. Taxi passengers and Taxicard members will be negatively impacted by increases to the 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

- ✗ 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 taxi[6]. However, they will be negatively impacted if they travel in the Congestion Charging Zone (CCZ)[7] when this is in operation or travel in the Ultra Low Emission Zone (ULEZ) and need to pay the ULEZ charge.[8] 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
- ✗ 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 434 PHVs are designated wheelchair accessible vehicles, this is only 0.48 per cent of the total PHV fleet in London[9]
- ✗ Just under one third (30 per cent) of single pensioners and 17 per cent of pensioners in a couple in London are in poverty.[10] 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, may require a door-to-door service, 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
- ✓ There could be a positive impact for older taxi passengers and Taxicard members if the tariffs are increased and taxi drivers' incomes increase and they continue being a licensed taxi driver, or more people apply to become a licensed taxi driver. This could

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[6] Travel in London Report 12, TfL, 2019, http://content.tfl.gov.uk/travel-in-london-report-12.pdf
[7] 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
[8] 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
[9] TfL licensing data, August 2023
[10] Trust for London, London's Poverty Profile, 27 June 2023, https://trustforlondon.org.uk/

help increase the supply of available taxis and reduce wait times. However, they would still experience a negative impact as the fares they pay would increase

Taxi drivers

- Just over 15 per cent of taxi drivers are aged 65 or older.[11] Older taxi drivers may be disproportionately impacted if there is no increase to the tariffs or any increase is lower than the increase in taxi drivers' operating costs or average national earnings. They may be disproportionately impacted if they cannot work longer to try and maintain their income or cover increased operating costs
- Older taxi drivers may also be disproportionately impacted if the tariffs are increased and this results in fewer people using taxis or a decline in the number of taxi journeys and drivers' incomes reducing. They may be disproportionately impacted if they cannot work longer to try and maintain their income or cover increased operating costs
- Older taxi drivers may also be less likely to have a smartphone and so may not be able to access work through an app
- Taxi drivers who are London residents and are aged 60 or more may be disproportionately impacted if fares are not increased 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
- Just under one third (30 per cent) of single pensioners and 17 per cent of pensioners in a couple in London are in poverty.[12] 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
- The number of younger taxi drivers is extremely low and not representative of the capital's population. Not increasing any of the tariffs despite taxi drivers' operating costs and average national earnings 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 tariffs are increased and this results in the number of taxi journeys or people using taxis declining

Religion and belief

Taxi passengers and Taxicard members

- Taxi passengers and Taxicard members with religious or other beliefs may experience a negative impact if the tariffs are increased as the fares they pay will increase. They may be disproportionately impacted if they have concerns about the safety of other modes of transport and use taxis more often

[11] TfL licensing data, 1 August 2022

[12] Trust for London, London's Poverty Profile, 27 June 2023, https://trustforlondon.org.uk/

Disability (please consider all forms of disabilities)

Taxi passengers and Taxicard members

- Just over a fifth (21 per cent) of adults in London have a disability which has a substantial and long-term adverse impact on the ability of individuals to carry out day-to-day tasks. Among those of working age the figure is 15 per cent.[13] Disabled taxi passengers and Taxicard members may experience a negative impact if the tariffs are increased as the fares they pay will increase. They 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. They may rely on taxis or use them more often as they may face barriers with using some other modes of transport (e.g. buses, Tube) or not be able to consider walking or cycling as an alternative
- Disabled taxi passengers and Taxicard members may also be disproportionately impacted if the tariffs are increased as they may be more likely to use taxis, despite making fewer journeys than non-disabled Londoners. Disabled Londoners travel less frequently than non-disabled Londoners (1.9 journeys per weekday compared with 2.5 for non-disabled Londoners). While the main transport types used by disabled Londoners are the same as those used by non-disabled Londoners (namely walking, bus, and car both as a driver and a passenger), lower or equal proportions of disabled people use each type of transport at least once a week than non-disabled Londoners. The exception to this is the use of PHVs and taxis, where disabled Londoners are slightly more likely to use them than non-disabled Londoners[14]
- Disabled taxi passengers and Taxicard members may also be disproportionately impacted if the tariffs are increased as they may be more likely to be in poverty. Londoners who live in families that include a disabled person are more likely to be in poverty than those living in families that do not include a disabled person. In the three years to 2021/22, 33 per cent of families that included a disabled person were in poverty compared to 22 per cent of those without a disabled household member[15]
- Disabled taxi passengers and Taxicard members may be disproportionately impacted if the time element of the tariffs is increased as this will increase the fares they pay. The impact on them may be greater as they may use taxis more often and the increase in fares could be higher if journey times are increasing as a result of taxi journeys taking longer (e.g. because of delays due to congestion or restrictions on access for taxis or other vehicles)
- Disabled taxi passengers and Taxicard members may be disproportionately impacted if the distance element of the tariffs is increased as this will increase the fares they pay. The impact on them may be greater as they may use taxis more often and the increase in fares could be higher if journey distances are increasing for taxi journeys as a result of taxi journeys being longer (e.g. because of restrictions on access for taxis)

[13] Measuring the Disability Pay Gap in London, Social market Foundation, September 2019, https://www.smf.co.uk/wp-content/uploads/2019/09/Disability-Pay-Gap.pdf
[14] TfL Travel in London: Understanding our diverse communities 2019, http://content.tfl.gov.uk/travel-in-london-understanding-our-diverse-communities-2019.pdf
[15] Trust for London, London's Poverty Profile, 27 June 2023, https://trustforlondon.org.uk/

- ✗ Disabled taxi passengers and Taxicard members may also be disproportionately impacted if the tariffs are increased as they may they require a door-to-door service or use the accessibility features in taxis
- ✗ Taxi passengers and Taxicard members who are wheelchair users may be disproportionately impacted if the tariffs are increased 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 434 PHVs are designated wheelchair accessible vehicles, this is only 0.48 per cent of the total PHV fleet in London
- ✗ Taxi passengers and Taxicard members who have an assistance dog may be disproportionately impacted if the tariffs are increased and they prefer to use taxis for some journeys instead of public transport, they may prefer to use taxis because of concerns around overcrowding, access or other issues
- ✗ Taxi passengers and Taxicard members who have an assistance dog may also be disproportionately impacted as they may be much more reluctant than other people to switch to using PHVs because of a perception that they are likely to be refused or charged more because they have an assistance dog. Some taxi passengers and Taxicard members who have an assistance dog may have already experienced problems when trying to use PHVs and may be unwilling to risk trying to book a PHV again
- ✗ Disabled taxi passengers and Taxicard members may be disproportionately impacted if the tariffs are increased as they may be less likely to have a smartphone and so may have fewer alternative transport options available (e.g. app based PHV services)
- ✗ Taxicard members will be negatively impacted by increases to the 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
- ✗ If a disabled passenger is unable to continue their journey because a lift is unavailable at a Tube, Elizabeth line or Overground station and there isn't a reasonable alternative route, a taxi will be provided free of charge. If the tariffs are increased this could have a negative impact on disabled taxi passengers and Taxicard members when there are lift failures as the increased cost of taxis for TfL could mean there is less willingness to provide taxis free of charge. It could also mean taxis are provided but for shorter trips (e.g. to an alternative station instead of the passengers' destination). This could create additional inconvenience, stress or anxiety for all disabled passengers and Taxicard members. There could be greater impacts on wheelchair users and people with mobility impairments. There could also be greater impacts on visually impaired people who may be dropped off in an areas they are not familiar with if a taxi is only provided for a short journey. It could also mean some people are less willing to travel if they have increased concerns about lift failures, taxis being provided when these occur and not being able to complete their journey
- ✓ There could be a positive impact for disabled taxi passengers and Taxicard members if the tariffs are increased and taxi drivers' incomes increase and they continue being a licensed taxi driver, or more people apply to become a licensed taxi driver. This could help

increase the supply of available taxis and reduce wait times. However, they would still experience a negative impact as the fares they pay would 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
- ✗ The number of taxi drivers who have declared that they are disabled 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 taxi drivers' operating costs and average national earnings increasing could deter disabled people from applying to become a licensed taxi driver
- ✗ However, they could also be deterred from applying to become a taxi driver if the tariffs are increased and this results in the number of taxi journeys or people using taxis declining

Sexual orientation

Taxi passengers and Taxicard members

- ✗ LGB taxi passengers and Taxicard members may be disproportionately impacted if the tariffs are increased as LGB Londoners are amongst the groups most likely to be 'worried' about the safety of public transport (31%)[16] and so could potentially use taxis more often
- ✗ They 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
- ✓ There could be a positive impact for LGB taxi passengers and Taxicard members if the tariffs are increased and taxi drivers' incomes increase and they continue being a licensed taxi driver, or more people apply to become a licensed taxi driver. This could help increase the supply of available taxis and reduce wait times. However, they would still experience a negative impact as the fares they pay would increase

Taxi drivers

- ✗ The number of declared 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 taxi drivers' operating costs and average national earnings increasing could deter LGB people from applying to become a licensed taxi driver

[16] TfL (2015): 'Travel in London: Understanding our diverse communities'

- However, 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

Marriage or civil partnership

Taxi passengers and Taxicard members

- No impacts on taxi passengers and Taxicard members 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 and Taxicard members

- Taxi passengers and Taxicard members who are pregnant may experience a negative impact if the tariffs are increased as the fares they pay will increase. They may be disproportionately impacted if they have concerns about the safety of using certain modes of transport or walking or cycling and use taxis more often. If the 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 and Taxicard members

- Some taxi passengers and Taxicard members may be experiencing financial problems as a result of high 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 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. This could affect travelling for work and leisure and potentially increase their feelings of isolation

Taxi drivers

- Taxi drivers are asked what their annual household income is in the annual Taxi and Private Hire Licensee Customer Satisfaction Survey (CSS).[17] Just under half (46 per cent) preferred not to say what it was but nine per cent said it was £20,000 or lower
- Some taxi drivers will be negatively impacted if they are experiencing financial problems because of high inflation, the cost of living crisis, operating costs increasing or other items (e.g. food, utility bills, etc.) increasing. If increases to the tariffs result in a decline in the number of taxi journeys or people using taxis this could result in drivers' incomes reducing
- However, 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
- 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

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 and Taxicard members

- 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 the tariffs are not increased, 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 tariffs is made despite their operating costs increasing
- They could also be negatively impacted if the tariffs are increased and this results in fewer people using taxis and drivers' incomes reducing

[17] Taxi and Private Hire Licensee CSS 2022/23, Kantar

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 for 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
    - Some children may be entitled to free transport if they cannot walk to school because of their special educational needs and disabilities (SEND) or mobility problem. 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) may 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) may 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) may 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.

Making Tariff 4 the same as Tariff 2

Tariff 4 applies to journeys once they reach six miles. Making Tariff 4 the same as Tariff 2 will increase fares for journeys over six miles as Tariff 2 is higher than the current Tariff 4 rates.

- × The negative impacts already identified above for increasing the tariffs may be experienced if Tariff 4 is made the same as Tariff 2. There could be a disproportionate impact on any taxi passengers or Taxicard members who share one or more protected or other characteristics and use taxis for longer journeys/journeys over six miles as the fares they pay will increase
- × Taxi passengers and Taxicard members may be disproportionately impacted if they use taxis for longer journeys and there are not suitable alternative public transport options available. For some taxi passengers and Taxicard members walking or cycling may not be an option for any journeys, especially longer journeys
- × There could be a negative impact on some groups (e.g. those with a low income) as they may be more likely to live by main roads. They could be negatively impacted if making Tariff 4 the same as Tariff 2 results in some people switching from using taxis for longer journeys to using cars with higher levels of harmful emissions

Booked taxi extra

The booked taxi extra is currently £2.00 and 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 negative impacts already identified above for increasing the tariffs may be experienced if the booked taxi extra is increased. There could be a disproportionate impact on any taxi passengers or Taxicard members who share one or more protected or other characteristics and use booked taxis as the fares they pay could increase

- They could be disproportionately impacted if they are more likely to use booked taxis as they find this method more accessible or safer than hailing a taxi on the street or using a taxi rank

Reducing the Heathrow extra

Taxi drivers can add an extra charge (the Heathrow extra) to the fares for journeys from one of the taxi ranks at Heathrow Airport. The Heathrow Extra has normally been around 50 per cent of the fee taxi drivers pay (the taxi feeder park fee) to enter the taxi feeder park at Heathrow Airport and access the taxi ranks at the airport terminals. The taxi feeder park fee has been reduced from £7.20 to £3.60 and so we are now proposing to reduce the Heathrow extra from £3.60 to £2.00.

- ✓ Taxi passengers and Taxicard members who share one or more protected or other characteristics and take a taxi from one of the taxi ranks at Heathrow Airport will experience a positive impact if the Heathrow extra is reduced as it could mean their fare is lower
- Taxi drivers who share one or more protected or other characteristics and work at the airport taxi ranks will experience a negative impact if the Heathrow extra is reduced as the fare they will receive will be lower. However, the extra has always been around 50 per cent of the taxi feeder park fee so the reduction would maintain this and it would not be a new arrangement

Increasing some of the fares for the Wimbledon Tennis Championships fixed-fare, shared-taxi scheme

During the Wimbledon Tennis Championships fixed-fare, shared-taxi schemes operate, and passengers share their taxi with other people and each passenger pays a fixed fare.

