

Agenda

Meeting: Finance Committee

Date: Wednesday 26 February 2025

Time: 10:00am

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

Members

Anne McMeel (Chair)

Deborah Harris-Ugbomah (Vice-Chair)

Zoë Billingham CBE

Prof Greg Clark CBE

Seb Dance

Anurag Gupta

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

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

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Further Information

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

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

Andrea Clarke, General Counsel
Tuesday 18 February 2025

**Agenda
Finance Committee
Wednesday 26 February 2025**

1 Apologies for Absence and Chair's Announcements

2 Declarations of Interests

General Counsel

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

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

**3 Minutes of the Meeting of the Committee held on 18 December 2024
(Pages 1 - 10)**

General Counsel

The Committee is asked to approve the minutes of the meeting of the Committee held on 18 December 2024 and authorise the Chair to sign them.

4 Matters Arising and Actions List (Pages 11 - 20)

General Counsel

The Committee is asked to note the updated actions list.

5 Use of Delegated Authority (Pages 21 - 24)

General Counsel

The Committee is asked to note the paper.

6 Finance Report - Period 9, 2024/25 (Pages 25 - 46)

Chief Finance Officer

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

7 Treasury Activities, Policies and Strategies (Pages 47 - 104)

Group Treasurer

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) 2025/26, attached as Appendix 1 to this paper, including the Investment Strategy, the Borrowing Strategy, the Liquidity Strategy and the Risk Management Strategy; approve the proposed TfL Treasury Management Policies attached as Appendix 2 to this paper; approve the proposed TfL Group Policy Relating to the Use of Derivative Investments attached as Appendix 3 to this paper; approve the proposed Places for London Limited Treasury Management Strategy, attached as Appendix 4 to this paper, including the Borrowing Strategy, the Investment Strategy and the Liquidity Strategy; approve the proposed Treasury Management Policies for Places for London Limited attached as Appendix 5 to this paper; and subject to approval of the TMS 2025/26 and the Derivatives Policy, to approve TfL Finance Limited entering into the Derivative Investments.

8 Investment Management Strategy 2025/26 - Non-Financial Assets (Pages 105 - 118)

Group Treasurer

The Committee is asked to note the paper and approve the Investment Management Strategy 2025/26 – Non-Financial Assets, attached at Appendix 1 to this paper.

9 Taxi Fares and Tariffs Update (Pages 119 - 296)

Chief Operating Officer

The Committee is asked to note the paper and approve increasing the minimum fare by 40 pence to £4.20; increasing Tariffs 1, 2 and 3 by 5.05 per cent; keeping the Tariff 4 rates the same as the Tariff 2 rates; reducing the Heathrow extra, which taxi drivers can add to the fare when picking up a passenger from one of the taxi ranks at Heathrow Airport, from £2.00 to £1.60; increasing the Heathrow drop off charge from £5.20 to £6.00; increasing the fixed-fares for shared-taxis from the All England Lawn Tennis Club to central London by £1.50; amending some of the authorised places (as set out in Appendix 8) where the fixed-fare,

shared-taxi scheme operates from during the Wimbledon Tennis Championships; and extending one of the areas (as set out in Appendix 8) covered by the fixed-fare, shared-taxi scheme that operates during the Wimbledon Tennis Championships.

10 Bicycle Management and Supply Contract Extension (Pages 297 - 298)

Chief Finance Officer

The Committee is asked to note the paper and the exempt supplementary information on Part 2 of the agenda and approve Procurement Authority, at the sums and total set out in the related paper on Part 2 of the agenda, for the extension up to 30 June 2026 of the Bicycle Management and Supply contract, as described in this paper and the related paper on Part 2 of the agenda; note that extension of the Bicycle Management and Supply contract to 31 March 2026 will need to be provided for in the next TfL Budget and is included in the draft currently in preparation; and note that, if the extension of the Bicycle Management and Supply contract is required beyond 31 March 2026, unbudgeted Financial Authority will be required and will be sought at Officer level, in accordance with Standing Orders.

11 Forthcoming Key Procurement Activities (Pages 299 - 302)

Chief Finance Officer

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

12 Risk and Assurance Report Quarter 3 2024/25 (Pages 303 - 310)

Director of Risk and Assurance

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

13 Members' Suggestions for Future Discussion Items (Pages 311 - 314)

General Counsel

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

14 Any Other Business the Chair Considers Urgent

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

15 Date of Next Meeting

Monday 14 July 2025 at 11.30am.

16 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

17 Finance Report - Period 9, 2024/25 (Pages 315 - 322)

Exempt supplementary information relating to the item on Part 2 of the agenda.

18 Treasury Activities, Policies and Strategies (Pages 323 - 326)

Exempt supplementary information relating to the item on Part 2 of the agenda.

19 Bicycle Management and Supply Contract Extension (Pages 327 - 332)

Exempt supplementary information relating to the item on Part 2 of the agenda.

20 Forthcoming Key Procurement Activities (Pages 333 - 340)

Exempt supplementary information relating to the item on Part 2 of the agenda.

21 Risk and Assurance Report Quarter 3 2024/25 (Pages 341 - 342)

Exempt supplementary information relating to the item on Part 2 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 18 December 2024**

Members

Anne McMeel (Chair)
Deborah Harris-Ugbomah (Vice Chair)
Zoë Billingham CBE (from Minute 75/12/24 inclusive)
Professor Greg Clark CBE (via Teams)
Seb Dance
Anurag Gupta

Government Observer

Samantha Collins-Hill Deputy Director, London Partnerships and Delivery,
Department for Transport

Executive Committee

Andrea Clarke General Counsel
Rachel McLean Chief Finance Officer

Staff

Christina Calderato Director of Strategy
Elaine Clark Senior Category Manager Hard FM
Christopher Cubitt Corporate Finance Senior Manager
Justine Curry Director of Legal
Patrick Doig Group Finance Director and statutory Chief Finance Officer
Jackie Gavigan Secretariat Manager
Joanna Hawkes Director of Corporate Finance
Lorraine Humphrey Director of Risk and Assurance
Shamus Kenny Head of Secretariat
Collan Murray Head of Procurement and Commercial Improvement
Pritesh Patel Head of Financial Planning and Analysis
Henry Yeomans Head of Procurement – Track and Fleet

71/12/24 Apologies for Absence and Chair's Announcements

There were no apologies for absence from Members. Professor Greg Clark CBE attended the meeting via Teams and was able to participate in the discussion but did not count towards the quorum. Zoë Billingham CBE had given an apology for lateness. The meeting was quorate.

Andy Lord, Commissioner, and Alex Williams, Chief Customer and Strategy Officer, were 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.

72/12/24 Declarations of Interests

Members confirmed that their declarations of interests, as published on [tfl.gov.uk](https://www.tfl.gov.uk), were up to date and there were no interests to declare that related specifically to items on the agenda.

73/12/24 Minutes of the Meetings of the Committee held on 9 October and 19 November 2024

The minutes of the meetings of the Committee held on 9 October and 19 November 2024 were approved as correct records, and the Chair was authorised to sign them.

74/12/24 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 list.

75/12/24 Use of Delegated Authority

Andrea Clarke introduced the item. Since the publication of the agenda papers, there was one further Chair's Action and one further Mayoral Direction to TfL to report.

Since the meeting of the Committee on 9 October 2024, there had been no use of specific authority delegated by the Board. There had been two uses of Chair's Action. One use of Chair's Action was for Procurement Authority, to enable an extension to TfL's current contract for the supply of physical security services across the pan-TfL estate, as set out in the paper.

On 13 December 2024, the Committee received an update on the triennial actuarial valuation of the TfL Pension Fund as at 31 March 2024. The Chair, in consultation with Members of the Committee, approved authorities in relation to the TfL Pension Fund. The use of Chair's Action was considered appropriate as authority was required that day to sign the relevant documentation.

Several bus operating contracts had required unbudgeted Financial Authority approval by the Chief Finance Officer. TfL's response to the various matters relating to the cyber security incident had required unbudgeted Financial Authority and Procurement Authority approval by the Commissioner.

There had been five uses of Procurement Authority in relation to: Collaborative Planning and Media Buying Variation; Concessions Scheme Management contract uplift; Existing Oyster Card Framework Agreement extension; Jubilee Line Heavy Overhaul Programme – 96 Train Stock parts; and various agreements with Network Rail and train operating companies.

There had been two Mayoral Directions issued to TfL. On 16 October 2024, the Mayor directed TfL to provide further financial support for Seven Sisters Market traders. This had been reported to the Board, the Audit and Assurance Committee and the Land and Property Committee. On 13 December 2024, the Mayor directed TfL to implement the March 2025 fare changes, from 2 March 2025, for TfL fares under the Mayor's control. The changes froze fares again on TfL buses and trams and, in line with national rail fares policy, increased fares on the Tube and all other rail services in London where Tube fares applied, by 4.6 per cent. TfL fare concessions would all be protected and remained the same.

The Committee noted the paper.

76/12/24 Finance Report – Period 8, 2024/25

Rachel McLean, Patrick Doig and Pritesh Patel introduced the item, which set out TfL's financial results to the end of Period 8 of 2024/25, the year-to-date ending 9 November 2024.

As a result of the cyber security incident and the steps TfL took to protect its systems, it was not able to complete the Quarter 2 end (Period 6) financial close. However, TfL had recovered well from the incident and presented the Period 7 financial performance results at the meeting of the Board on 4 December 2024.

A further briefing session would be arranged for all Board Members to provide an update on the impact of the cyber security incident, including the work that was still to be done to reinstate some systems and how the work was being prioritised. **[Action: Alex Williams]**

TfL had secured £485m in Government funding for its capital programme in 2025/26, inclusive of the £24m funding for the procurement of additional Elizabeth line trains committed by the previous Government. TfL was pleased and grateful for the funding settlement, which was almost twice the level received for 2024/25, amid the difficult national fiscal position.

On 22 November 2024, TfL made a draft budget submission into the Greater London Authority (GLA) Group consolidated budget process, which was open to consultation until 3 January and would be finalised in March 2025, alongside the TfL Budget. The submission covered an updated forecast for 2024/25 and a forward look from 2025/26 to 2027/28 and incorporated the £485m of capital funding. On 17 December 2024, the Deputy Mayor for Transport, Andy Lord, Rachel McLean and Patrick Doig answered the London Assembly Budget and Performance Committee's questions on the budget submission as part of the scrutiny process.

Last week, TfL submitted its long-term technical funding business case to the Department for Transport and the Treasury. It set out a requirement for core asset replacements to remain consistent with the submissions for 2024/25 and 2025/26, with

an average of £500-£600m a year for rolling stock and signalling, which was higher than previously due to the profiles of additional projects covered over a longer timeframe and future impact of inflation, and £150m a year for major road assets. TfL continued to work collaboratively with the Mayor and Government to make the case for a long-term capital funding settlement, which would allow it to continue to deliver for London and for the country, to support new jobs, homes and economic growth.

TfL had been working with the TfL Pension Trustees on the outcome of the triannual valuation. On 31 March 2024, the TfL Pension Fund had a surplus of £3.6bn, which showed a significant improvement in the funding position of the Fund, reflecting macroeconomic factors and good management by the Trustees. Agreement was reached with the Trustees to reduce the employer contributions from the current 27.3 per cent to 10.5 per cent for the next three years. This positive outcome helped TfL to balance its budget moving forward and meant no change to employee pension arrangements. The next valuation date is 31 March 2027.

Passenger demand across the network continued to remain the primary focus of TfL's work to analyse performance and improve its forecast results this year. In 2024/25, TfL budgeted six per cent year-on-year growth in demand. Journeys to date were just over 1.6 per cent up on last year, so ridership was continuing to grow and built on the nine per cent year-on-year growth from last year. However, this was 88 million fewer journeys than Budget, which in turn was driving the financial pressure.

TfL was currently reviewing a draft report produced by the GLA Economics team, which analysed data, trends and relationships across housing pressures, spend activities and employment patterns and would bring the analysis back to the Committee once finalised.

[Action: Rachel McLean / Patrick Doig]

To mitigate some of the revenue pressure, TfL had frozen new recruitment for non-operational areas and was implementing plans to reduce non-permanent labour (NPL) and use of consultants by 25 per cent. It had also begun moving some colleagues from more expensive NPL to permanent contracts and NPL levels were over 300 employees lower than at the end of last year.

Passenger income was £131m, which was four per cent lower than Budget. Passenger income in the Quarter 2 forecast was expected to be £188m, based on the current year-to-date trend, which was three per cent lower than Budget. Despite the various uncertainties and challenges, Period 8 year-to-date total income was only two per cent below Budget, as the adverse variance on passenger income was offset by £10m favourable variance on other operating income, mainly from higher Ultra Low Emission Zone enforcement income.

Core operating costs were £67m, which was one per cent higher than Budget, mainly from higher bad debt charges from enforcement income and pressures from higher bus retender costs. This was offset by exceptional costs which were £63m lower than Budget, mainly from central contingency release.

Capital renewals were £509m, which was £69m more than last year as TfL increased renewals investment to address the backlog of asset replacement. Renewals were £14m higher than Budget, largely due to a combination of cost increases across London Underground renewals and technology projects to address asset condition and acceleration of works, which were partially offset by some cost reductions and deferrals of works elsewhere.

TfL expected to achieve its Budget over the full financial year and was not planning any reductions to the capital renewals programme to mitigate the shortfall in passenger income. Capital enhancements were £564m, £84m lower than last year and £50m lower than Budget, driven largely by phasing on the Piccadilly line upgrade and delays across the DLR Rolling Stock programme.

The Committee would be updated on the proactive messaging to customers around the recent shortage of Piccadilly line trains due to leaf fall causing extensive damage to train wheels and the timetable to restore services. **[Action: Alex Williams / Claire Mann]**

Cash balances were £1.13bn at the end of Period 8, which was almost £180m lower than Budget and £224m lower than at the end of 2023/24, mainly because of lower revenue and the timing of borrowings and other items. Cash balances were still forecast to be above £1.3bn for the year end, in line with the Treasury policy, to ensure TfL had on average 60 days of operating costs as its minimum cash balance to allow it to meet its payment obligations. The GLA financing facility of £350m also offered additional protection against shocks and risks, should it be required. There were no changes to TfL's credit rating with the three major rating agencies since the last meetings of the Committee and the Board.

On the Quarter 2 forecast, TfL had faced several economic headwinds in 2024/25, which led to slower than expected growth in passenger demand and higher cost inflation in the supply chain, leading to a deficit of £32m at Period 7. It had recovered the position to a small deficit of £5m at Period 8 and was forecasting an operating surplus of around £23m for 2024/25, £138m lower than Budget. With a continued focus on cost control and the use of contingency included in the 2024/25 Budget, the impact of the headwinds had been reduced. TfL aimed to offset the impact of lower growth in demand through its ability to invest and continue to grow its operating surplus on an underlying basis compared to 2023/24, albeit at a slower rate than previously planned.

An update on the range of initiatives to boost and diversify revenues would be discussed with Board Members at the forthcoming Budget and Business Planning briefing session. **[Action: Rachel McLean]**

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

77/12/24 TfL Scorecard and Implications of the Cyber Security Incident

Christina Calderato introduced the item, which provided an update on the TfL Scorecard and implications of the cyber security incident.

TfL's recent cyber security incident and recovery had an impact on its data systems and datasets and required reprioritisation of resources within the business. The issues would affect reporting and interpreting the outturn of the 2024/25 scorecards, the achievement of some targets for 2024/25 and the setting of targets for 2025/26.