- The negative impacts already identified above for increasing the tariffs may be experienced if the some of the fixed fares are increased. There could be a disproportionate impact on any taxi passengers or Taxicard members who share one or more protected or other characteristics and use the fixe-fare, shared-taxis. They could be disproportionately impacted if they are more likely to use taxis to travel between Wimbledon and Southfields stations and the Wimbledon Tennis Championships

TfL employees

- There could be a negative impact on some TfL staff if the fares and tariffs are increased and TfL is less willing to pay for taxis for staff travel (e.g. at the start or end of shifts)
- If a disabled passenger is unable to continue their journey because a lift is unavailable at a Tube, Elizabeth line or Overground station and there isn't a reasonable alternative route, a taxi will be provided free of charge. If the tariffs are increased this could have a negative impact on disabled taxi passengers and Taxicard members when there are lift failures as the increased cost of taxis for TfL could mean there is less willingness to provide taxis free of charge. It could also mean taxis are provided but for shorter trips (e.g. to an alternative station instead of the passengers' destination). This could have a negative impact on TfL staff if they have to decide whether to provide

a taxi and, if a taxi is provided where the passenger should be taken to. TfL staff could also be at increased risk of abuse if there are problems

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

Item	Potential mitigations

The taxi tariffs are increased
- 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:
    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 tariffs could mean taxi drivers' incomes increase, it could mean they decline if increased fares result if fewer
	- There are several public transport alternatives available if some people decide to stop using taxis as a result of the tariffs and fares increasing. Public transport services and options are being constantly being improved (e.g. launch of the Elizabeth Line, Superloop, etc)
	- Walking and cycling may also be feasible options for some people who decide to stop using taxis as a result of tariffs and fares increasing and there are several schemes that aim to improve walking and cycling in the capital
	- Taxis can use most bus lanes in London and these can help to reduce journey times and mean fares are lower than if taxis could not use bus lanes
	- Some people with a permanent or long-term disability and who are unable to use public transport will be eligible to become a Dial-a-Ride member and can use this service instead of taxis
	- Capped fares have been introduced for Taxicard members and these help partly mitigate the impact on them from increases to the tariffs
	- 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

Item	Potential mitigations
people using taxis or the number of taxi journeys falling	- 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 92 Tube stations and 60 London Overground stations 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 train **Update – 16 January 2024** Our recommendation to the Finance Committee is to increase Tariffs 1, 2 and 3 by the total Cost Index figure (+8.92 per cent) to reflect the change in both taxi drivers' operating costs and average national earnings We have tried to mitigate the negative impacts by: (a) Not increasing the minimum fare (b) Not increasing the booked taxi extra
No change is made to the taxi tariffs - This could mean that taxi drivers cannot cover their operating costs and stop being a taxi driver - This could mean people are deterred from applying to become a taxi driver	- 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 - We have reviewed the Knowledge of London, partly with the aim of making it more attractive to people to apply to become a licensed taxi driver. If more people apply to become a taxi driver and the number of newly licensed taxi drivers increases

Item	Potential mitigations
- A reduction in the number of existing and newly licensed taxi drivers could reduce the availability of taxis for passengers or increase wait times	then this could help mitigate some of the negative impacts and avoid wait times for taxis increasing or taxis being unavailable when people want to travel
Making the consultation accessible and inclusive - 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	- We've tried to make the options for the fares and tariffs easier to understand, compare and comment on - We've also tried to make the other items in the consultation easy to understand and comment on - By doing this we hope to make the consultation less complex, more accessible and easier for everyone to engage with and respond to - 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: o Passenger groups o Accessibility and disability organisations o Older people's groups o Women's safety groups o LGBT+ groups - 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	Carry out a full public consultation	TfL Licensing and Regulation	The consultation is due to launch on 9 October 2023

	Actions	Owner	Deadline
	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		Recommendations will be submitted to the Finance Committee meeting on 13 March 2024
2	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 This will involve meetings with the trade associations and taxi booking companies plus research (Taxi and Private Hire Customer Satisfaction Surveys) amongst taxi users and taxi drivers	TfL Licensing and Regulation	Ongoing
3	Continue working with the Assisted Transport Services Team, London Councils and the Taxicard service provider to discuss and implement actions to improve the Taxicard service for members and improve the supply of taxis	TfL Licensing and Regulation	Ongoing
4	Promote the consultation to a wide range of stakeholders so their views can be taken into consideration. This will include:	TfL Licensing and Regulation	Promotion of consultation – during consultation period

	Actions	Owner	Deadline
	• Emailing details of the consultation to all licensed taxi drivers and taxi vehicle owners • Advising the taxi trade associations 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 • 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, Transport for All, etc) • Contacting Crip Life to see if they can support us with promoting the consultation		Review of consultation responses – after close of consultation

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.	**How would you monitor and evaluate the success of the mitigating actions once your proposal has been implemented?**	These will both be monitored through a combination of ways including: • 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.	**How would you monitor the actual impact of your proposal or decision once your proposal has been implemented?**	

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	**Continue with your work because the assessment demonstrates that the work will have no potential negative or adverse impact on equality and inclusion groups.**	
2	**Justify and continue with your work despite negative equality impacts, and because there are**	• We're planning to proceed with the consultation

	other factors which make it reasonable for you to decide to continue with your work.	• 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 taxi fares and tariffs. 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 **Update – 16 January 2024** After reviewing all of the responses to the consultation and considering the issues raised, and the positive and negative impacts identified we are recommending: • Increasing Tariffs 1, 2 and 3 by the total Cost Index figure (+8.92 per cent) to reflect the change in both taxi drivers' operating costs and average national earnings • Making the Tariff 4 rates the same as the Tariff 2 rates • Reducing the Heathrow extra from £3.60 to £2.00 • Increasing the fixed-fares for shared-taxis that operate between Wimbledon and Southfields stations and the tennis during the Wimbledon Tennis Championships These recommendations will be considered by the TfL Finance Committee at its meeting on Wednesday 13 March 2024.

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:	TfL Taxi and Private Hire Policy Manager
Date:	11/09/2023
Signature	
EQIA reviewer (superuser or D&I team)	
Name:	Maggie Heraty
Title:	Member of TfL's independent Disability Advisory Group (IDAG)
Date review completed:	03 September 2023
Signature	
D&I team representative	
Name:	

Title:	
Date:	
Signature	

EQIA signed off by (Senior accountable person)

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.

Name:	Charlotte Reynolds
Title:	TfL Head of Taxi and Private Hire Policy
Date:	04/03/2023
Signature	

8. Document history and version control

Document history	Version	Date	Summary of changes
	1.0	30/08/2023	First draft
	2.0	12/09/2023	Updated following review
	3.0	09/10/2023	EQIA published with consultation
	4.0	16/01/2024	Updated following review of consultation responses
	5.0	01/03/2023	Stakeholder summaries added

Appendix 6: 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 taxi fares and tariffs consultation.[1]

[1] Review of taxi (black cab) fares and tariffs, Impact Assessments, 2023, https://haveyoursay.tfl.gov.uk/27856/widgets/79011/documents/48097

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 Department for Transport (DfT) Statutory Taxi and Private Hire Vehicle (PHV) Standards, and the protection of children and vulnerable adults
- Equality impacts – there is a separate equality impact assessment (EqIA) document

We've assessed the impacts of:

- Increasing taxi fares and tariffs and making no change
- Making Tariff 4 the same as Tariff 2
- Increasing the booked taxi extra
- Decreasing the Heathrow extra
- Increasing some of the fares for 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 PHVs, or walk when this could be a less safe option

- The public are able to get a taxi when they want to travel, especially late at night, and do not face unacceptably long wait times

Item	Potential negative impacts	Potential positive impacts
Taxi fares and tariffs	**Increasing the tariffs** • Increasing the tariffs would 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 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 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 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 tariffs increase and they have to pay higher fares • Taxicard members' health and wellbeing may be	**Increasing the tariffs** • Taxi drivers may experience a positive impact, with their health and wellbeing positively affected, as increasing the tariffs may help them cover increased operating costs • Increasing the 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 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
	negatively impacted as they may be more reliant on taxis but increases to the tariffs could mean they cannot travel as often. This could increase the risk of them feeling isolated or being unable to get out	
	No change to the tariffs • Not increasing the tariffs despite drivers' operating costs and average national earnings 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 or increase wait times which could mean some people are more likely to use an unlicensed vehicle or unbooked PHV, or choosing to walk when this is a less safe option. People travelling late at night may be disproportionately negatively impacted • 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 • Not increasing the tariffs could mean some taxi 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	**No change to the tariffs** • Not increasing the tariffs 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 the tariffs 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
Making Tariff 4 the same as Tariff 2	• Making Tariff 4 the same as Tariff 2 could have a negative impact on some passengers as it would mean Tariff 4 is higher than the current Tariff 4 rate and so fares would increase for passengers whose	• Taxi drivers may experience a positive impact, with their health and wellbeing positively affected, as making Tariff 4 the same as Tariff 2 would increase fares for longer journeys and this may help some taxi

Item	Potential negative impacts	Potential positive impacts
	journey is over six miles • Making Tariff 4 the same as Tariff 2 would have a negative impact on passengers making longer journeys at night, as the fares for these journeys would increase. This could make some passengers travelling at night more likely to use an unlicensed vehicle or unbooked PHV, or choosing to walk when this is a less safe option • Taxi drivers may experience a negative impact, with their health and wellbeing negatively affected, as increasing the fares for journeys over six miles may deter people from using taxis for longer journeys. 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. This may have a greater impact on taxi drivers who predominantly work at Heathrow Airport as they may be more likely to do longer journeys • People who use taxis more often or are more reliant on them (e.g. Taxicard members, disabled people, older people, etc.) for longer journeys may be disproportionately negatively impacted if the 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 taxis for longer journeys but increasing the fares for these journeys could mean they cannot travel as often. This could increase the risk of them feeling isolated or being unable to get out	drivers cover increased operating costs • Making Tariff 4 the same as Tariff 2 could also mean some taxi drivers' incomes increase and they can work fewer hours • Some taxi passengers and Taxicard members may experience a positive impact if making Tariff 4 the same as Tariff 2 means that taxi drivers are not deterred from accepting hirings for longer journey. This could help ensure that taxis are available when people want to make a longer journey in a taxi or wait times are reduced
Booked taxi extra	• Increasing the booked taxi extra could mean that fares increase for passengers who book a taxi. This	• Some taxi drivers may experience a positive impact impact, with their health and wellbeing positively

Item	Potential negative impacts	Potential positive impacts
	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 • There may be a greater impact on people travelling late at night as they may be more likely to use a booked taxi and their other transport options may be limited • Taxi drivers may experience a negative impact, with their health and wellbeing negatively affected, as increasing the booked taxi extra 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	affected, as increasing the booked taxi extra may deter people from using booked taxis and they may hail a taxi on the street or use a taxi rank instead. If this happens taxi drivers' incomes may increase as they will receive the full fare for journeys where the passenger has hailed the taxi in the street or used a taxi rank
Heathrow extra	• Reducing the Heathrow extra would have a negative impact on taxi drivers as at present the extra (£3.60) is covering the full fee drivers pay to enter the taxi feeder park at the airport. However, the extra has always been around 50% of the taxi feeder park fee so the reduction would maintain this and it would not be a new arrangement • Reducing the Heathrow extra would have a negative impact on passengers if taxi drivers are deterred from working at the airport and this reduces the supply of taxis or increases wait times for passengers	• Reducing the Heathrow extra would have a positive impact on taxi passengers taking a taxi from one of the airport taxi ranks as the fares will be reduced • Reducing the Heathrow extra could have a positive impact on taxi drivers if it helps to encourage people to take a taxi from the airport and as a result of this taxi drivers' incomes increase
Wimbledon Tennis Championships fixed-fare, shared-taxi	• 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	• Increasing some of the fares for the fixed-fare, shared taxi scheme could have a positive impact on passengers as it could encourage more taxi drivers to use the taxi ranks at the Wimbledon Tennis Championships and as a result increase the supply

Item	Potential negative impacts	Potential positive impacts
scheme	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	of available taxis or reduce wait times for passengers • This could also 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 • Increasing some of the fares for the fixed-fare, shared taxi scheme could have a positive impact on taxi drivers as it could mean their income increases

Economic impacts

The main economic impacts from any changes to taxi fares and tariffs are on:

- The fares taxi passengers pay
- Taxicard members and funding for the scheme
- Taxi drivers' incomes
- Taxi drivers' ability to cover their operating costs

The impact of increasing the tariffs may be positive if it results in taxi drivers' incomes increasing. However, there would also be a negative impact as passengers would pay higher fares.

Making no change to the tariffs would mean fares do not increase for passengers but there could be a negative impact on drivers if they are struggling to cover increased operating costs. It would also mean taxi drivers' incomes do not increase despite average national earnings increasing.

Increasing the tariffs would mean that 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 tariffs. Increased 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.

Taxicard members would be negatively impacted by increases to the tariffs as this would mean taxi fares increasing for journeys where the fare is still below the capped fare level. 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

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

- Events had been cancelled

While demand for taxis was at an all-time low during the coronavirus pandemic, taxi drivers and the taxi trade associations have reported that there was 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 were lifted and people are going out more in London
- There are fewer licensed taxi drivers than there were before the pandemic started and so less competition for work
- Some people may have been concerned about coronavirus and preferred to travel by taxi instead of using public transport
- There were reports of an increase in demand for PHVs and some PHV fares 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 remains a risk that the demand for taxis could be negatively affected by events including:

- 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
- The increase in the number of licensed PHV drivers. As well as increasing the supply of PHVs this could mean wait times for PHVs reduce, and where PHV fares are linked to supply and demand the PHV fares are lower
- Increases in the number of coronavirus cases or a new wave of coronavirus infections

Item	Potential negative impacts	Potential positive impacts
Taxi fares and tariffs	**Increasing the tariffs** • Taxi passengers and Taxicard members would experience a negative impact if the tariffs are increased as this will mean the fares they pay will increase	**Increasing the tariffs** • Taxi drivers may experience a positive impact if increasing the tariffs results in their incomes increasing • Taxi drivers will experience a positive impact if the

Item	Potential negative impacts	Potential positive impacts
	• Taxi drivers may experience a negative impact if the tariffs are increased as this will mean fares increase and there could be a decline in taxi journeys or fewer people using taxis	tariffs are increased as this may help them cover increased operating costs • Other modes and transport providers may experience a positive impact if the tariffs are increased and the increase in taxi fares means some passengers switch from taxis to other forms of transport
	No change to the tariffs • Taxi drivers may experience a negative impact if no change is made to the tariffs and they cannot cover increased operating costs • The Cost Index shows that taxi drivers' operating costs and average national earnings have increased and so freezing the tariff rates could potentially mean a real terms reduction in drivers' incomes	**No change to the tariffs** • Taxi passengers and Taxicard members may experience a positive impact if there is no change to the tariffs as the fares will not increase • Taxi drivers may experience a positive impact if there is no change to the tariffs, as this could potentially mean the number of taxi journeys or people using taxis increases and drivers' incomes increase • Taxi drivers and the taximeter companies may experience a positive impact if there is no change to the tariffs as the taximeters would not have to be updated
Making Tariff 4 the same as Tariff 2	• Making Tariff 4 the same as Tariff 2 would mean Tariff 4 is higher than the current rate. Passengers using taxis for journeys over six miles would experience a negative impact as the fares for these journeys would increase • Taxi drivers may experience a negative impact if Tariff 4 is made the same as Tariff 2 as this will mean fares increase for longer journeys and there could be fewer people using taxis for longer journeys • This may have a greater impact on taxi drivers who predominantly work at Heathrow Airport as they may be more likely to do longer journeys	• Taxi drivers may experience a positive impact if making Tariff 4 the same as Tariff 2 results in their incomes increasing. This may help them cover increased operating costs • Some taxi passengers may experience a positive impact if Tariff 4 is made the same as Tariff 2 and this encourages more taxi drivers to do longer journeys as the fare they will receive will be higher

Item	Potential negative impacts	Potential positive impacts
Booked taxi extra	• Increasing the booked taxi extra could mean passengers who book taxis could experience a negative impact as the fares they pay would increase • Taxi drivers may also experience a negative impact as passengers could stop using booked taxis because of the increase in fares	• Increasing the booked taxi extra could mean taxi drivers experience a positive impact if part of the extra charge is passed to them, although this is unlikely as the taxi booking companies tend to retain the extra charge • Some taxi drivers may experience a positive impact, as increasing the booked taxi extra may deter people from using booked taxis and they may hail a taxi on the street or use a taxi rank instead. If this happens taxi drivers' incomes may increase as they will receive the full fare for journeys where the passenger has hailed the taxi in the street or used a taxi rank • Other modes and transport providers may experience a positive impact if the booked taxi extra is increased and the increase in taxi fares means some passengers switch from taxis to other forms of transport
Heathrow extra	• If the Heathrow extra is reduced then taxi drivers who work at Heathrow Airport would experience a negative impact as the total fare they receive for journeys from one of the taxi ranks at the airport would be lower	• If the Heathrow extra is reduced then passengers who take a taxi from one of the taxi ranks at Heathrow Airport would experience a positive impact as the fares they pay would be lower
Wimbledon Tennis Championships fixed-fare, shared-taxi scheme	• Increasing some of the fares for the fixed-fare, shared taxi scheme would mean passengers experience a negative impact as the fares they pay would be increased • Taxi drivers may experience a negative impact as passengers could be deterred from using taxis to travel between Southfields and Wimbledon stations and the tennis	• Increasing some of the fixed-fares between Southfields and Wimbledon stations and the tennis could have a positive impact on taxi drivers as the fares they receive would increase • Other modes and transport providers may experience a positive impact if the booked taxi extra is increased. An extra bus service operates between Wimbledon Station and the tennis during the Championships and some passengers may use this

Item	Potential negative impacts	Potential positive impacts
		instead of taxis

Environmental impacts

Taxis contribute to poor air quality issues in London and some negative and positive environmental impacts from the options and proposals in this consultation have been identified. Although half of London's taxi fleet are now zero emissions capable (ZEC), ZEC taxis still contribute to poor air quality issues and there are still a large number of diesel taxis in the fleet.