The impact on data was varied but TfL was working hard to recover the systems and minimise the impact on the business and the scorecards. Following the end of the financial year, the usual mitigations process would be used if needed to address any outstanding issues and ensure there was a clear audit trail of any residual impact and

that appropriate business decisions could be made with clarity. This would include arrangements for any metrics where data was unavailable or incomplete, and any deliverables which were impacted by the incident.

The availability of data for 2024/25 may have a limited impact on TfL's ability to set targets for the 2025/26 scorecards. There was no proposed change to the governance of target setting and approval for the proposed 2025/26 TfL Scorecard would be sought from the Board in March 2025.

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

78/12/24 Communications, CCTV, Access Control and Security Systems Maintenance and Upgrade Services Contract

Rachel McLean introduced the item, which sought additional Procurement Authority for the provision of maintenance and upgrade services for Communications, CCTV, Access Control and Security Systems across the TfL estate.

An uplift in Procurement Authority was required for the upgrades and renewals element of the contract. When the contract was awarded in July 2019, Procurement Authority for the core maintenance aspects of the contract was authorised and the Committee asked that the upgrades and renewals component be brought back on an annual basis for approval. This ensured that the upgrades and renewals costs could be included in TfL's annual prioritisation process.

The contract commenced on 1 January 2020 for a duration of seven years and three months until 31 March 2027, with an option to extend for up to five years and with an estimated contract value of between £217m to £287m. No changes were proposed to the terms of the contract or its duration.

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

79/12/24 Track Labour Framework Contract Extension

Henry Yeomans introduced the item, which sought additional Procurement Authority for external Track Labour Resources, including Track Protection procured through the London Underground Track Labour Framework, for the period from April 2025 to March 2026.

The existing Track Labour Framework had Procurement Authority until March 2025, approved by the Committee in March 2024. Approval of additional Procurement Authority was required for the financial year 2025/26 to support continuity of supply of skilled track labour and enable the completion of the new Track Works and Resources tender. This would provide the time needed to complete the tender process, which was due to be awarded in September 2025, with provision for six months' mobilisation until March 2026.

The Procurement Authority requested included £11.5m for Track Protection, ensuring continuity of services in case of extended mobilisation of the new contract. The new Track Protection contract was due to be awarded in January 2025 and mobilisation completed in April 2025.

The Committee received a paper in July 2024 on the core objectives and key changes of the new Procurement Act 2023. The planned implementation date was now February 2025 and an update would be provided to the Committee on how TfL was implementing the Act.
[Action: Rachel McLean]

The Committee noted the paper and the exempt supplementary information on Part 2 of the agenda and approved additional Procurement Authority of £100.1m for external Track Labour Resources procured through the London Underground Track Labour Framework for the period from 1 April 2025 to 31 March 2026, giving a total Procurement Authority of £808.5m.

80/12/24 Forthcoming Key Procurement Activities

Collan Murray introduced the item, which provided a summary of the major new procurements or contract extensions planned over the next two years and decisions that were anticipated to be required from the Committee over the next six months. It also highlighted significant forthcoming procurements that required approval at officer level during that period.

The two-year look ahead included only those projects with an estimated value of £1m or over and covered 291 contracts with an estimated total value of £18bn. In future papers to the Committee, the summary information on the two-year look ahead would include a category-based analysis and consideration would be given to the feasibility of including the contracts with an estimated value of below £1m as well.

[Action: Rachel McLean / Heather McStay]

There were no approvals anticipated to be sought by way of Chair's Action ahead of the next scheduled meeting of the Committee on 26 February 2025. In Operations and Professional Services (excluding concessions), three contract awards were currently forecast to require approval from the Committee in the next six months.

In Capital and Technology, most decisions for contracts related to capital expenditure were routed through the Programmes and Investment Committee, although all Members would receive the paper. Two contract awards were currently forecast to require approval from the Programmes and Investment Committee in the next six months.

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

81/12/24 Risk and Assurance Report Quarter 2 2024/25

Lorraine Humphrey introduced the item, which provided an overview of the status of, and changes to: Enterprise Risk 3 – Environment including climate adaptation (ER03); Enterprise Risk 5 – Supply chain disruption and ineffective procurement and contract management (ER05); Enterprise Risk 7 – Financial resilience (ER07); and Enterprise

Risk 9 – Changes in customer demand (ER09). It also summarised the findings from the assurance activity associated with the risks completed by the Risk and Assurance Directorate during Quarter 2 of 2024/25 (23 June to 14 September 2024).

ER03, ER05 and ER09 were scheduled to be reviewed by the Executive Committee on 10 April 2025 and brought to the meeting of the Committee in July 2025.

The teams had been delivering the audit plan and would continue to add cyber security related audits as needed. A memo had been issued on the interim financial payment process to confirm that there were no issues with the work being undertaken. Two audit reports were issued with a 'requires improvement' rating against ER05. Four audit reports were issued against ER07, two of which were rated as 'poorly controlled' and two were rated as 'requires improvement'. Two memos were issued, one against ER05 and the other against ER07. Some trend analysis had been undertaken and 'requires improvement' ratings had increased and would likely continue, which was expected given the focus on the riskiest parts of the business.

The four overdue audit actions had now been closed and details of upcoming overdue actions before they became overdue would be provided to the Executive Committee in future to help reduce the number of overdue actions even further.

TfL was undertaking a significant piece of work to pull together all its sources of information around augmented resources of non-permanent labour into a single taxonomy, to help unlock understanding of the different ways it was procuring resources and to ensure cost effectiveness and efficiency in this area. An update on the outcome of the work would be brought to the Committee at the appropriate time.

[Action: Rachel McLean / Fiona Brunskill]

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

82/12/24 Members' Suggestions for Future Discussion Items

Andrea Clarke introduced the item. Clarification would be sought on when the additional item on TfL's strategy, plans and issues on the use of apps and app-based culture would be scheduled.

[Action: Secretariat]

Rachel McLean advised that a paper on Changes to Fees and Charges would likely be brought to a future meeting of the Committee.

[Action: Rachel McLean]

On the Taxi Fares and Tariffs Update, scheduled for the next meeting of the Committee, the paper would summarise the key issues but Committee Members would be briefed ahead of the meeting if beneficial, depending on the proposals in the paper.

[Action: Claire Mann / Helen Chapman]

No other additional suggestions were raised for future discussion items on the forward plan, other than those already noted during the meeting.

The Committee noted the forward plan.

83/12/24 Any Other Business the Chair Considers Urgent

There was no other urgent business to discuss.

84/12/24 Date of Next Meeting

The next scheduled meeting of the Committee would be held on Wednesday 26 February 2025 at 10.00am.

85/12/24 Exclusion of the Press and Public

The Committee agreed 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), when it considered the exempt information in relation to the items on: Finance Report – Period 8, 2024/25; TfL Scorecard and Implications of the Cyber Security Incident; Communications, CCTV, Access Control and Security Systems Maintenance and Upgrade Services Contract; Track Labour Framework Contract Extension; Forthcoming Key Procurement Activities; and Risk and Assurance Report Quarter 2 2024/25.

The meeting closed at 12.03pm.

Chair: _____

Date: _____

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Finance Committee



Date: 26 February 2025

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. Appendix 1 sets out the progress against actions agreed at previous meetings.

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, General Counsel
Email: AndreaClarke@tfl.gov.uk

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Finance Committee Actions List (to be reported to the meeting on 26 February 2025)

Appendix 1

Actions from the meeting held on 18 December 2024

| Minute No. | Item/Description | Action By | Target Date | Status/Note |
|--------------|---|------------------------------|---------------|--|
| 76/12/24 (1) | <p>Finance Report – Period 8, 2024/25: Cyber Security Incident Briefing Session A briefing session would be arranged for all Board Members to provide an update on the impact of the cyber security incident, including the work that was still to be done to reinstate some systems and how the work was being prioritised.</p> | Alex Williams | January 2025 | Completed. A briefing session was held on 15 January 2025. |
| 76/12/24 (2) | <p>Finance Report – Period 8, 2024/25: Data and Trends Analysis TfL was currently reviewing a draft report produced by the Greater London Authority Economics team, which analysed data, trends and relationships across housing pressures, spend activities and employment patterns and would bring the analysis back to the Committee once finalised.</p> | Rachel McLean / Patrick Doig | March 2025 | This action will be closed via an email update to Members. |
| 76/12/24 (3) | <p>Finance Report – Period 8, 2024/25: Piccadilly Line Communications The Committee would be updated on the proactive messaging to customers around the recent shortage of Piccadilly line trains due to leaf fall causing extensive damage to train wheels and the timetable to restore services.</p> | Alex Williams / Claire Mann | December 2024 | Completed. An update was provided to Members on 19 December 2024. |

| Minute No. | Item/Description | Action By | Target Date | Status/Note |
|--------------|--|--------------------------------|---------------|---|
| 76/12/24 (4) | <p>Finance Report – Period 8, 2024/25: Initiatives to Boost Revenues Update</p> <p>An update on the range of initiatives to boost and diversify revenues would be discussed with Board Members at the forthcoming Budget and Business Planning briefing session.</p> | Rachel McLean | February 2025 | Completed. An update was discussed with Board Members at the Budget and Business Planning briefing session on 13 February 2025. |
| 79/12/24 | <p>Track Labour Framework Contract Extension: Procurement Act Update</p> <p>The Committee received a paper in July 2024 on the core objectives and key changes of the new Procurement Act 2023. The planned implementation date was now February 2025 and an update would be provided to the Committee on how TfL was implementing the Act.</p> | Rachel McLean | July 2025 | A short update on our activities to prepare for the 24 February 2025 go live is included in the Forthcoming Key Procurement Activities paper on the agenda for this meeting. A fuller update will be provided to the meeting of the Committee scheduled for 14 July 2025. |
| 80/12/24 | <p>Forthcoming Key Procurement Activities: Information in Future Papers</p> <p>In future papers to the Committee, the summary information on the two-year look ahead would include a category-based analysis and consideration would be given to the feasibility of including the contracts with an estimated value of below £1m as well.</p> | Rachel McLean / Heather McStay | February 2025 | Completed. Considered and included as part of the Forthcoming Key Procurement Activities paper on the agenda for this meeting. |

| Minute No. | Item/Description | Action By | Target Date | Status/Note |
|--------------|---|---------------------------------|---------------|---|
| 81/12/24 | <p>Risk and Assurance Report Quarter 2 2024/25: Augmented Resources Update</p> <p>TfL was undertaking a significant piece of work to pull together all its sources of information around augmented resources of non-permanent labour into a single taxonomy, to help unlock understanding of the different ways it was procuring resources and to ensure cost effectiveness and efficiency in this area. An update on the outcome of the work would be brought to the Committee at the appropriate time.</p> | Rachel McLean / Fiona Brunskill | Ongoing | The project timescales and milestones are currently being worked through and an update will be brought to the Committee at the appropriate time. |
| 82/12/24 (1) | <p>Members' Suggestions for Future Discussion Items: Strategy on Use of Apps and App-based Culture</p> <p>Clarification would be sought on when the additional item on TfL's strategy, plans and issues on the use of apps and app-based culture would be scheduled.</p> | Secretariat | February 2025 | Completed. The item has been removed from the forward plan as it has been superseded. Updates on apps are provided to the Customer, Sustainability and Operations Panel. |
| 82/12/24 (2) | <p>Members' Suggestions for Future Discussion Items: Changes to Fees and Charges</p> <p>Rachel McLean advised that a paper on Changes to Fees and Charges would likely be brought to a future meeting of the Committee.</p> | Rachel McLean | March 2025 | A Changes to Fees and Charges paper will be brought to a future meeting of the Committee (a meeting may be scheduled for March 2025). |

| Minute No. | Item/Description | Action By | Target Date | Status/Note |
|--------------|---|-----------------------------|---------------|--|
| 82/12/24 (3) | <p>Members' Suggestions for Future Discussion Items: Taxi Fares and Tariffs Update</p> <p>On the Taxi Fares and Tariffs Update scheduled for the next meeting of the Committee, the paper would summarise the key issues but Committee Members would be briefed ahead of the meeting if beneficial, depending on the proposals in the paper.</p> | Claire Mann / Helen Chapman | February 2025 | Completed. A briefing session was held on 14 February 2025. |

Actions from previous meetings

| Minute No. | Item/Description | Action By | Target Date | Status/Note |
|--------------|---|---------------|---------------|--|
| 67/11/24 (2) | <p>Power Purchase Agreement (PPA) Comet: Contract Award: Procurement Lessons Learnt</p> <p>The lessons learnt during the PPA Comet procurement process would be shared with the Committee.</p> | Lilli Matson | July 2025 | TfL will undertake a lessons learnt exercise on the PPA procurement process. Following this, we will share the key themes identified with the Committee. |
| 49/10/24 | <p>Finance Report – Period 5, 2024/25: Minimising Bad Debt and Fare Evasion</p> <p>A deep-dive into TfL's work to minimise bad debt, including the comprehensive programme to tackle the worsening trend of repeat and persistent fare evasion, would be brought to a future meeting of the Committee.</p> | Rachel McLean | February 2025 | A briefing session on Minimising Bad Debt and Fare Evasion will be held immediately after this meeting. |

| Minute No. | Item/Description | Action By | Target Date | Status/Note |
|------------|--|-------------------------------------|---------------|--|
| 57/10/24 | <p>Risk and Assurance Report Quarter 1 2024/25: Supply Chain Controls Update More detail on overall control of supply chain issues around conflicts of interest including internally was requested going forward. A backward look across all the risk findings would be undertaken for the audit actions for the Procurement and Commercial function, and colleagues who regularly engaged with the supply chain, to ensure any additional controls and changes in accountability were designed into the later stages of the change programme. Details would be included in the next change programme update to the Committee.</p> | Rachel McLean/ Lorraine Humphrey | July 2025 | Due to the cyber security incident, we are currently unable to access all the information needed to complete this action. As such an update will be provided to the meeting of the Committee scheduled for 14 July 2025. |
| 58/10/24 | <p>Enterprise Risk Update – Supply Chain Disruption and Ineffective Procurement and Contract Management (ER05): Procurement Strategy The future Procurement Strategy and way forward, including responsible procurement, would either be considered at a briefing or a future agenda item.</p> | Rachel McLean | July 2025 | A briefing will be provided to the Committee when the review work has completed. |
| 59/10/24 | <p>Enterprise Risk Update – Financial Resilience (ER07): Long-term Capital Funding Benefits The Committee would be updated on the range of additional benefits of having longer-term capital funding certainty, beyond the obvious advantages of being able to plan and identify projects more readily.</p> | Rachel McLean | December 2024 | Completed. An update was provided to Members on 30 December 2024. |