Air pollution caused by diesel emissions, high levels of nitrogen dioxide (NO_2) 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.

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 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 limit
- 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 and these taxis now have a maximum age limit of 12 years

More information about these initiatives is available on our website.[3]

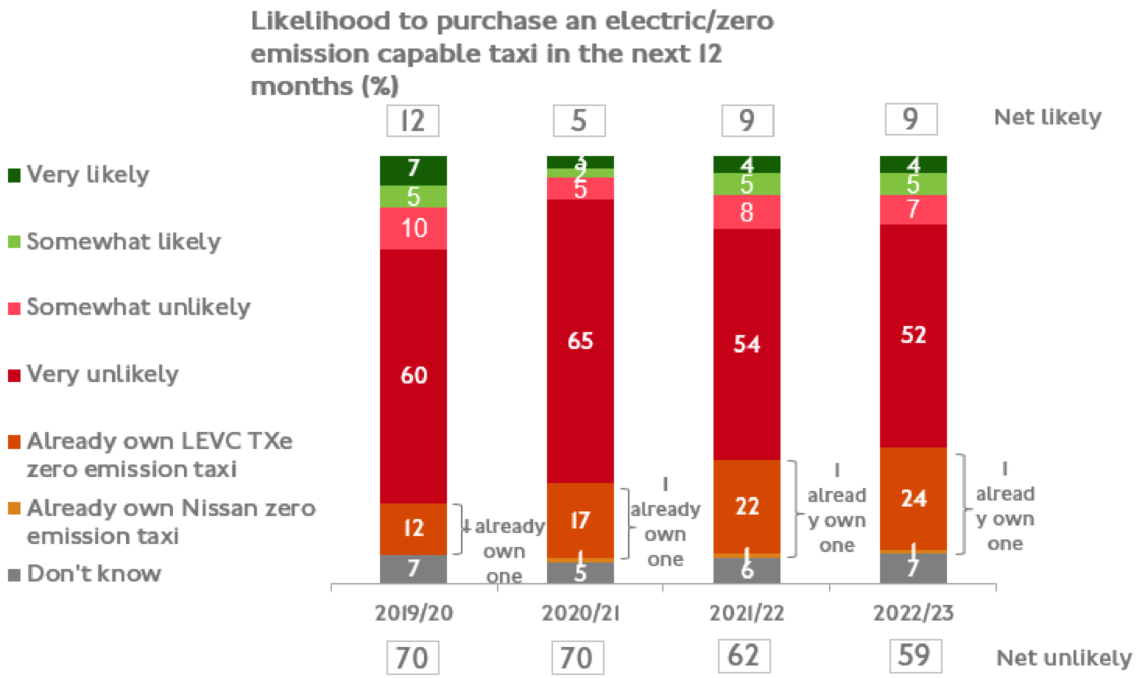
As of 1 August 2023 there were:

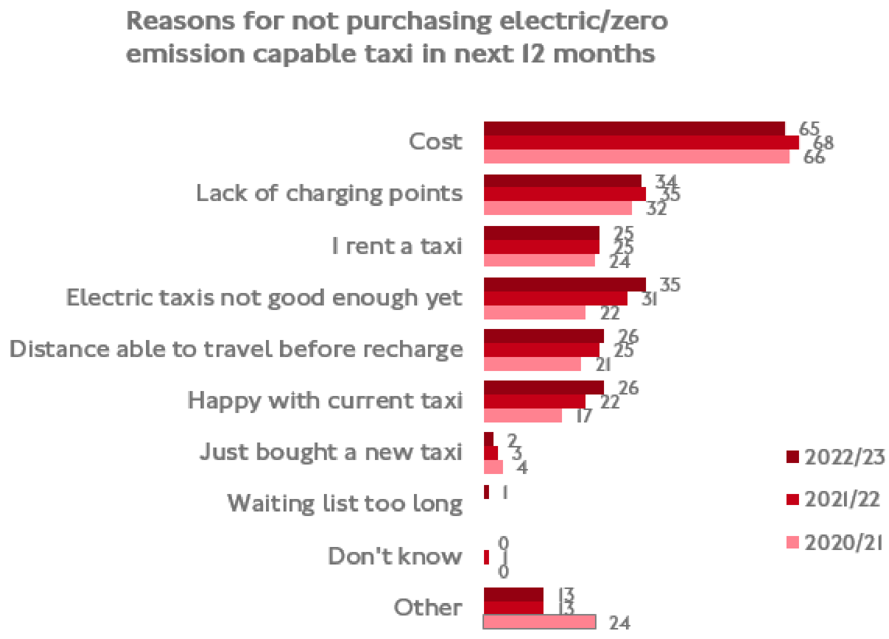
	Licensed taxis[4]	Percentage of fleet
ZEC taxis	7,305	48.09%
Other taxis	7,884	51.91%
Total	**15,189**	**100.00%**

Costs for the ZEC taxis plus charging/electricity costs are included in the Cost Index and the 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.[5] The results are shown below.

[3] Emissions standards for taxis, https://tfl.gov.uk/info-for/taxis-and-private-hire/emissions-standards-for-taxis
[4] TfL licensing data
[5] Taxi and Private Hire Licensee Customer Satisfaction Survey (CSS), Kantar, 2022/23





Cost continues to be the top reason given by taxi drivers for not purchasing a ZEC taxi 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 taxi
- Taxi fares and tariffs are increased but taxi drivers’ incomes fall as a result of fewer people using taxis

Cost could 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 more taxi drivers can afford a ZEC taxi

Mayor's Transport Strategy

The Mayor's Transport Strategy (MTS) includes a policy to "*reduce Londoners' dependency on cars in favour of active, efficient and sustainable modes of travel, with the central aim for 80 per cent of all trips in London to be made on foot, by cycle or using public transport by 2041."*[6] Taxis, PHVs and private cars could make up the remaining 20 per cent of daily trips.

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 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.

Item	Potential negative impacts	Potential positive impacts
Taxi fares and tariffs	**Increasing the tariffs** • Increasing the tariffs could result in the number of taxi journeys or people using taxis declining. This could have a negative environmental impact as it may mean drivers' incomes reduce and they could be deterred from purchasing a new ZEC taxi or they may delay a 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. Taxi drivers, taxi users and the public may experience a negative impact if diesel taxis are licensed and operated for longer	**Increasing the tariffs** • Increasing the tariffs could mean taxi drivers' incomes increase and it could make them more likely to consider purchasing a new ZEC taxi or they may bring forward a decision to replace their diesel taxi potentially resulting in a positive impact. Taxi drivers, taxi users and the public may experience a positive impact if diesel taxis are replaced more quickly • Increasing the tariffs could mean that fewer people use taxis as the fares increase. 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 *"reduce Londoners' dependency on cars in favour of active, efficient and sustainable modes of travel,*

[6] MTS 2018, Policy 1, https://www.london.gov.uk/sites/default/files/mayors-transport-strategy-2018.pdf

Item	Potential negative impacts	Potential positive impacts
		with the central aim for 80 per cent of all trips in London to be made on foot, by cycle or using public transport by 2041" although taxi drivers will experience a negative impact if people switch from using taxis to other modes as drivers' incomes will reduce
	No change to the tariffs • Not increasing the tariffs could have a negative environmental impact. Taxi drivers could be deterred from purchasing a new ZEC taxi or they may delay a decision to replace their diesel taxi if their income does not increase as a result of the tariffs being frozen. Taxi drivers, taxi passengers, Taxicard members and the public may experience a negative impact if diesel taxis remain licensed and in operation for longer	**No change to the tariffs** • Not increasing the tariffs could have a positive environmental impact. It 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 a decision to replace their diesel taxi. Taxi drivers, taxi users, Taxicard members and the public may experience a positive impact if diesel taxis are replaced more quickly • 48.09% 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
Making Tariff 4 the same as Tariff 2	• Making Tariff 4 the same as Tariff 2 could have a negative impact if fewer people use taxis for longer journeys because these fares have increased and taxi drivers are deterred from purchasing a new ZEC taxi or they delay replacing their diesel taxi if their income does not increase or it falls. Taxi drivers, taxi passengers, Taxicard members and the public may experience a negative impact if diesel taxis remain licensed and in operation for longer	• Making Tariff 4 the same as Tariff 2 could have a positive impact if fewer people use taxis for longer journeys because these fares have increased and switch to modes with lower levels of harmful emissions or do not make these journeys • Making Tariff 4 the same as Tariff 2 could have a positive impact if fewer people use taxis as the fares increase. 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 *"reduce*

Item	Potential negative impacts	Potential positive impacts
		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" although taxi drivers will experience a negative impact if people switch from using taxis to other modes as drivers' incomes will reduce
Booked taxi extra	• Increasing the booked taxi extra could have a negative impact if fewer people use taxis and taxi drivers are deterred from purchasing a new ZEC taxi or they delay replacing their diesel taxi if their income does not increase or it falls. Air pollution caused by diesel emissions, high levels of nitrogen dioxide (NO_2) 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	• Increasing the booked taxi extra could have a positive impact if fewer people use taxis as the fares increase. 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 *"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"* although taxi drivers will experience a negative impact if people switch from using taxis to other modes as drivers' incomes will reduce
Heathrow extra	• Reducing the Heathrow extra could have a negative impact if people use taxis for journeys from the airport instead of using modes with lower levels of harmful emissions • Reducing the Heathrow extra could have a negative impact if people use taxis for journeys from the airport. If people still use taxis instead of switching to walking, cycling or public transport this would have a negative impact in terms of the MTS 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*	• Reducing the Heathrow extra could have a positive impact if people continue to use taxis for journeys from the airport. If this results in drivers' incomes increasing it could make them more likely to consider purchasing a new ZEC taxi or they may bring forward any decision to replace their diesel taxi. Taxi drivers, taxi users, Taxicard members and the public may experience a positive impact if diesel taxis are replaced more quickly

Item	Potential negative impacts	Potential positive impacts
	to be made on foot, by cycle or using public transport by 2041" although taxi drivers will experience a positive impact if people switch to using taxis as drivers' incomes will increase	
Wimbledon Tennis Championships fixed-fare, shared-taxi scheme	• Increasing some of the fares for the fixed-fare, shared taxi scheme could have a negative impact if 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	• Increasing some of the fares for the fixed-fare, shared taxi scheme could have a positive impact if 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

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DfT Statutory Taxi and PHV Standards

The Secretary of State may issue statutory guidance to taxi and private hire licensing authorities in relation to the safeguarding of children and vulnerable adults under section 177 of the Policing and Crime Act 2017 and licensing authorities must have regard to the guidance when exercising their taxi and private hire licensing functions.

The Department for Transport (DfT) has published Statutory Taxi and PHV Standards[7] and the focus of these is on protecting children and vulnerable adults.

We have published our consideration of the DfT's Statutory Taxi and PHV Standards[8] and welcome the package of measures within the Standards which are aimed at enhancing the safety of passengers using taxi and private hire services. We have also consulted on our proposals for implementing the standards not already in place in London.[9]

[7] DfT statutory taxi and PHV standards, July 2020, https://www.gov.uk/government/publications/statutory-taxi-and-private-hire-vehicle-standards
[8] 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
[9] Improving safety for taxi and PHV passengers, February 2023, https://haveyoursay.tfl.gov.uk/improvingsafetyfortaxiandphvpassengers

The table below lists the standards in the DfT's Statutory Taxi and PHV Standards. These have all been considered as part of this review of taxi fares and tariffs. For most of the standards no impact has been identified but we welcome comments as part of the consultation from anyone who thinks that there are additional impacts that have not been identified.