| Minute No. | Item/Description | Action By | Target Date | Status/Note |
|--------------|---|-------------------------------|---------------|--|
| 25/07/24 | <p>Use of Delegated Authority: Bus Contract Retendering Outcomes Once the current round of bus contract retendering was completed, a report on the overall position and whether the exercise had resulted in any net financial pressures or opportunities would be brought to a future meeting of the Committee.</p> | Rachel McLean | March 2025 | A briefing session on Bus Contract Retendering Outcomes will be arranged for March 2025. |
| 30/07/24 | <p>Energy Purchasing Strategy Update: Procurement Strategy Outline An outline of the procurement strategy, including the Power Purchase Agreement (PPA) parameters, would be brought to the Committee prior to commencing the next procurement.</p> | Lilli Matson | Summer 2025 | An outline of the procurement strategy will be brought to a future meeting of the Committee, dependent on the progress of PPA Comet. |
| 32/07/24 (2) | <p>Forthcoming Key Procurement Activities: Update on Concessions Procurement An update would also be provided to the Committee on the procurement process for each of the DLR, Elizabeth line and London Overground concessions.</p> | Rachel McLean/ Claire Mann | Autumn 2025 | The DLR concession was approved in August 2024 and the Elizabeth line concession in November 2024. The London Overground concession will be considered this year in alignment with the tender process. |
| 10/03/24 | <p>Investment Management Strategy 2024/25 – Non-Financial Assets: Streamlining Report Consideration would be given to streamlining the paper in future based on how the Land and Property Committee and the Finance Committee operated long-term going forward.</p> | Joanna Hawkes | February 2025 | Completed. Considered as part of the Investment Management Strategy 2025/26 – Non-Financial Assets paper on the agenda for this meeting |

| Minute No. | Item/Description | Action By | Target Date | Status/Note |
|-----------------|--|---------------|---------------|--|
| 11/03/24 (1) | <p>Taxi Fares and Tariffs Update: Verifying Consultation Respondents</p> <p>Given the emphasis assigned to the consultation responses, consideration would be given to ways of verifying which stakeholder group respondents belonged to and of declaring their interests for future consultations.</p> | Helen Chapman | February 2025 | Completed. Reviewed as part of the annual Taxi Fares and Tariffs review consultation and a paper is on the agenda for this meeting. |
| 11/03/24 (2) | <p>Taxi Fares and Tariffs Update: Benchmarking Electricity Charges</p> <p>With the increase in more electric taxi vehicles and given the variable ways and costs of charging vehicles, consideration would be given to the use of other reference prices, in addition to energy prices, as part of the benchmarking of electric charges for future reviews.</p> | Helen Chapman | February 2025 | Completed. Included as part of the annual Taxi Fares and Tariffs review and a paper is on the agenda for this meeting. |
| 15/03/24 | <p>Risk and Assurance Report Quarter 3 2023/24: Broader Bad Debt Landscape</p> <p>Consideration would be given to the broader landscape and strategies across all forms of bad debt and whether a separate paper should be brought to a future meeting of the Committee on the wider financial implications, in addition to the work on fare evasion that was already reported to the Customer Service and Operational Performance Panel.</p> | Rachel McLean | February 2025 | A briefing session on Minimising Bad Debt and Fare Evasion will be held immediately after this meeting. |

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Finance Committee



Date: 26 February 2025

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 last meeting of the Committee, on 18 December 2024, there have been:
- (a) no uses of specific authority delegated by the Board, nor any use of Chair's Action;
 - (b) several uses of unbudgeted Financial Authority in relation to bus contracts;
 - (c) two approvals of Procurement Authority in relation to: the extension of the Pan TfL Agreement for the supply of Electrical Consumable Goods; and the Capital Partner Contract; and
 - (d) no Mayoral Directions within the Committee's remit.
- 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 no use of authority delegated by the Board since the last meeting of the Committee.

4 Use of Chair's Action

- 4.1 Under Standing Order 113, in situations of urgency, the Board delegates to each of the Chair, the Deputy Chair and the Chairs of any Committee the exercise of any functions of TfL on its behalf, including the appointment of Members to Committees and Panels. If the Chair, the Deputy Chair or the Chair of a Committee is unable to exercise authority due to unavailability or a conflict of interests, that authority may be exercised by the Chair or Vice Chair of any Committee. Members will be informed as soon as practicable following any use of Chair's action using the authority of this standing order and it must be reported to the next ordinary meeting.
- 4.2 There has been no use of Chair's Action since the last meeting of the Committee.

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 165.

Unbudgeted Financial Authority: Bus Contracts

- 5.5 There has been an increasing cost pressure in tender prices for bus operating contracts, which was not fully anticipated when the 2024/25 Budget was set, largely driven by inflation and market conditions. This has been compounded by an increase in the size of the tender programme for this year, due to the early termination of contracts by operators.

- 5.6 Consequently, several 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 for 2024/25 is £21.993m, and the annualised impact in future years is £51,252m. For 2024/25, our tender programme is now complete and is 18 per cent above existing contract prices and 11 per cent above Budget.

Procurement Authority

- 5.7 Extension of the Pan TfL Agreement for the supply of Electrical Consumable Goods: The original framework contract (split into two lots) was awarded in August 2019, for a period of four years, with options to extend for up to another four years. The Commissioner approved Procurement Authority of £2,555,588, for the second year of four optional one-year extension periods.
- 5.8 Capital Partner Contract: In 2021, TfL Capital procured a long-term, service driven partnership with external consultancies to drive value, share lessons and provide resource augmentation where necessary across Capital projects that were delivered across various Directorates. The duration of the call-off contracts is for 24 months, with the option to extend by two additional 12-month periods. The Commissioner approved Procurement Authority of £9,200,000 for the first of the two optional extension periods.

6 Mayoral Directions to TfL

- 6.1 The Greater London Authority (GLA) Act 1999 (as amended) permits the Mayor to issue to TfL general directions as to the manner in which TfL is to exercise its functions or specific directions as to the exercise of its functions (or not to exercise a power specified in the direction). Directions are also often made in relation to the implementation of matters in respect of which the Mayor delegates statutory powers to TfL.
- 6.2 Mayoral decision papers inviting the Mayor to issue a direction 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 relating to TfL are reported to the Board's Committees for discussion as soon as possible after they are received by TfL or published. Regular reports will list the relevant Directions for as long as they are applicable.

- 6.5 Annually, the Audit and Assurance Committee considers the list as part of its consideration of the annual audit plan to ensure that appropriate audit resource is applied to assurance on TfL’s work in implementing Mayoral Directions. This will also be kept under review at each quarterly meeting of that Committee.
- 6.6 A summary of current Mayoral Directions to TfL is maintained on the “How we are governed” page on our website, with links to the relevant Mayoral Decisions: <https://tfl.gov.uk/corporate/about-tfl/how-we-work/how-we-are-governed>. That page will be updated as and when further Directions are made.
- 6.7 Mayoral Directions to TfL addressing technical issues with our statutory powers or commercial development activities within the remit of this Committee are reported to this Committee.
- 6.8 There have been no Mayoral Directions to TfL within the Committee’s remit since the last meeting.

List of appendices to this report:

None

List of Background Papers:

Greater London Authority Decision Making Database

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

Finance Committee

Date: 26 February 2025

Item: Finance Report – Period 9, 2024/25

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 9, 2024/25 - the year-to-date ending 7 December 2024.
- 1.2 A paper is included on Part 2 of the agenda which contains supplementary information that is exempt from publication by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972 in that it contains information relating to the financial or 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 Financial Reporting to the Committee

Finance Report – Period 9, 2024/25

- 3.1 The Finance Report Presentation at Appendix 1 provides a summary of year-to-date financial performance against the Budget approved by the Committee on 13 March 2024.

List of appendices to this report:

Appendix 1: Finance Report Presentation

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

List of Background Papers:

None

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Email: RachelMcLean@tfl.gov.uk

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Finance Report

Period 9, 2024/25

Management results from 1 April 2024 – 7 December 2024

Finance Committee

26 February 2025



We are aiming to offset the impact of lower growth in demand on our ability to invest



We delivered an operating surplus in 2023/24, reinvesting this in maintaining and improving our network. Our 2024/25 Budget builds on this foundation, aiming to increase our ability to invest by continuing to deliver on our financial strategy:

Grow and diversify our revenue

- Cumulative journey growth in the year to date is 1.6%. In our budget we were targeting 6% year-on-year journey growth over the full year, on top of the 9% we saw in 2023/24.
- Despite growth on last year, journeys are 101 million lower than Budget with passenger income £154m lower than Budget.
- Our Quarter 2 forecast is for passenger income to be £300m up on last year, but £188m lower than Budget.

Deliver recurring cost savings

- Core operating costs are £78m higher than Budget, mainly from higher bad debt charges from enforcement income and pressures from higher bus retender costs.
- To help mitigate the revenue pressure we have so far reduced non-permanent labour (NPL) by 400 this year.
- The outcome of the triennial TfL Pension Fund valuation as at 31 March 2024 and the subsequent agreement with the TfL Pension Trustees, allows us to reduce the employer contributions from the current 27.3 per cent to 10.5 per cent for the next three years. This was previously assumed to take effect from 2025/26, but we have accelerated delivery into 2024/25.

Grow our operating surplus

- We are making an operating surplus of £50m in the year to date. This is £151m lower than Budget as a result of revenue pressures and cyber incident impacts of £23m in the year to date.
- Our Quarter 2 full-year forecast was for an operating surplus of £23m this year, £138m lower than Budget, but still a small growth in underlying surplus compared to 2023/24.

Fund our capital investment

- Capital renewals are £556m in the year to date, £58m up on last year as we increase renewals investment to address the backlog of asset replacement.
- Renewals are £6m lower than Budget, mainly from timing differences. We expect to spend up to the Budget over the full year.
- We have secured £485m of government capital funding for 2025/26.

Maintain liquidity to protect us against shocks

- Cash balances are £1.36bn at the end of Quarter 3 and are almost £80m lower than Budget, a result of revenue pressures offset by lower enhancement spend and timing of borrowing.
- The Greater London Authority (GLA) financing facility of £350m offers additional protection against shocks and risks.

Our progress

Our underlying revenue has increased by almost £3.5bn since 2020/21 and is almost £500m up on last year, with increases from all revenue sources.

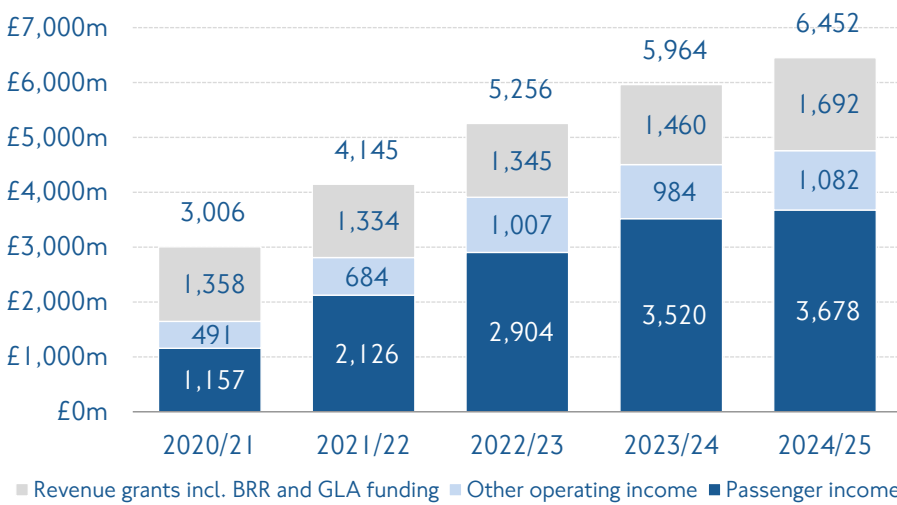
Real terms like-for-like operating costs are almost £400m lower than in 2020/21.

We turned an operating deficit into a surplus in 2023/24 through revenue increases and cost control. We are currently making a surplus, although this is lower than budgeted as a result of lower revenue growth.

Our cash balance is above our strategic minimum cash level; we are still forecasting to end the year above £1.3bn of cash.

Grow and diversify our revenue

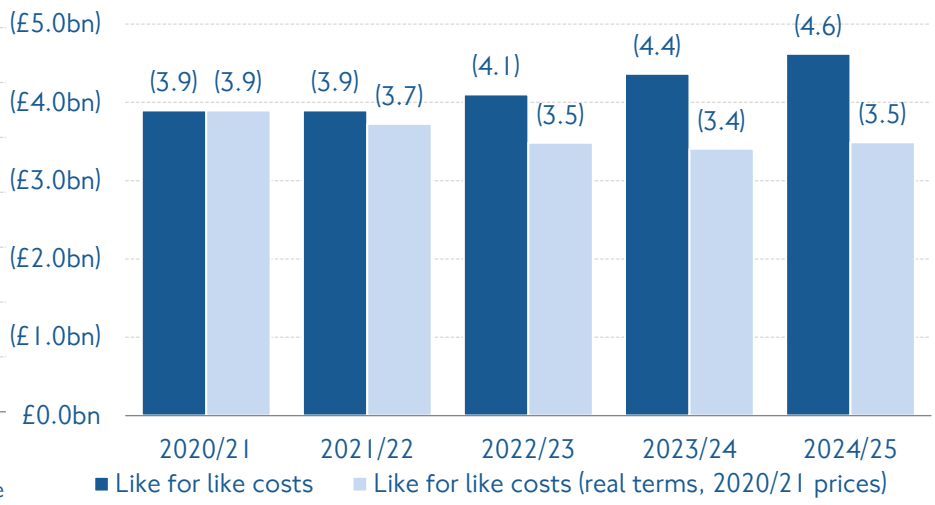
Revenue (excluding extraordinary funding) – Year to Period 9 (£m)



NB: Excludes all HMG pandemic related funding and one-off GLA funding

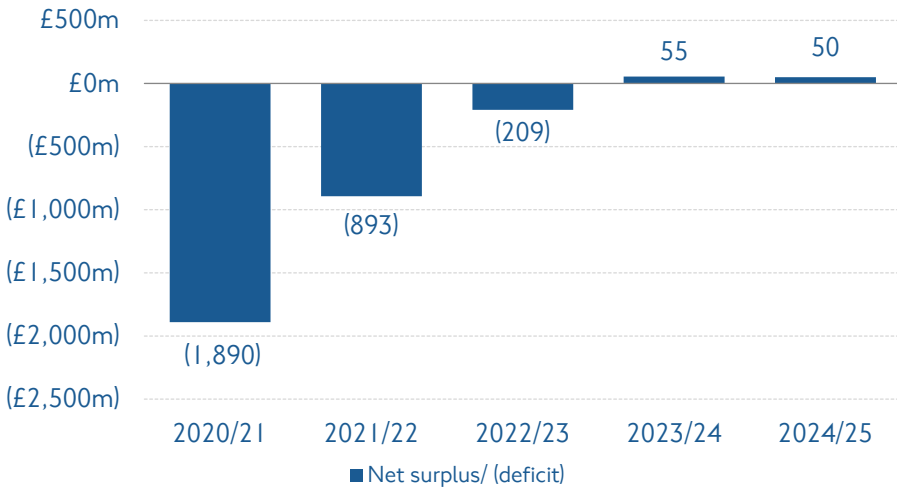
Deliver recurring cost savings

Like-for-like costs since 2020/21 – Year to Period 9 (£bn)