Paragraph in DfT's Statutory Standards	Statutory Standard	Impacts identified
	Administering the licensing regime	
3.1	All licensing authorities make publicly available a cohesive policy document that brings together all their procedures on taxi and private hire vehicle licensing. This should include but not be limited to policies on convictions, a 'fit and proper' person test, licence conditions and vehicle standards.	• Information on the taxi fares and tariffs review has been made publicly available as part of the public consultation • The consultation webpage will be updated with the outcome of the review of the fares and tariffs • Details of any changes to the taxi fares and tariffs will be published and made available on the TfL website
3.5	Licensing authorities should review their licensing policies every five years, but should also consider interim reviews should there be significant issues arising in their area, and their performance annually.	• Taxi fares and tariffs are normally reviewed annually • The consultation is part of the 2023/24 review
3.7	Shorter duration licence should only be issued when the licensing authority thinks it is appropriate in the specific circumstances of the case, if a licensee has requested one or where required (e.g. when the licence holder's leave to remain in the UK is time-limited) or when the licence is only required to meet a short-term demand; they should not be issued on a 'probationary' basis.	None
3.8	Licensing authorities should have effective internal procedures in place for staff to raise concerns and for any concerns to be dealt with openly and fairly.	None

Paragraph in DfT’s Statutory Standards	Statutory Standard	Impacts identified
3.10	Local authorities should ensure they have an effective ‘whistleblowing’ policy and that all staff are aware of it.	None
3.12	Licensing authorities should consult on proposed changes in licensing rules that may have significant impacts on passengers and/or the trade.	• We are publicly consulting on potential changes to taxi fares and tariffs • The consultation is open to everyone including taxi passengers, taxi drivers and the taxi trade associations
3.13	Licensing authorities should engage with neighbouring areas to identify any concerns and issues that might arise from a proposed change. Many areas convene regional officer consultation groups or, more formally, councillor liaison meetings; this should be adopted by all authorities	• The consultation has been shared with neighbouring areas
3.14	Any changes in licensing requirements should be followed by a review of the licences already issued.	None
	Gathering and sharing information	
4.4	Licensing authorities must not circumvent the DBS process and seek to obtain details of previous criminal convictions and other information that may not otherwise be disclosed on a DBS certificate.	None
4.11	Licensing authorities should maintain close links with the police to ensure effective and efficient information sharing procedures and protocols are in place and are being used.	None
4.12	Licence holders should be required to notify the issuing authority within 48 hours of an arrest and release, charge or conviction of any sexual offence, any offence involving dishonesty or violence and any motoring offence.	None
4.12	An arrest for any of the offences within this scope should result in a review by the issuing authority as to whether the licence holder is fit to continue to do so.	None

Paragraph in DfT's Statutory Standards	Statutory Standard	Impacts identified
4.12	Authorities should also ensure appropriate procedures are in place to enable them to act in a suitable timeframe if and when needed	None
4.13	A failure by a licence holder to disclose an arrest that the issuing authority is subsequently advised of might be seen as behaviour that questions honesty and therefore the suitability of the licence holder regardless of the outcome of the initial allegation	None
4.14	A decision to refuse or revoke a licence as the individual is thought to present a risk of harm to a child or vulnerable adult, should be referred to the DBS.	None
4.17	Action taken by the licensing authority as a result of information received should be fed-back to the police	None
4.19	A revocation or refusal on public safety grounds should also be advised to the police	None
4.20	Applicants and licensees should be required to disclose if they hold or have previously held a licence with another authority. An applicant should also be required to disclose if they have had an application for a licence refused, or a licence revoked or suspended by any other licensing authority.	None
4.20	Licensing authorities should explicitly advise on their application forms that making a false statement or omitting to provide the information requested may be a criminal offence	None
4.21	Tools such as NR3 should be used by licensing authorities to share information on a more consistent basis to mitigate the risk of non-disclosure of relevant information by applicants	None
4.22	All licensing authorities must keep a complete and accurate record as to the reasons for refusal, suspension or revocation	None

Paragraph in DfT's Statutory Standards	Statutory Standard	Impacts identified
	of a licence in order that this might be shared if requested and appropriate to do so	
4.24	If notification of a refused or revoked licence is disclosed, the relevant licensing authority should be contacted to establish when the licence was refused, suspended or revoked and the reasons why	None
4.24	If information is disclosed, it can then be taken into account in determining the applicant's fitness to be licensed.	None
4.28	All licensing authorities should operate or establish a means to facilitate the objectives of a MASH (i.e. the sharing of necessary and relevant information between stakeholders)	None
4.29	All licensing authorities should have a robust system for recording complaints, including analysing trends across all licensees as well as complaints against individual licensees	None
4.30	Licensees with a high number of complaints made against them should be contacted by the licensing authority and concerns raised with the driver and operator (if appropriate). Further action in terms of the licence holder must be determined by the licensing authority, which could include no further action, the offer of training, a formal review of the licence, or formal enforcement action.	None
4.31	Licensing authorities should produce guidance for passengers on making complaints directly to the licensing authority that should be available on their website.	None
4.31	Ways to make complaints to the authority should be displayed in all licensed vehicles.	None
4.31	An effective partnership in which operators can share concerns [with the licensing authority] regarding drivers is also encouraged	None

Paragraph in DfT's Statutory Standards	Statutory Standard	Impacts identified
4.32	Licensing authorities must ensure that drivers are aware of a requirement to display information on how to complain and take appropriate sanctions against those that do not comply with this requirement	None
4.35	Where an applicant has spent three or more continuous months outside the UK, licensing authorities should seek or require applicants to provide where possible criminal records information or a 'Certificate of Good Character' from overseas to properly assess risk and support the decision-making process. It is the character of the applicant as an adult that is of particular interest, therefore an extended period outside the UK before the age of 18 may be less relevant.	None
4.36	Where an individual is aware that they have committed an offence overseas which may be equivalent to those listed in the annex to [the Statutory Standards] document (Annex – Assessment of previous convictions), licensing authorities should advise the applicant to seek independent expert or legal advice to ensure that they provide information that is truthful and accurate	None
	Decision making	
5.2	Licensing authorities should ensure that all individuals that determine whether a licence is issued or refused are adequately resourced to allow them to discharge the function effectively and correctly	None
5.3	All individuals that determine whether a licence is issued should be required to undertake sufficient training.	None
5.3	As a minimum, training for a member of a licensing committee should include: licensing procedures, natural	None

Paragraph in DfT's Statutory Standards	Statutory Standard	Impacts identified
	justice, understanding the risks of CSAE, disability and equality awareness and the making of difficult and potentially controversial decisions.	
5.5	When a decision maker has a prejudicial interest in a case, whether it be financial or a personal relationship with those involved they should declare their interest at the earliest opportunity	None
5.6	It is recommended that councils operate with a Regulatory Committee or Board that is convened at periodic intervals to determine licensing matters, with individual cases being considered by a panel of elected and suitably trained councillors drawn from a larger Regulatory Committee or Board.	None
5.6	Less contentious matters can be delegated to appropriately authorised council officers via a transparent scheme of delegation.	None
5.11	It may be helpful when considering whether an applicant or licensee is fit and proper to pose oneself the following question "Without any prejudice, and based on the information before you, would you allow a person for whom you care, regardless of their condition, to travel alone in a vehicle driven by this person at any time of day or night?" If, on the balance of probabilities, the answer to the question is 'no', the individual should not hold a licence.	None
5.13	All licensing authorities should consider arrangements for dealing with serious matters that may require the immediate revocation of a licence. It is recommended that this role is delegated to a senior officer/manager with responsibility for the licensing service.	None

Paragraph in DfT's Statutory Standards	Statutory Standard	Impacts identified
5.15	Licensing authorities should have a clear policy for the consideration of criminal records. This should include, for example, which offences would prevent an applicant from being licensed regardless of the period elapsed in all but truly exceptional circumstances. In the case of lesser offences, a policy should consider the number of years the authority will require to have elapsed since the commission of particular kinds of offences before they will grant a licence.	None
	Driver licensing	
6.2	All individuals applying for or renewing a taxi or private hire vehicle drivers licence licensing authorities should carry out a check of the children and adult Barred Lists in addition to being subject to an enhanced DBS check	None
6.2	All licensed drivers should also be required to evidence continuous registration with the DBS update service to enable the licensing authority to routinely check for new information every six months. Drivers that do not subscribe up to the Update Service should still be subject to a check every six months.	None
6.3	In the interests of public safety, licensing authorities should not, as part of their policies, issue a licence to any individual that appears on either barred list.	None
6.6	All licensing authorities should provide safeguarding advice and guidance to the trade and should require taxi and private hire vehicle drivers to undertake safeguarding training.	None
6.15	A licensing authority's test of a driver's proficiency should cover both oral and written English language skills to achieve the objectives [at 6.14].	None
	Vehicle licensing	

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Paragraph in DfT's Statutory Standards	Statutory Standard	Impacts identified
7.2	Licensing authorities should require a basic disclosure from the DBS and that a check is undertaken annually.	None
7.2	Licensing authorities should consider whether an applicant or licence holder with a conviction for offences provided in the annex to [the Statutory Standards] document (Annex – Assessment of previous convictions), other than those relating to driving, meet the 'fit and proper' threshold.	None
7.3	An authority which undertakes the biannual DBS checks recommended for its drivers should not require those seeking to licence a vehicle to provide a basic DBS check	None
7.6	Overseas checks to be considered where applicable	None
7.9	All licensing authorities should consult to identify if there are local circumstances which indicate that the installation of CCTV in vehicles would have either a positive or an adverse net effect on the safety of taxi and private hire vehicle users, including children or vulnerable adults, and taking into account potential privacy issues.	None
7.13	Imposition of a blanket requirement to attach CCTV as a condition to a licence is likely to give rise to concerns about the proportionality of such an approach and will therefore require an appropriately strong justification and must be kept under regular review.	None
7.14	It is the Department's view that it is not a legitimate course of action for licensing authorities to adopt policies that exclude limousines as a matter of principle thereby excluding these services from the scope of the private hire vehicle regime and the safety benefits this provides.	None
	Operator licensing	
8.2	Licensing authorities should request a basic disclosure from	None

Paragraph in DfT's Statutory Standards	Statutory Standard	Impacts identified
	the DBS and that a check is undertaken annually.	
8.2	Licensing authorities should consider whether an applicant or licence holder with a conviction for offences provided in the annex to this document (Annex – Assessment of previous convictions), other than those relating to driving, meet the 'fit and proper' threshold.	None
8.3	An authority which undertakes the biannual DBS checks recommended for its drivers should not require those seeking a private hire vehicle operator licence to provide a basic DBS check as part of the application process	None
8.5	A private hire vehicle operator licence may be applied for by a company or partnership; licensing authorities should apply the 'fit and proper' test to each of the directors or partners in that company or partnership. For this to be effective private hire vehicle operators should be required to advise the licensing authority of any change in directors or partners	None
8.6	Overseas checks to be considered where applicable	None
8.8	Licensing authorities should, as a condition of granting an operator licence, require a register of all staff that will take bookings or dispatch vehicles is kept	None
8.9	Operators should be required to evidence that they have had sight of a Basic DBS check on all individuals listed on their register of booking and dispatch staff and to ensure that Basic DBS checks are conducted on any individuals added to the register and that this is compatible with their policy on employing ex-offenders.	None
8.9	When individuals start taking bookings and dispatching vehicles for an operator they should be required, as part of their employment contract, to advise the operator of any	None

Paragraph in DfT's Statutory Standards	Statutory Standard	Impacts identified
	convictions while they are employed in this role.	
8.11	Operators may outsource booking and dispatch functions but they cannot pass on the obligation to protect children and vulnerable adults. Operators should be required to evidence that comparable protections are applied by the company to which they outsource these functions.	None
8.12	Licensing authorities should also require operators or applicants for a licence to provide their policy on employing ex-offenders in roles that would be on the register as above.	None
8.13	Licensing authorities should as a minimum require private hire vehicle operators to record the following information for each booking: • the name of the passenger; • the time of the request; • the pick-up point; • the destination; • the name of the driver; • the driver's licence number; • the vehicle registration number of the vehicle; • the name of any individual that responded to the booking request; • the name of any individual that dispatched the vehicle.	None
8.14	It is suggested that booking records should be retained for a minimum of six months.	None
8.16	The use of a driver who holds a PCV licence and the use of a public service vehicle (PSV) such as a minibus to undertake a private hire vehicle booking should not be permitted as a condition of the private hire vehicle operator's licence without	None

Paragraph in DfT's Statutory Standards	Statutory Standard	Impacts identified
	the informed consent of the booker.	
	Enforcing the licensing regime	
9.2	Licensing authorities should, where the need arises, jointly authorise officers from other authorities so that compliance and enforcement action can be taken against licensees from outside their area.	None
9.3	Licensing authorities should ensure that drivers are aware of the policies that they must adhere and are properly informed of what is expected of them and the repercussions for failing to do so.	• When changes to taxi fares and tariffs are made we notify taxi drivers, taxi vehicle owners, the taxi trade associations and taximeter companies of the changes and when these come into effect • A TPH notice listing changes to taxi fares and tariffs is normally issued • The new tariffs will be published on the TfL website
9.7	Before any decision is made, the licensing authority must give full consideration to the available evidence and the driver should be given the opportunity to state his or her case.	None
9.7	If a period of suspension is imposed, it cannot be extended or changed to revocation at a later date	None

Protection of children and vulnerable adults

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.

A London borough has previously 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.

Havering Council recently announced plans to stop using taxis to provide transport for children with Special Educational Needs and Disabilities (SEND) in order to help reduce costs.[10]

Item	Potential negative impacts	Potential positive impacts
Taxi fares and tariffs	**Increasing the tariffs** • Increasing the tariffs could mean that some children and vulnerable adults experience a negative impact if London boroughs use taxis to provide transport services for them and increasing the tariffs means they have to reduce or make cuts to these services • Increasing the tariffs could mean some children and vulnerable adults will experience a negative impact if the 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 • Increasing the tariffs could mean some children or vulnerable adults being unable to access education, medical treatment or other activities	**Increasing the tariffs** • Increasing the 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 • Increasing the supply of available taxis could mean some children or vulnerable adults are able to access education, medical treatment or other activities

[10] The Havering Daily, 19 September 2023, Council funded taxi trips for children with special needs set to stop, https://thehaveringdaily.co.uk/2023/09/19/council-funded-taxi-trips-for-children-with-special-needs-set-to-stop/

Item	Potential negative impacts	Potential positive impacts
	No change to the tariffs • If there is no change to the tariffs this could mean some children and vulnerable adults 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 • No change to the tariffs could mean some children and vulnerable adults will experience a negative impact if London boroughs use taxis to provide transport services for them and the number of licensed taxi drivers and supply of available taxis declines as drivers cannot cover increased operating costs and stop working as taxi drivers • A reduction in the supply of available taxis could mean some children or vulnerable adults being unable to access education, medical treatment or other activities	**No change to the tariffs** • If there is no change to the tariffs this could mean some children and vulnerable adults 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 • No change to the tariffs could mean some children and vulnerable adults 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 • An increase in the supply of available taxis could mean some children or vulnerable adults are able to access education, medical treatment or other activities
Making Tariff 4 the same as Tariff 2	• Making Tariff 4 the same as Tariff 2 could mean some children and vulnerable adults experience a negative impact if they use taxis for longer journeys as the fares for these journeys will increase	• Making Tariff 4 the same as Tariff 2 could mean some children and vulnerable adults experience a positive impact if they use taxis for longer journeys and taxi drivers are more likely to accept these jobs as Tariff 4 has been increased
Booked taxi extra	• Increasing the booked taxi extra could mean some children and vulnerable adults experience a negative impact if they use booked taxis as the fares for these could increase	• No positive impacts have been identified
Heathrow extra	• No negative impacts have been identified	• Reducing the Heathrow extra could mean some children and vulnerable adults experience a positive impact if they use taxis to travel from Heathrow

Item	Potential negative impacts	Potential positive impacts
		airport as the fares will decrease
Wimbledon Tennis Championships fixed-fare, shared-taxi scheme	• Increasing some of the fares for the fixed-fare, shared taxi scheme could mean some children and vulnerable adults experience a negative impact if they use the fixed-fares, shared-taxi scheme as the fares will increase	• No positive impacts have been identified

Equality impacts

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

Other issues and factors to consider

In previous reviews of taxi fares and tariffs some other issues and factors to consider have been raised. Other issues and factors that are relevant to this review are below.

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, 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:

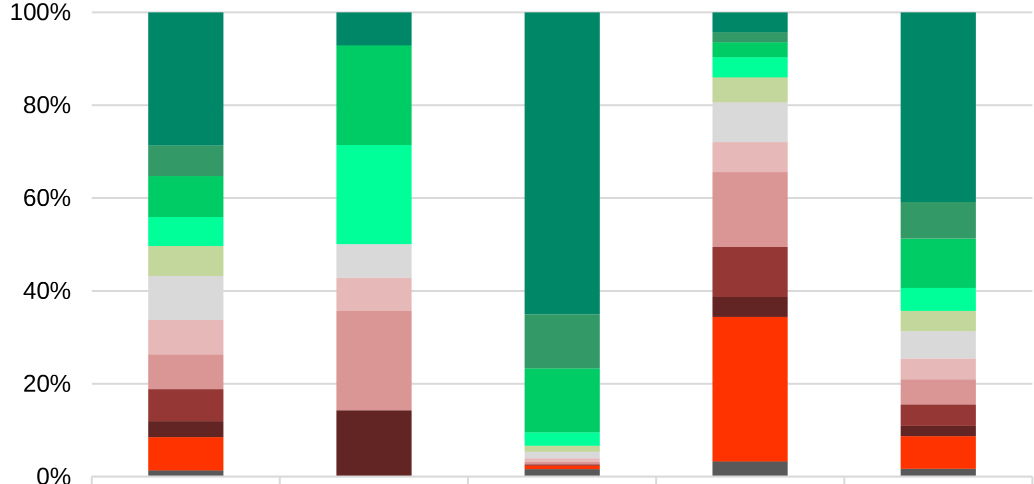
- It is unfair to try and compare taxi services and taxi fares with PHV services and PHV fares, as differences (e.g. the wide range of cheaper vehicles PHV drivers can use) mean that this is an unfair comparison
- PHV operators are able to set their own fares and increase or decrease fares at any time and in response to varying factors, and this is 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 may be 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 may be asked for quotes or if they will accept a fixed fare before being hired
- 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 PHV services. Passengers can compare PHV fares prior to making a booking but this is not an option when hailing a taxi on the street or from a taxi rank.

Concerns have been raised about taxi fares being too expensive and taxis not being good value for money.

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). The results are shown below.



	A taxi (black cab) user(n=380)	A Taxicard member(n=14)	A taxi (black cab) driver(n=379)	A non-taxi (black cab) user(n=94)	All respondents(n=904)
10	28	7	65	4	40
9	7	0	12	2	8
8	9	21	14	3	11
7	6	21	3	4	5
6	6	0	1	5	4
5	9	7	1	9	6
4	7	7	1	6	4
3	7	21	1	16	5
2	7	0	0	11	5
1	3	14	0	4	2
0	7	0	1	31	7
No opinion	1	0	2	3	2

- Forty-four per cent of taxi users gave a score or eight or above, with a quarter (24 per cent) giving a score of three or lower
- The majority (91 per cent) of taxi drivers gave a score of eight or more, with just two per cent giving a score of three or lower

It has been suggested that taxi fares should be compared to fares for some other modes. However, fare reviews for other modes differ to taxi fares and tariff reviews. The change in regulated rail fares is usually linked to the July RPI figure in the previous year. Before the pandemic, regulated rail fares were increased in January of each year and the increase was based on the RPI figure from the previous July plus one per cent. Due to the high levels of inflation, the 2023 increase for England and Wales was instead linked to average earnings growth in July 2022.

Rail fares increased by 5.7 per cent in March 2023 compared with a 13.5 per cent in the Retail Prices Index (RPI) over the same period. Fares in London and the southeast had the largest increase at 6.0 per cent.[11] Fares across the TfL network increased by an overall average of 5.9 per cent on 5 March 2023.[12]

The government has said that the rise in regulated rail fares in 2024 will be below the rate of inflation. RPI in July 2023 was nine per cent but it is not known yet what the increase will be.

Impact of the coronavirus pandemic

The full impact of the coronavirus pandemic on taxi drivers, the taxi industry and taxi passengers is unknown as this was not assessed or analysed. However, it is still clear that there was 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.

[11] Office of Rail and Road, Rail fares, https://dataportal.orr.gov.uk/statistics/finance/rail-fares/
[12] TfL, Fares from 5 March 2023, https://tfl.gov.uk/campaign/new-fares

In the 2022/23 Taxi and Minicab User Customer Satisfaction Survey (CSS)[13] we asked taxi and minicab users if the coronavirus pandemic had changed their use of taxis and booked minicabs. The results are shown below.

Response	Taxis	Booked minicabs
Yes – use more	26%	24%
Yes – use less	25%	30%
No – use the same	49%	46%

In the 2022/23 Taxi and Private Hire Licensee CSS[14] we asked taxi drivers how they had been impacted by the coronavirus pandemic. The results are shown below.

Impact of coronavirus	Taxi drivers
Stopped working as a taxi driver/private hire vehicle driver completely and haven't started working again	6%
Stopped working as a taxi driver/private hire vehicle driver completely but have now gone back to work	50%
Continued to work as a taxi driver/private hire vehicle driver but worked fewer hours than normal	21%
Continued to work as a taxi driver/private hire vehicle driver but worked more hours than normal	6%
Continued to work as a taxi driver/private hire vehicle driver but worked the same hours as normal	6%
Continued to work as a taxi driver/private hire vehicle driver but delivering parcels/goods	2%
Had to stop working as a taxi driver/private hire vehicle driver as I had symptoms of coronavirus/tested positive for coronavirus	5%
Had to stop working as a taxi driver/private hire vehicle driver as I was shielding/clinically extremely vulnerable	3%
Had to stop working as a taxi driver/private hire vehicle driver to care for someone else	3%
Got another job	11%
Sold my taxi/private hire vehicle/minicab	4%
Delicensed my taxi	3%
My income increased	1%

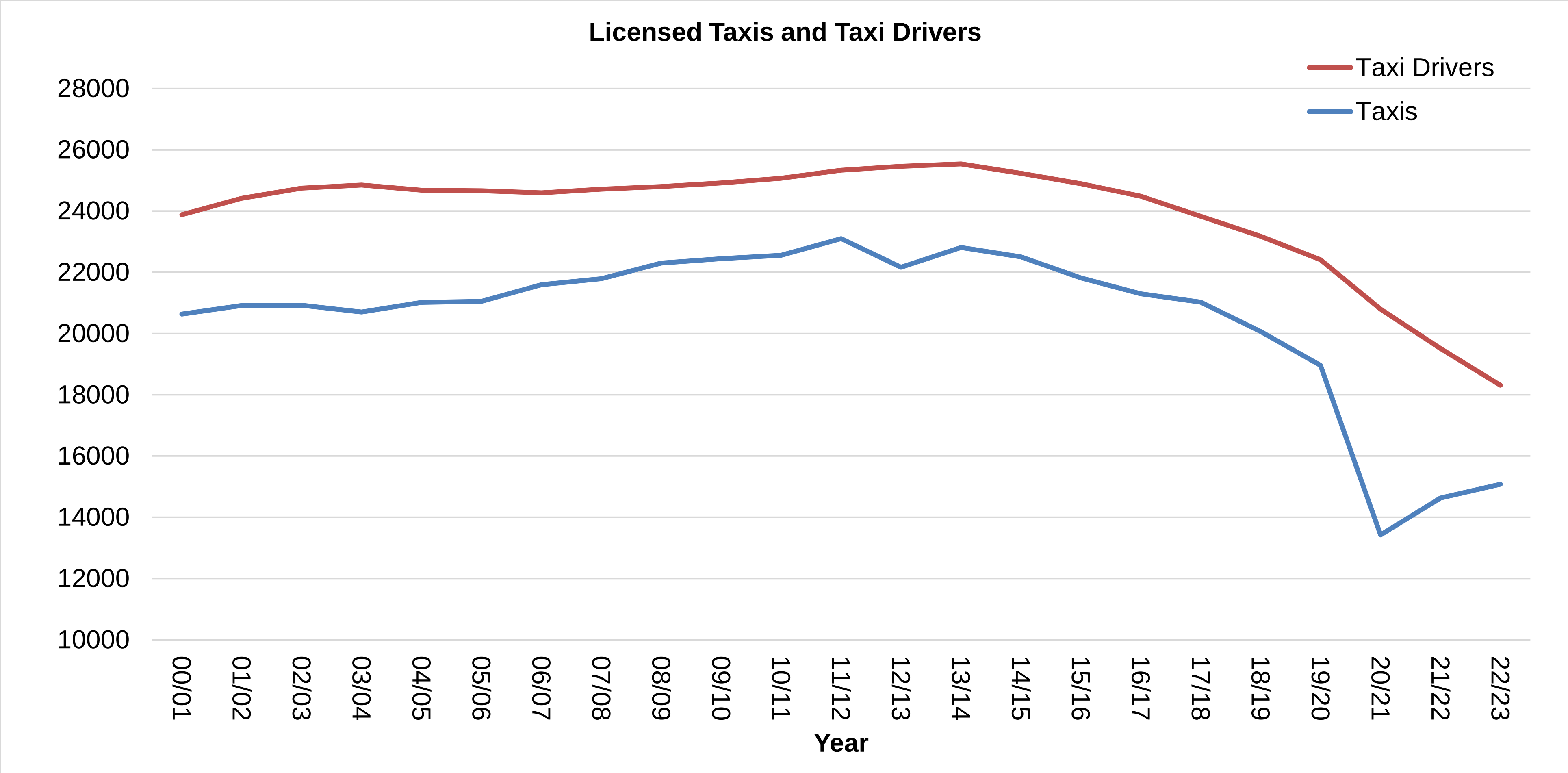
[13] Black Cabs and Minicabs CSS, Kantar, 2022/23
[14] Taxi and Private Hire Licensee CSS, Kantar, 2022/23

Impact of coronavirus	Taxi drivers
My income decreased	37%
My income stayed the same	0%
Previously registered for the Government’s Self-employment Income Support Scheme	21%
Applied for Universal Credit or other benefit	8%
Volunteered	2%
I have not been impacted	2%
Other	2%
Prefer not to say	5%

Licensee numbers

The number of licensed taxis and taxi drivers had been falling for several years and the rate of decline accelerated during the coronavirus pandemic. There has since been an increase in the number of licensed taxis but the number of licensed taxi drivers continues to fall.[15]

[15] TfL licensing data


Licensed Taxis and Taxi Drivers
Taxi Drivers
Taxis
28000
26000
24000
22000
20000
18000
16000
14000
12000
10000
00/01
01/02
02/03
03/04
04/05
05/06
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18/19
19/20
20/21
21/22
22/23
Year

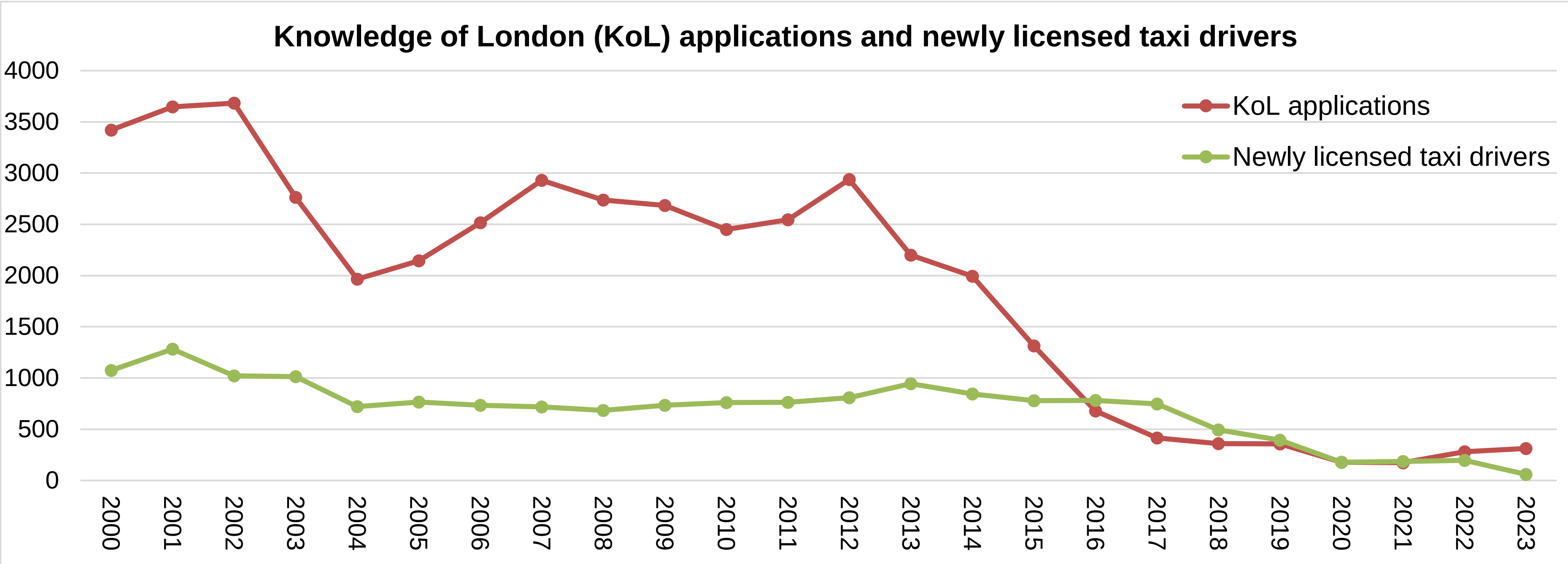
There has been a significant reduction in the number of licensed taxis and drivers in London since the start of the coronavirus pandemic. By contrast the number of licensed PHV drivers and PHVs has almost returned to pre-pandemic levels.[16]

	15 March 2020	24 September 2023	Difference	%
Taxi drivers	22,409	17,868	-4,541	-20.26%
Taxis	18,961	15,116	-3,845	-20.28%
PHV drivers	111,590	106,474	-5,116	-4.58%
PHVs	95,955	90,520	-5,435	-5.66%
PHV operators	2,124	1,663	-461	-21.70%

Concerns continue to be raised about the decline in the number of people applying to become a licensed taxi driver and the number of newly licensed taxi drivers. There has been a steep decline in the number of people applying to become a licensed taxi driver since 2012. The number of newly licensed taxi drivers has been slowly falling since 2013.

The chart below shows the number of applications from people to do the Knowledge of London (KoL) and become a licensed taxi driver. It also shows the number of newly licensed taxi drivers. The figures for 2023 are for January to June 2023.

[16] Ibid



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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.

We do not hold data on the current number of taxi or PHV trips each day and are not able to observe or record this. Research has previously been conducted to estimate the number of taxi journeys in a typical day and this showed that the number was falling. In 2009[17] there were around 185,000 taxi journeys in a typical day but in 2016/17[18] this figure had fallen to around 109,000.

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

Increasing the booked taxi extra will affect a greater number of taxi passengers and taxi drivers than it would have done prior to the launch of taxi apps.