Grow our operating surplus

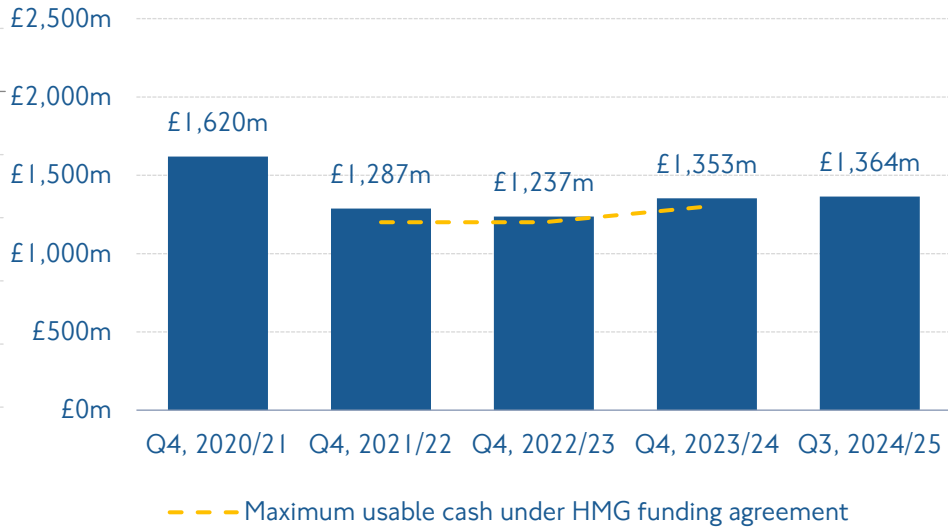
Operating surplus / (deficit) – Year to Period 9 (£m)



NB: Excludes all HMG pandemic related funding

Maintaining liquidity to protect us against shocks

Cash balance (£m)



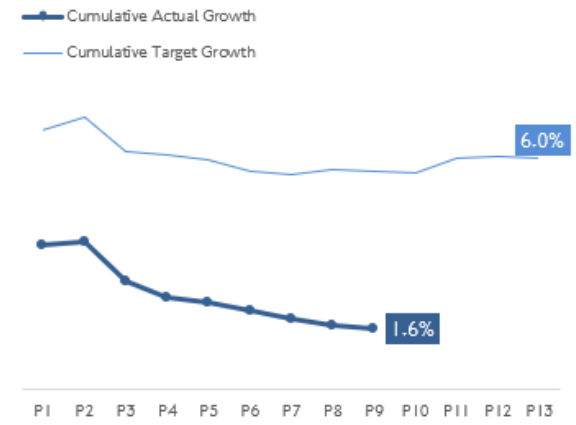
Passenger journeys

In 2024/25 we have budgeted 6% year-on-year growth in demand. In the year to date, journeys are 1.6% up on last year, but are 101 million lower than Budget. This is largely owing to a range of economic factors, which are impacting both leisure and commuting demand. There have been other factors impacting customer choices including national rail strikes.

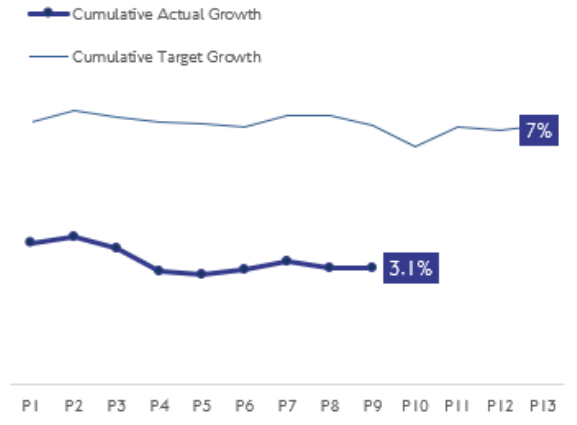
As a result of the cyber incident we have been estimating journey volumes based on income received since period 6. We now have access to partial journey data and have, therefore, restated our previous estimates for periods 6-8. There still remains a smaller level of uncertainty with the data until it is fully restored.

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

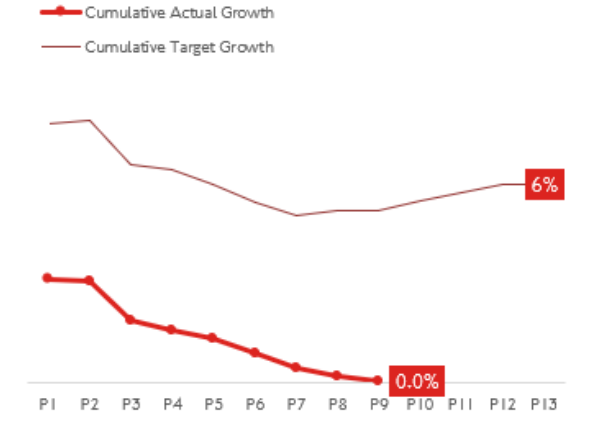
| TfL | Absolute m | | Var to Bud m | | Var to Last Year (m/ %) | |
|-----|------------|-------|--------------|------|-------------------------|--|
| | P | 299 | (12.3) | 3.5 | 1.2% | |
| | Y | 2,513 | (101.1) | 39.3 | 1.6% | |



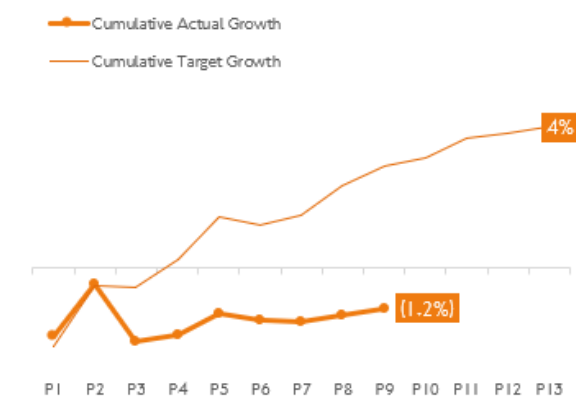
| LU | Absolute m | | Var to Bud m | | Var to Last Year (m/ %) | |
|----|------------|-----|--------------|------|-------------------------|--|
| | P | 105 | (2.3) | 2.9 | 2.9% | |
| | Y | 845 | (31.4) | 25.5 | 3.1% | |



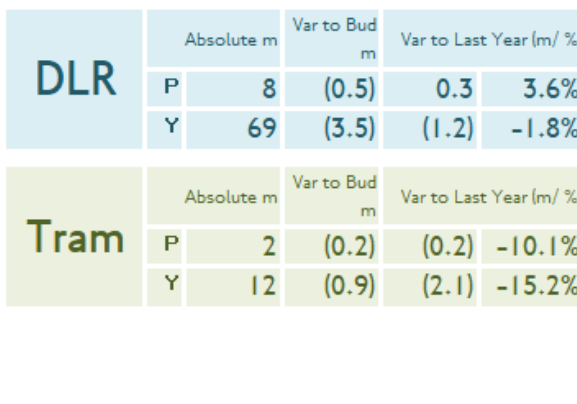
| Bus | Absolute m | | Var to Bud m | | Var to Last Year (m/ %) | |
|-----|------------|-------|--------------|-------|-------------------------|--|
| | P | 149 | (8.8) | (1.4) | -0.9% | |
| | Y | 1,297 | (61.9) | 0.3 | 0.0% | |



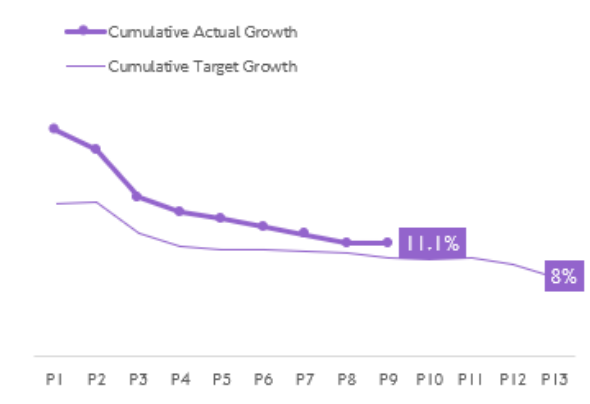
| Rail | Absolute m | | Var to Bud m | | Var to Last Year (m/ %) | |
|------|------------|-----|--------------|-------|-------------------------|--|
| | P | 25 | (1.8) | 0.1 | 0.5% | |
| | Y | 209 | (9.8) | (2.5) | -1.2% | |



| LO | Absolute m | | Var to Bud m | | Var to Last Year (m/ %) | |
|----|------------|-----|--------------|-----|-------------------------|--|
| | P | 15 | (1.0) | 0.0 | 0.1% | |
| | Y | 129 | (5.5) | 0.8 | 0.7% | |



| EL | Absolute m | | Var to Bud m | | Var to Last Year (m/ %) | |
|----|------------|-----|--------------|------|-------------------------|--|
| | P | 20 | 0.5 | 1.8 | 10.3% | |
| | Y | 161 | 1.9 | 16.1 | 11.1% | |