In our annual survey amongst taxi and minicab passengers[19] we asked taxi users which method of getting a taxi they used most recently. In the most recent survey 22 per cent of taxi users 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%
2022	22%

[17] Taxi & PHV Driver Diary Survey, GfK NOP, 2009
[18] Taxi and Private Hire Driver Diary Survey 2016/17, Steer Davies Gleave, October 2017, https://content.tfl.gov.uk/driver-diaries.pdf
[19] Black Cabs and Minicabs CSS, Kantar, 2022/23

The number of taxi drivers receiving work from apps has grown since these services were first launched. However, since the coronavirus pandemic restrictions were lifted 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.

The tables below are from the 2022/23 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 2022).

Pre-March 2020	From ranks	On-street	Radio circuit	Booking app
0%	12%	6%	84%	44%
1-20%	29%	20%	7%	25%
21-40%	23%	26%	6%	18%
41-60%	21%	27%	2%	8%
61-80%	9%	13%	1%	5%
81-100%	6%	8%	1%	1%

November 2022	From ranks	On-street	Radio circuit	Booking app
Not working at present	9%	9%	9%	9%
0%	10%	4%	73%	36%
1-20%	31%	19%	12%	25%
21-40%	20%	23%	3%	14%
41-60%	16%	23%	1%	9%
61-80%	8%	14%	%	5%
81-100%	5%	7%	1%	2%

In the same survey:

- Four per cent of taxi drivers said they were on a radio circuit only
- 52 per cent of taxi drivers said they were on a booking app only
- Seven per cent of taxi drivers said they were on both a radio circuit and booking app
- 37 per cent said they did not use a radio circuit or booking app
- Of the drivers who were on an app, 38 per cent said they were on one app with 61 per cent saying they use more than one app

Potential mitigations

Listed below are ways some of the negative impacts identified might be mitigated.

Impacts	Mitigations
Negative impacts from increasing the tariffs and taxi fares	• Some people may be able to use a PHV instead of a taxi and information about licensed PHV operators in London (services offered, areas covered, times of operation, contact details) is available on our website[20] • 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, Tube, Docklands Light Railway (DLR) or trams instead of a taxi for all or part of their journey. For most journeys the fares for these services should be cheaper than using a taxi, although fares for these services increased in March 2023[21] • 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 lines[22] • 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 Gate[23]

[20] TfL Findaride service, https://tfl.gov.uk/forms/12389.aspx
[21] TfL fares increase, https://tfl.gov.uk/campaign/new-fares
[22] TfL The Night Tube, https://tfl.gov.uk/campaign/tube-improvements/what-we-are-doing/night-tube#on-this-page-0
[23] TfL London Overground Night Service, https://tfl.gov.uk/modes/london-overground/london-overground-night-service

	• Research has previously shown that the average duration of a taxi journey is 19 minutes and the average distance is 2.6 miles.[24] Some people may be able to walk or cycle for all or part of their journey instead of using a taxi. As well as the Santander cycle hire scheme, 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 journey[25]
	• The London e-scooter trial has been extended to 31 May 2024. The 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 taxi[26]
	• We've worked with Go Jaunty[27] to make walking information, including station accessibility information, walking times and step by step directions, available on smartphones
	• The TfL Go app[28] may help people plan journeys in London and use other modes of transport instead of a taxi. The app allows people to:
	    ○ Use our live map to see their route or search for any place or address across London
	    ○ Get live bus and train times for every station and the quieter times to travel
	    ○ Get live updates on all bus, Tube, London Overground, DLR, TfL Rail and tram lines
	    ○ Check walking and cycling routes for all or part of a journey
	    ○ Use step-free mode for planning accessible journeys - this includes information on toilet availability, platform access and live lift status
	• Some people may require step free access and so choose to use a taxi however, they may be able to use the Tube, DLR, London Overground or tram for all or part of their journey. Currently 92 Tube stations and 60 London Overground stations 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

[24] Taxi and Private Hire Driver Diary Survey 2016/17, Steer Davies Gleave, October 2017
[25] 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
[26] TfL Electric scooters, https://tfl.gov.uk/modes/driving/electric-scooter-rental-trial
[27] TfL and Go Jaunty partnership, https://www.gojauntly.com/tfl-partnership
[28] TfL Go app, https://tfl.gov.uk/maps_/tfl-go

	ramps or platform humps are available to help ensure a full step-free route from the street to the train[29] • 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 PHV drivers accepting jobs that have not been booked through a licensed PHV operator • 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, enhancement 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
Negative impacts on passengers if the number of available taxis decreases or wait times increase	• We have reviewed the Knowledge of London, partly with the aim of making it more attractive to people to apply to become a licensed taxi driver. If more people apply to become a taxi driver and the number of newly licensed taxi drivers increases then this could help mitigate some of the negative impacts and avoid wait times for taxis increasing or taxis being unavailable when people want to travel
Negative impacts on Taxicard members from fares increasing or drivers not accepting Taxicard jobs	• Capped fares have been introduced for Taxicard members and these help partly mitigate the impact on them from increases to the tariffs • 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 • Some Taxicard members may be able to use the Dial-a-Ride service, which is a free door-to-door service for people with permanent or long-term disabilities. It was recently announced that the operating hours are being extended to midnight with the last pick up at 23:00
Negative impacts on taxi drivers if fares increase and demand for taxis falls	• We promote the Taxicard service to taxi drivers and this may mitigate some of the potential negative impacts on taxi drivers, as they will have the opportunity to increase their income
Negative impact on passengers if some of	• During the Wimbledon Tennis Championships an additional bus service operates between Wimbledon Station and the tennis and some people may be able to use this instead of a taxi[30]

[29] TfL step-free access, https://tfl.gov.uk/travel-information/improvements-and-projects/step-free-access
[30] Wimbledon Tennis Championships 2023, Go Ahead bus service, https://www.goaheadlondon.com/events-and-hire/events/wimbledon

the fares for the Wimbledon Tennis Championships fixed-fare, shared-taxi scheme increase	
Negative environmental impacts if taxi drivers are deterred from purchasing a new ZEC taxi or delay a decision to replace their diesel taxi	• 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

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Finance Committee

Date: **13 March 2024**

Item: **Track Labour Framework Extension**

This paper will be considered in public

1 Summary

1.1 The purpose of this paper is to update the Committee on the Track Labour Framework (the Framework) since the paper presented to the Committee in June 2023 and, as noted in that paper, seek additional Procurement Authority for the financial year 2024/25.

1.2 A paper is included on Part 2 of the agenda, which contains 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 business affairs of TfL. Any discussion of that exempt information must take place after the press and public have been excluded from this meeting.

2 Recommendation

2.1 The Committee is asked to note the paper and the exempt supplementary information and approve Procurement Authority for £112.4m for external track labour resources procured through the London Underground Track Labour Framework for the period to March 2025, giving a total Procurement Authority of £701.15m.

3 Background

3.1 London Underground's (LU) Track division has a continuing requirement to supplement its direct labour organisation with external, skilled labour, which is deployed across the network to support safety critical maintenance, enhancements, and renewals of track assets across the network.

3.2 The supply of labour is contracted on a pan-TfL basis to enable other areas of the business the option to utilise resource from the Framework.

3.3 The original Framework was let following a competitive tender process and awarded to five suppliers being: Morson Human Resources Limited; Cleshar Contract Services Limited; 1st in rail Limited; Trackwork Limited and McGinley Support Services (Infrastructure) Limited.

3.4 Authority was granted by the Committee, in June 2023, to extend the Framework to March 2025 as part of the transition to a new approach to the market for this service. It is highly likely that a further extension in time and value will be sought from the Committee later in 2024/25 as the transition arrangements become further progressed, depending on the outcome of the reprocurement and required mobilisation timescales. A further update will be provided at the next meeting.

3.5 This paper therefore covers the Procurement Authority required for the period to March 2025 only. Further detail is provided in the paper on Part 2 of the agenda.

4 Negotiation Summary and Financial Implications

4.1 The previously approved Procurement Authority is £588.75m. This request, covering the period to March 2025, is for a further £112.4m, giving a total Procurement Authority of £701.15m.

4.2 This is in line with the TfL Budget for 2024/25 being considered separately on the agenda for this meeting.

4.3 Commercial negotiation has taken place with each supplier under the framework to agree fixed 12-month rates giving the greatest opportunity to deliver value for money and mitigate future cost pressures.

List of appendices to this report:

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

List of background papers:

Track Labour Framework Extension paper, Finance Committee, 21 June 2023

Contact Officer:	Jonathan Wharfe, Director of Procurement & Commercial, Operations
Email:	JonathanWharfe@tfl.gov.uk

Finance Committee

Date: **13 March 2024**

Item: **London Transport Museum: Covent Garden Site**

This paper will be considered in public

1 Summary

1.1 The purpose of the paper is to update the Committee on property matters relating to the London Transport Museum's site in Covent Garden.

1.2 A paper is included on Part 2 of the agenda which contains exempt supplementary information. The information is exempt and is therefore not for publication to the public or press 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 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 London Transport Museum (LTM) has been located in the historic, grade II listed flower market building in Covent Garden since 1980. Its location and iconic building are key contributors to success. Post coronavirus pandemic, demand has continued to grow. For the last two years LTM has been London's third fastest recovering attraction in the post pandemic market.

3.2 However, footfall and income at LTM is now capped by space and capacity constraints. LTM is at capacity at peak times and queues stretch across the Piazza and venue hire is sold out across the year on term time Tuesdays and Wednesdays.

3.3 This paper considers potential future proposals for development of the Covent Garden site.

List of appendices to this report:

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

List of Background Papers:

None

Contact Officer: Rachel McLean, Chief Finance Officer
Email: rachelmclean@tfl.gov.uk

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Finance Committee

Date: **13 March 2024**

Item: **Forthcoming Key Procurement Activities**

This paper will be considered in public

1 Summary

1.1 This paper sets out a summary of the major new procurements or contract extensions planned over the next two years and those that will be required from the Committee by way of Chair’s Action over the next six months. It also highlights significant forthcoming procurements that require approval at officer level during that period.

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 There is a recognised need to provide this Committee and other decision makers in TfL with a forward look on the pipeline of major procurements and those requiring decisions.

3.2 The Procurement and Commercial (P&C) function within TfL has worked to improve its forward planning, for example by consolidating multiple sources of data regarding the plans for contract renewals and new procurements. This has enabled P&C to establish a pipeline of activities over the next two years.

3.3 P&C's ability to plan the necessary governance and approval timescales, in conjunction with meetings of relevant Committees where appropriate, is improving and will continue to improve. This will not entirely remove the possible need for out of cycle approvals to be sought by way of Chair's Action, either because of the conclusion of a procurement which falls naturally in timing between meetings, or because of an urgent requirement.

3.4 This paper sets out the approvals anticipated to be required from the Committee over the next six months and highlights significant forthcoming procurements that require approval at officer level during that period.

4 Two year look ahead

4.1 The two year look ahead is summarised below, including only those projects with an estimated value of £1m or over. The pipeline for strategy approvals and contract awards covers 224 contracts with an estimated total value of £27bn, and equivalent annual spend of £2.9bn, when prorated by the length of the contracts. This is broken down as follows:

P&C Division / Team	No	Estimated Value (£m)	Equivalent Annual Value (£m)
Capital and Technology	**74**	**4,727**	**633**
Capital Infrastructure	15	2,502	238
Capital Systems	16	270	68
Technology	43	1,955	327
Operations and Professional Services	**150**	**22,290**	**2,248**
Fleet	33	171	59
FM	9	1,255	195
Indirects (support goods and services)	18	16,508	1,340
Infrastructure	43	1,781	235
Rail and Sponsored Services	20	999	192
Track	27	1,576	228
Total	**224**	**27,018**	**2,881**

5 Planned procurement activity ahead of the next meeting

5.1 There are two business units within the P&C function, and the key forthcoming procurement activities for both are summarised below. Further details of these procurement activities are provided within the related paper on Part 2 of the agenda.

5.2 In Operations and Professional Services, we are currently forecasting that two contract awards will require Committee approval by Chair’s Action in the next six months.

5.3 In Capital and Technology, most decisions for contracts related to capital expenditure are routed through the Programmes and Investment Committee rather than to this Committee although all Members will receive the paper and a similar paper is submitted to the Programmes and Investment Committee.

6 Improving Visibility of the Procurement Pipeline

6.1 The pipeline and planning team within P&C is now at full complement, bringing all activities on pipeline visibility, savings tracking, data quality and resource planning under one central function. We have received feedback to improve visibility of the pipeline as management information to better support commercial decisions. These include:

(a) highlighting potential opportunities to consolidate contracts between modes or across the value chain to drive further efficiencies;

(b) visibility of contracts due to expire, to support planning; and

(c) including reference to the funding certainty of projects, particularly for capital projects, to support decision making.

6.2 The pipeline and planning team is currently assessing the feasibility of including the additional information listed above in the pipeline and we intend to update the Committee at a future meeting with the production of a twice-yearly pipeline report and detailed management information.

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

Contact Officer: Rachel McLean, Chief Finance Officer
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Finance Committee

Date: **13 March 2024**

Item: **Risk and Assurance Report Quarter 3 2023/24**

This paper will be considered in public

1 Summary

1.1 This report provides the Committee with an overview of the status of and changes to Enterprise Risk 5 (ER5) – Efficient and high performing supply chains and effective procurement, Enterprise Risk 7 (ER7) – Financial resilience and Enterprise Risk 9 (ER9) – Changes in customer demand.

1.2 This report also summarises the findings from the assurance activity associated with this risk, based on second line of defence audit work by the Quality, Safety and Security Assurance (QSSA) team and third line of defence work by the Internal Audit team within TfL's Risk and Assurance Directorate.

1.3 As of Quarter 3 of 2023/24 (17 September to 9 December 2023) (Q3), we have revised reporting to the Board's Committees and Panels to provide a more consistent and comprehensive report on TfL risks and assurance activity. The revised reports are aligned to the risks within the remit of each Committee and Panel and address all applicable Risk and Assurance work.

1.4 A paper is included on Part 2 of the agenda, which contains supplementary information that is exempt from publication by virtue of paragraphs 3 and 7 of Schedule 12A of the Local Government Act 1972 in that it contains information relating to the business and financial affairs of TfL that is commercially sensitive and likely to prejudice TfL's commercial position; and information relating to ongoing fraud and criminal investigations and the disclosure of this information is likely to prejudice the prevention or detection of crime and the apprehension or prosecution of offenders. 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 report and the exempt supplementary information on Part 2 of the agenda.**

3 TfL Enterprise Risks

3.1 ER7 was presented at the 11 October 2023 Committee meeting. ER9 was discussed at the 7 December 2023 Executive Committee meeting and an update on ER9 is elsewhere on the agenda for this meeting. Further internal reviews of ER5, ER7 and ER9 are scheduled to take place before the end of this financial year.

4 Annual Audit Plans

4.1 The annual Internal Audit plan contains a series of third line audits that address all TfL Enterprise Risks. The annual QSSA audit plan contains a series of second line reviews that include ER5. Audits against other Enterprise Risks are now reported to the applicable Committee or Panel. Internal Audit and QSSA planning is underway for the 2024/2025 plans.

5 Work of Note for Quarter 3

Internal Audit

5.1 Appendix 1 provides details of the Internal Audit audits undertaken in Q3. Audit reports issued are rated as either ‘well controlled’, ‘adequately controlled’, ‘requires improvement’ or ‘poorly controlled’. Individual findings within audit reports are rated as high, medium or low priority.

5.2 Internal Audit issued one report against ER5 in Q3, SAP Ariba Guided Buying which was rated as ‘adequately controlled’. Three reports were issued against ER7: ‘TfL Scorecard mid-year’ and ‘Government funding conditions’ were also rated ‘adequately controlled’. The audit of ‘Cycle hire bad debt recovery’ was rated ‘poorly controlled’. Three audits against ER7 are in progress, ‘Ultra Low Emission Zone (ULEZ) scrappage scheme’, ‘Journals’ and ‘National rail reimbursement scheme – pay as you go’.

Counter-Fraud and Corruption

5.3 The Counter-Fraud and Corruption team investigates all allegations of fraud and corruption involving TfL employees, non-permanent labour and third parties (including suppliers, customers and organised criminal groups). Summaries of significant new and ongoing cases relating to supply chain and procurement activities are set out in the paper on Part 2 of the agenda. These cases are part of the wider fraud reporting that is submitted to the Audit and Assurance Committee.

6 Cancelled and Deferred Work

6.1 All cancellations and deferrals are undertaken in consultation with the relevant business teams. One internal audit was cancelled in Q3 which was the ULEZ debt management. This was cancelled as there is a wider review of Road User Charging underway and once this is complete, we will consider if a further audit is required.

7 Performance and Trends

7.1 Performance data is provided at Appendix 2 on progress against the audit plan, audit ratings, rating trends by Enterprise Risk and business unit and progress against actions, with comparisons provided across the last two years.

Internal Audit

7.2 Nineteen ER5, ER7 and ER9 audits were completed in the last four quarters which is the same number as were delivered in the previous four. The number of ‘requires improvement’ and ‘poorly controlled’ remain the same at six and one respectively. The number of memos issued has reduced over the past four quarters, with a greater number of rated reports being issued. Six reports in the last four quarters were rated as ‘adequately controlled’.

7.3 Work continues on the management of actions, particularly overdue actions with management teams and the Chief Officers to resolve. For ER5 and ER7 at the end of Q3 there were 66 open audit actions, 18 of which were overdue and six that were overdue by more than 100 days. There were no open audit actions for ER9. All actions that are overdue by more than 100 days are reported to the Audit and Assurance Committee.

List of appendices:

Appendix 1: Internal Audits Completed in Quarter 3 of 2023/24 against ER5, ER7 and ER9

Appendix 2: Internal Audit Summary Quarter 3 2023/24

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

List of Background Papers:

None

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Appendix 1 – Internal Audits Completed in Quarter 3 of 2023/24 against ER5, ER7 and ER9

ER5 Efficient and high performing supply chains and effective procurement

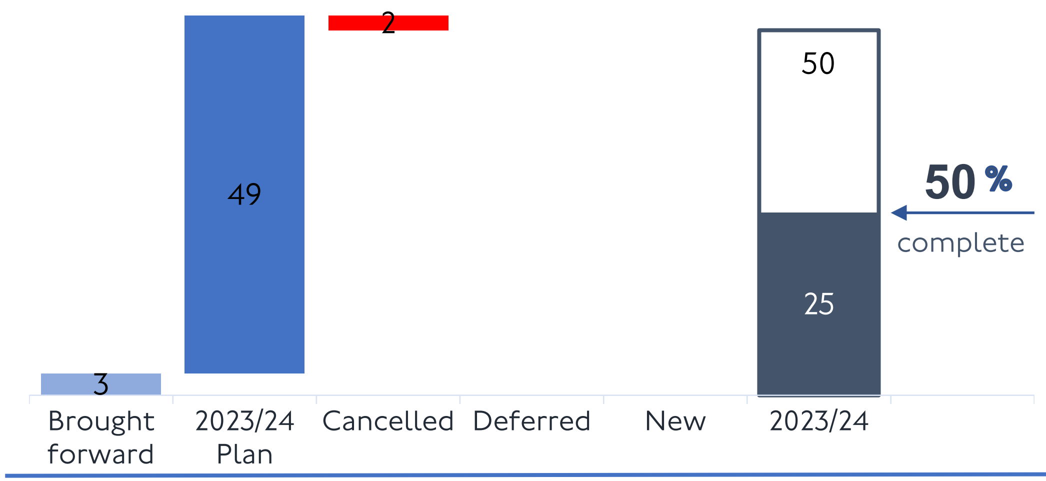
Chief Officer	Ref.	Audit Title	Objectives	Conclusion	Summary of Findings
Chief Finance Officer	23 008	SAP Ariba-Guided Buying	To provide assurance on the adequacy and effectiveness of controls governing SAP Ariba-Guided Buying.	Adequately Controlled	The considerable changes across Finance over the last few years have resulted in accountability and responsibility for SAP Ariba being spread across a number of teams. The management of the SAP Ariba (Guided Buying module) is adequately controlled. It is working as efficiently as expected and allows effective control and monitoring of transactions. We will do a further audit of this area in 12 months once the use of SAP Ariba Guided Buying is fully embedded.

ER7 Financial resilience

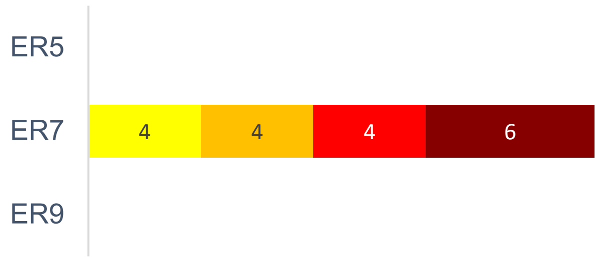
Chief Officer	Ref	Engagement Name	Objectives	Conclusion	Summary of Findings
Chief Finance Officer	23 011	Government Funding Conditions	To provide assurance that the conditions of the Government's funding agreement are being effectively managed and accurately reported.	Adequately Controlled	We found that most of the monitoring controls for the Long-term Funding Settlement requirements and assumptions were adequately designed and operating effectively. To date, the majority of requirements have been delivered in line with expected timescales. A number of initiatives are still to be fully delivered with a need for continued monitoring of funding assumptions.
Chief Operating Officer	23 014	Cycle Hire Bad Debt Recovery	To determine the adequacy and effectiveness of the cycle hire debt management key controls.	Poorly Controlled	Improvements need to be made to central oversight and accountability for cycle hire debt management and recovery processes. Actions have been agreed to address the findings raised in the report.
Chief Finance Officer	23 048	TfL Scorecard - Mid-year	To provide assurance on the adequacy of controls in place to gather data for the reporting of measures in the TfL Scorecard.	Adequately Controlled	There are adequate controls in place for the central coordination and local business unit procedures over the collection and processing of data for purposes of calculating and reporting on TfL Scorecard 2023/24 measures. Some weaknesses have been identified within the local business processes which need to be addressed.

Internal Audit Summary Quarter 3 2023/24 Appendix 2

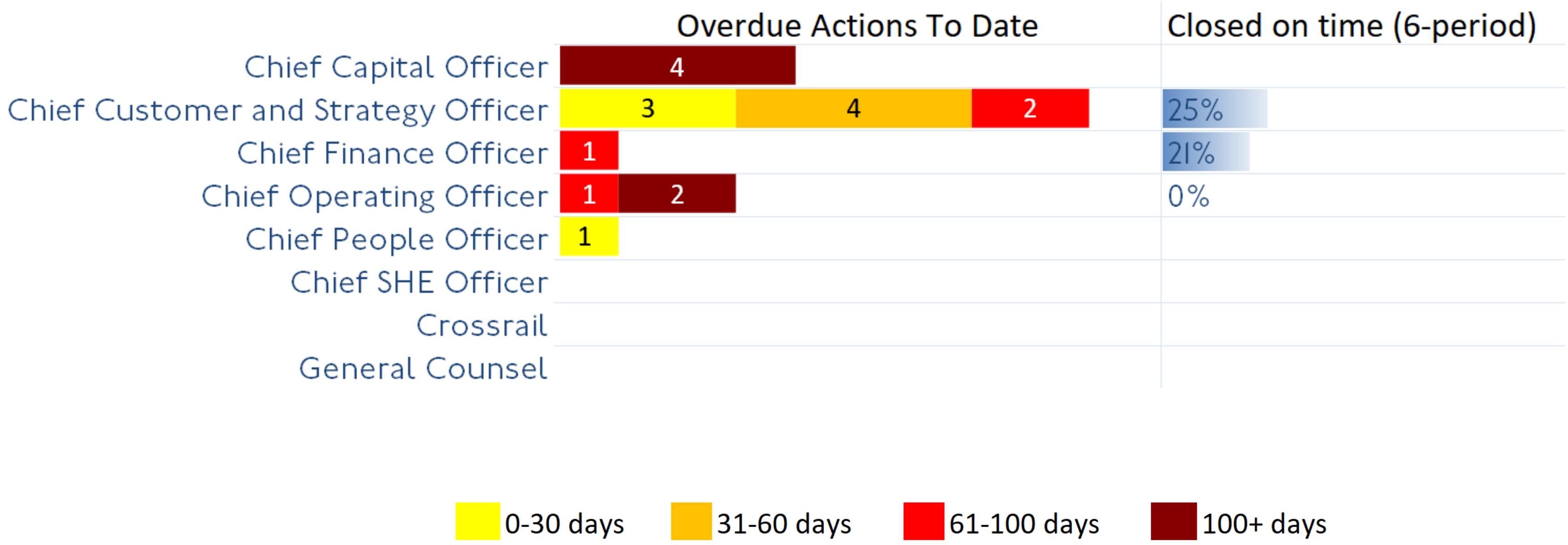
All Audit Progress against 2023/24 Plan



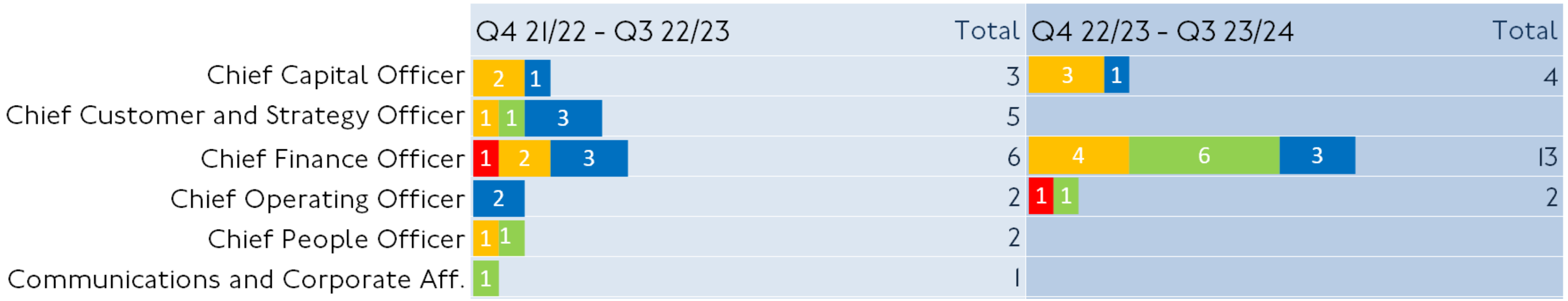
Action Management (ER5, 7 & 9) - By Enterprise Risk by Overdue Days



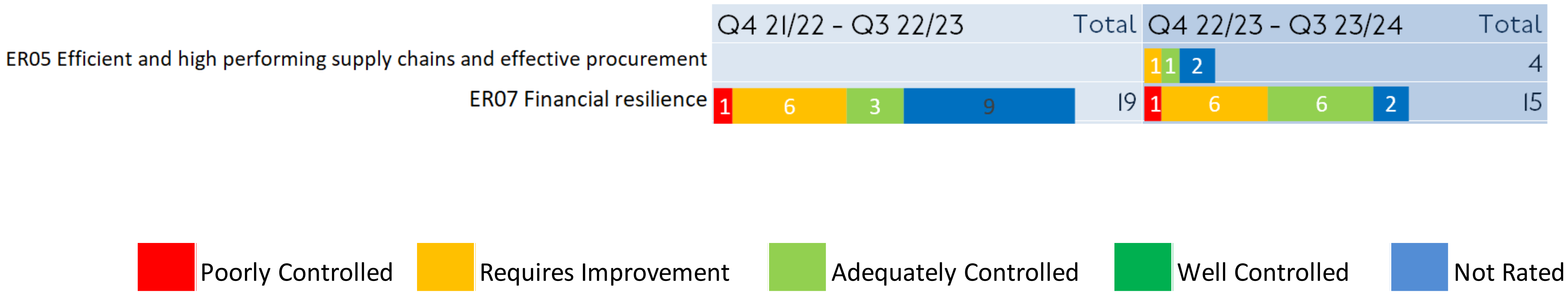
Action Management (ER5, 7 & 9) - By Directorate by Overdue Days



Audit Conclusion Comparison by Chief Officer Team (over 4 quarters)



Audit Conclusion Comparison by Enterprise Risk (over 4 quarters)



Finance Committee

Date: **13 March 2024**

Item: **Enterprise Risk Update - Changes in Customer Demand (ER09)**

This paper will be considered in public

1 Summary

1.1 This paper sets out our current understanding and control measures on Enterprise Risk 09: Changes in customer demand. This is a very broad risk, with significant potential implications for our financial sustainability and the delivery of our transport strategy. Passenger demand has now stabilised and is around 90 per cent of pre-pandemic levels. However, our protection against revenue volatility will end by 31 March 2024 when the August 2022 funding agreement with the Government ends, which will increase the level of exposure TfL has to change in customer demand and increase the potential impact of this risk to TfL's financial sustainability. Due to the fact that passenger demand has increased by six per cent this financial year, we have reduced the overall risk score from Very High to High following the risk assessment.

1.2 This paper outlines the risk and how it is controlled, concluding that the level of risk that customer demand is too low to meet income targets and deliver against our strategic priorities, has reduced since the coronavirus pandemic, based on the strong demand growth over the current financial year and the current demand stability. TfL now needs to continue to improve passenger demand to achieve our six per cent passenger growth target that we have set in the proposed 2024/25 Budget. This will mitigate the risk of further reduction in demand.

1.3 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. Any discussion of that exempt information must take place after the press and public have been excluded from this meeting.

2 Recommendation

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

3 Background

3.1 The risk was initially identified as SR9, Inability to meet changing demand prior to the onset of the coronavirus pandemic. 'Changes in customer travel patterns' was identified as a possible cause to the risk, however the probability of the risk materialising was deemed low (less than 25 per cent), and the health and safety impact was assessed as Very low.

3.2 In 2020 the risk was reframed as 'ER09, Changes in customer demand' during the coronavirus pandemic and reflected a Very high (greater than 80 per cent) probability of the risk materialising with an increased impact to health and safety. The definition notes a risk of reduction in travel caused by the pandemic in the short-term, economic factors in the medium-term and behavioural changes in the longer-term, causing customer demand to be too low to meet income targets and deliver the Business Plan.

3.3 Since 2020, the short-term risk identified has materialised, the predicted medium-term economic impact of the pandemic has materialised (exacerbated by geopolitical events) and although customer demand has stabilised recently, the ongoing geopolitical and economic turmoil limits our ability to properly forecast demand growth to determine how long it will take for demand to recover fully. Based on the balance of factors influencing customer demand, we have reduced the probability of ER09 risk materialising from Very High to Medium, with the recognition that it requires pro-active intervention to mitigate the risk and to continue to improve demand recovery.

4 Demand Forecasting

4.1 Demand for travel in London covers all modes of transport, including public transport run by TfL and the Train Operating Companies, and private transport modes including cars, bikes, walking, private-hire vehicles, and innovations such as e-scooters. Demand for each mode is linked and dependent on many factors – especially economic and demographic – and is constantly evolving. However, this risk focuses on passenger demand for TfL's public transport services.

4.2 In 2020, demand across all modes fell to a fraction of previous levels in response to the coronavirus pandemic. In the past year, our ridership levels have continued to bounce back, returning to around 90 per cent of pre-pandemic levels, with many weekends surpassing 2019 demand. In our 2024 Business Plan, we are forecasting annual demand levels to return to pre-pandemic levels of 4bn by 2026/27.

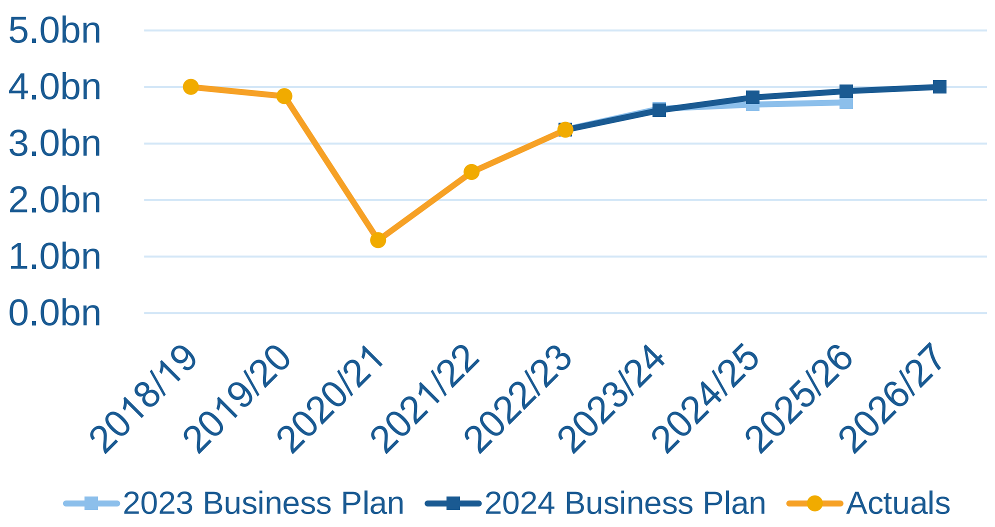


Chart 1: Passenger demand forecasts (billions per annum)

4.3 TfL carries out two kinds of forecasting: demand and revenue forecasting (which looks at a shorter-term horizon); and longer-term multi-modal demand scenario planning and forecasting using TfL's suite of strategic transport models.

4.4 The coronavirus pandemic presented us with a huge forecasting challenge and, although this situation has become more stable, the associated movement towards the new normal for travel behaviour continues to cause some uncertainty. Our demand forecasts have always been underpinned by independent data and statistics and informed by our analysis of the effect of real events and our own expertise, but the continued uncertainty means we must continuously adapt our approach to forecasting.

4.5 TfL produces a number of future demand scenarios dealing with uncertainty to help ensure that our long-term plans are robust and resilient. These scenarios are underpinned by a range of external forecasts relating to the economy and population but now also include projections for less reliable factors, such as the commuting frequency of office workers and when we are likely to reach the new normal for travel behaviour.

5 Risk causes and impacts

Risk causes

5.1 A number of risk factors have come to the fore in the last year which are affecting demand currently and may continue to do so over the medium to long-term. These include:

(a) geopolitical instability:

(i) the increase in energy prices from the war in Ukraine negatively affects demand, as well as posing a threat to TfL's operations through the impact on energy security and the supply chain;

(b) domestic politics, economic pressures and the cost-of-living crisis:

(i) the Bank of England warned of a 50 per cent chance of a recession by the middle of 2024/25, beginning around spring. It forecast four quarters of zero growth in Gross Domestic Product, should interest rates follow the current path predicted by financial markets. Furthermore, if interest rates continue to be high for longer, a recession in the summer is likely. Further government austerity measures, especially real terms cuts to working age benefits, will have a disproportionate impact on Londoners living in low income households; and

(ii) forecasting and mitigating the impact is complicated by the complex effects of inequality. August 2022 analysis by the Greater London Authority reports that 19 per cent of Londoners are struggling financially, and seven per cent are going without essentials. This affects both customer behaviour and TfL's ability to influence it, and the pressure may increase with planned spending cuts and tax rises;

(c) return to the office and change in customer travel patterns:

  (i) while coronavirus and related restrictions on activity may no longer be materially affecting travel demand directly, demand remains stable at around 90 per cent of pre-pandemic levels. There is however uncertainty around whether commuter numbers will increase and how long it will take for demand to recover fully. This uncertainty is exacerbated by the ongoing periods of industrial action and the impact it has on the perception of the reliability of public transport;

(d) asset performance:

  (i) investment in our assets has been constrained to between £400m and £600m over the last five years against an estimated steady state requirement of around £1bn per year. This has led to a level of decline in condition and performance, but our renewals investment is now on an upward trajectory as our 2024 Business Plan builds our investment to a level of around £925m over the duration of the plan. Based on our asset modelling, experience of other transport networks and experience of TfL's predecessor organisations, a decline in condition and performance is likely to lead to a reduction in customer satisfaction and demand;

(e) major national or London-wide events:

  (i) major events such as a future pandemic or a terrorist event will have significant impacts on customer demand; and

(f) the climate emergency and demand seasonality:

  (i) impact of extreme weather events on TfL's services and demand. The number and intensity of severe weather events is increasing, with prolonged periods of hot weather, flash flooding and winter storms and all of these could lead to service disruptions or delays.

Impact

5.2 There is an obvious, primary effect from customer numbers across modes on four of TfL's other top ten enterprise risks, which are discussed in detail in their own reports:

(a) ER04: Significant security incident including cyber security;

(b) ER03: Environment including climate adaptation;

(c) ER01: Inability to deliver safety objectives and obligations; and

(d) ER07: Financial resilience.

5.3 High priority strategic aims are also directly impacted. Notably, the Mayor's Transport Strategy aims for 80 per cent of trips in London to be undertaken by active, efficient, and sustainable modes by 2041. TfL therefore has a strategic objective to encourage customer demand to change over time towards greater use of public transport, walking and cycling.

5.4 Further to the direct impacts, the financial implications have a secondary effect on TfL's ability to maintain and invest in its services and network to support demand growth, which means that low customer demand has the potential to have a compounding effect. Many capital investment projects are advantageous in a range of demand scenarios but may not be affordable.

6 Risk response (preventative and corrective)

Preventative actions and monitoring

6.1 The key controls through which we mitigate the risk are business planning and budgeting and scenario planning and revenue forecasting, complemented by horizon scanning and market intelligence work, through which TfL monitors changes to demand and demand drivers.

6.2 A number of measures are in place and under consideration to aid demand recovery. Incentivisation schemes include partnership deals, fare incentives and charging such as the 2024 fares freeze and the recently announced proposal for off-peak Fridays trial. Customer experience is being improved through upgrades and extensions like the Elizabeth line and service improvements like the Superloop express bus routes improving connectivity in outer London, the boosting of DLR services to increase the frequency of services across the network and quality improvements such as those set out in the Bus Action Plan. Fare evasion is also being tackled to recover revenue.

6.3 The criticality of maximising demand recovery now and building and maintaining growth in a range of possible future operating environments means that work to understand and influence customer behaviour is of strategic importance. We have developed our Customer Strategy in December 2023. It brings together key activities from across the business in a coherent way and it will form the basis for our action plan for demand growth, on top of the existing interventions. Prioritising demand recovery in this way is also a mitigation against further impact from demand risk.

Corrective actions

6.4 Corrective action focuses on reducing the impacts of fares revenue reduction resulting from low demand.

6.5 The protection against revenue volatility which was afforded by the revenue top-up mechanism in the August 2022 funding agreement with Government comes to an end in March 2024 but the increased exposure to demand risk is partly mitigated by the fact that demand has increased since 2022/23 and we are on track to achieve operational financial sustainability in 2023/24.

6.6 Another key corrective approach is to implement measures to diversify our income so that TfL is less dependent on fares revenue. Income sources which are not driven by the same factors that drive customer demand are of particular importance. TfL is currently pursuing opportunities to diversify and increase its income including business rates, grants, community infrastructure levies, developer contributions and development of a green project pipeline through which we can unlock third party funding, commercial media partnerships and property investment through our property company, Places for London.

6.7 Where income cannot be increased, spend reduction and cost reduction are mitigations. Planning processes such as business planning, long- and medium-term capital planning and service level reviews integrate scenario planning work to proactively adjust plans to what is affordable. Adaptations do include flexibility in service provision (where there are marginal costs that could be recovered), though this compromises the preventative mitigation of driving demand through improvements to service. Spend reduction is continually monitored through ongoing financial governance and tight financial controls.

6.8 In the 2023 Business Plan, we committed to £600m of recurring operating savings by 2025/26, adding to the £1.1bn of savings already delivered between 2016/17 and 2021/22. Our new 2024 Business Plan, approved in December 2023, stretches that target to £650m (over the same time period) to continue offsetting the impact of inflation, such that on a like-for-like basis, after adjusting for new services, restructuring and other one-off costs, our operating costs in 2026/27 will be, in real terms, lower than the current financial year of 2023/24.

7 Overall assessment of risk

7.1 This risk will always be large due to its potential financial impact but due to the strong demand growth over the current financial year and the current demand stability, we have lowered the overall risk score to High from Very High. The customer and stakeholder confidence impacts have both reduced from High to Medium, the Safety, Health and Environment impact remains Low, while the cost impact remains Very High. The risk remains a top priority to monitor and mitigate and the controls we have in place should enable us to do achieve both.

List of appendices to this report:
A paper containing exempt supplementary information is included on Part 2 of the agenda.

List of background papers:
None

Contact Officer: Alex Williams, Chief Customer and Strategy Officer
Email: AlexWilliams@tfl.gov.uk

Finance Committee

Date: **13 March 2024**

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 and the Risk and Assurance Quarterly Report;

(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; and

(e) Items requested by Members: The Deputy Chair of TfL and the Chair of this Committee will regularly review the forward plan and may suggest items. Other items will arise out of actions from previous meetings (including meetings of the Board or other Committees and Panels) and any issues suggested under this agenda item.

4 Current Plan

4.1 The current plan is attached as Appendix 1. Like all plans, it is a snapshot in time and items may be added, removed or deferred to a later date.

List of appendices to this report:

Appendix 1: Finance Committee Forward Plan

List of Background Papers:

None

Contact Officer: Andrea Clarke, Interim General Counsel
Email: AndreaClarke@tfl.gov.uk

Appendix 1

Finance Committee Forward Plan 2024/25

Membership: Anne McMeel (Chair), Anurag Gupta (Vice-Chair), Prof Greg Clark CBE, Seb Dance and Dr Nina Skorupska CBE

Abbreviations: CCO (Chief Capital Officer), CCSO (Chief Customer and Strategy Officer), CFO (Chief Finance Officer), COO (Chief Operating Officer), CTO (Chief Technology Officer), CSHEO (Chief Safety, Health and Environment Officer), DCF (Director of Corporate Finance), D R&A (Director of Risk and Assurance), GC (General Counsel)

June 2024		
Use of Delegated Authority	GC	To note
Finance Report	CFO	To note
Annual Update on Third-Party Funding Secured Through Spatial Planning	CCSO	To note
Procurement Act 2023 – Implementation Update	CFO	To note
Procurement and Commercial Improvement Programme – Cost Management Update	CFO	To note
Forthcoming Key Procurement Activities Update	CFO	To note
Risk and Assurance Quarterly Report	D R&A	To note
Energy Purchasing Strategy Review and Power Purchase Agreements	CSHEO	To note
Enterprise Risk Update – Procurement including Supply Chain (ER5) - TBC	CFO	To note

Finance Committee Forward Plan 2024/25

October 2024		
Use of Delegated Authority	GC	To note
Finance Report	CFO	To note
Prudential Indicators Outturn	CFO	To note
Treasury Activities	CFO	To note
Forthcoming Key Procurement Activities Update	CFO	To note
Risk and Assurance Quarterly Report	D R&A	To note
Enterprise Risk Update – Financial Resilience (ER7) - TBC	CFO	To note

November 2024		
Use of Delegated Authority	GC	To note
Finance Report	CFO	To note
Forthcoming Key Procurement Activities	CFO	To note
Risk and Assurance Quarterly Report	D R&A	To note

March 2025		
Use of Delegated Authority	GC	To note
Finance Report	CFO	To note
Treasury Activities, Policies and Strategy	CFO	To approve (delegated by the Board)
Investment Management Strategy 2025/26 – Non-Financial Assets	DCF	To approve
Forthcoming Key Procurement Activities	CFO	To note

As at 5 March 2024

Risk and Assurance Quarterly Report	D R&A	To note
Enterprise Risk Update – Changes in Customer Demand (ER9)	CCSO	To note
Taxi Fares and Tariffs Update	COO	To approve

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)
- Update on Third-Party Funding Secured Through Spatial Planning (annual – June) (CCSO)
- Enterprise Risk Update – Procurement including Supply Chain (ER5) (annual – June TBC) (CFO)
- Enterprise Risk Update – Financial Resilience (ER7) (annual – October TBC) (CFO)
- Enterprise Risk Update – Changes in Customer Demand (ER9) (annual – March) (CCSO)
- Forthcoming Key Procurement Activities (CFO)
- Risk and Assurance Quarterly Report (D R&A)

Additional items to be scheduled:

- App Based Culture – paper to cover TfL perspective on the strategy, plans and issues for TfL e.g. TPH regulation

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Agenda Item 25

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