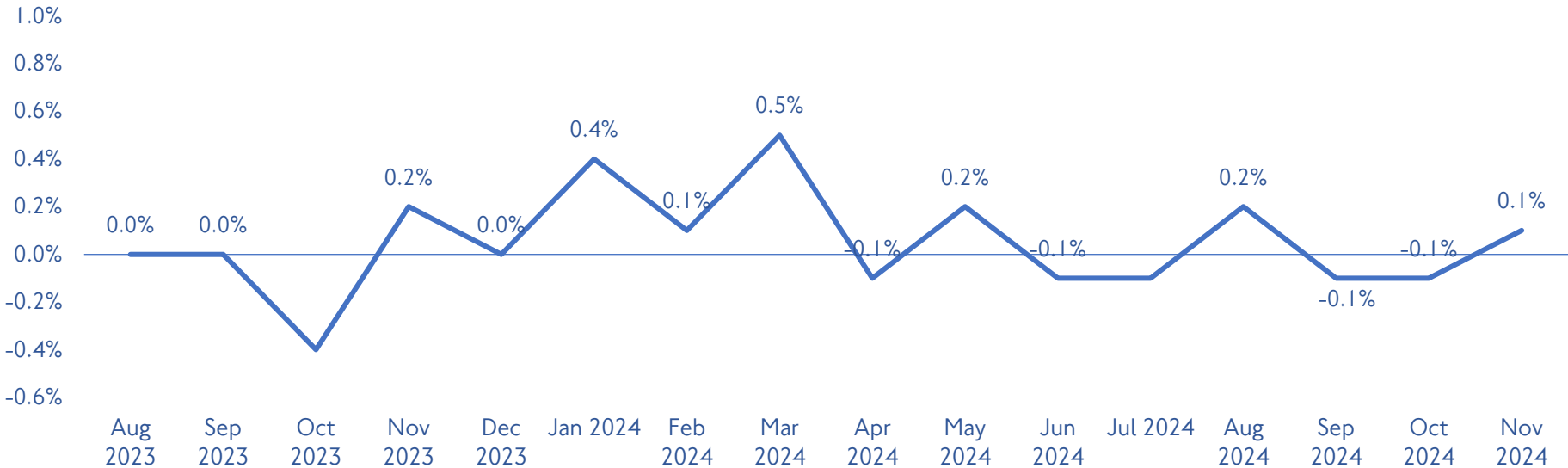
Economic context

Economic growth has been lower than expected. The economic forecast that underpinned our Budget estimated gross domestic product (GDP) growth at between 1% and 1.6% this year. GDP has shown no growth in the three months to November 2024, compared to the previous quarter.

Wages are growing in real terms, but are lower than pre-pandemic levels and affect individuals and households differently. Younger adults, who use our services more, are seeing lower wage growth, especially relative to housing costs.

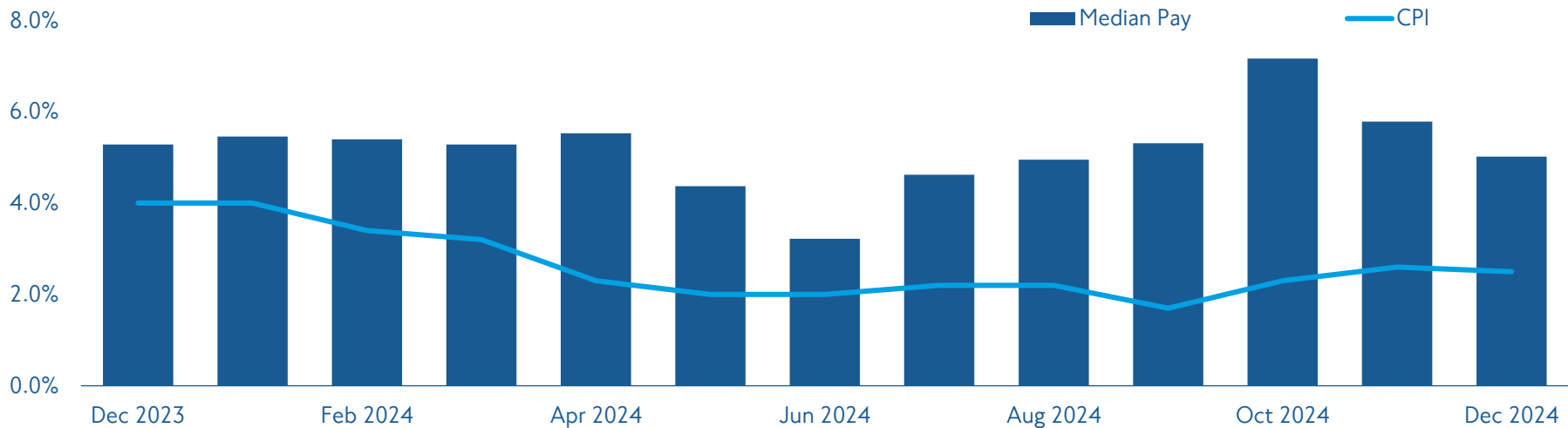
Wage growth in London is skewed by housing costs. On average, Londoners spend 17% of their income on housing costs, compared to around 10% or less in other regions of the UK. The proportion of income spent on housing has fallen significantly since the financial crisis in every region except for London.

UK GDP has been broadly flat this financial year



ONS, GDP monthly estimate, UK: September 2024 (January 2025)

The UK is seeing real-terms wage growth, but this affects households differently



ONS, Earnings and employment from Pay As You Earn Real Time Information, non-seasonally adjusted (January 2025)

Income statement

In the year to date we have an operating surplus of £50m, reversing the deficit made earlier in the year.

Passenger income is £154m lower than Budget in the year to date, driven by lower passenger growth than expected. Other operating income is £16m up on Budget from higher ULEZ enforcement income.

Our core operating costs are £78m higher than Budget, mainly from higher bad debt charges from enforcement income. Exceptional costs are £68m lower than Budget, mainly from central contingency, which was budgeted to mitigate risks on revenue and other unforeseen events.

| | £m | Actuals | Variance to Budget | | Variance to last year | |
|---|----|--------------|--------------------|-------------|-----------------------|-------------|
| Underlying passenger income | | 3,678 | (154) | -4% | 159 | 5% |
| DfT revenue top up | | 0 | 0 | N/A | (46) | -100% |
| Passenger income | | 3,678 | (154) | -4% | 113 | 3% |
| Other operating income | | 1,082 | 16 | 1% | 98 | 10% |
| Business rates retention | | 1,502 | 0 | 0% | 177 | 13% |
| Other revenue grants | | 214 | 0 | 0% | (60) | -22% |
| Revenue | | 6,476 | (138) | -2% | 328 | 5% |
| Core operating costs | | (5,439) | (78) | -1% | (425) | -8% |
| Investment programme operating costs | | (115) | (3) | -2% | 128 | 53% |
| Exceptional costs | | (19) | 68 | 78% | (15) | -361% |
| Operating surplus before interest and renewals | | 903 | (150) | -14% | 17 | 2% |
| Capital renewals | | (556) | 6 | 1% | (58) | -12% |
| Net interest costs | | (297) | (7) | -2% | (9) | -3% |
| Operating surplus / (deficit) | | 50 | (151) | -75% | (51) | -50% |
| Places for London net contribution | | 24 | 7 | 39% | (7) | -23% |
| Operating surplus/ (deficit) including Places for London | | 74 | (144) | -66% | (58) | -44% |

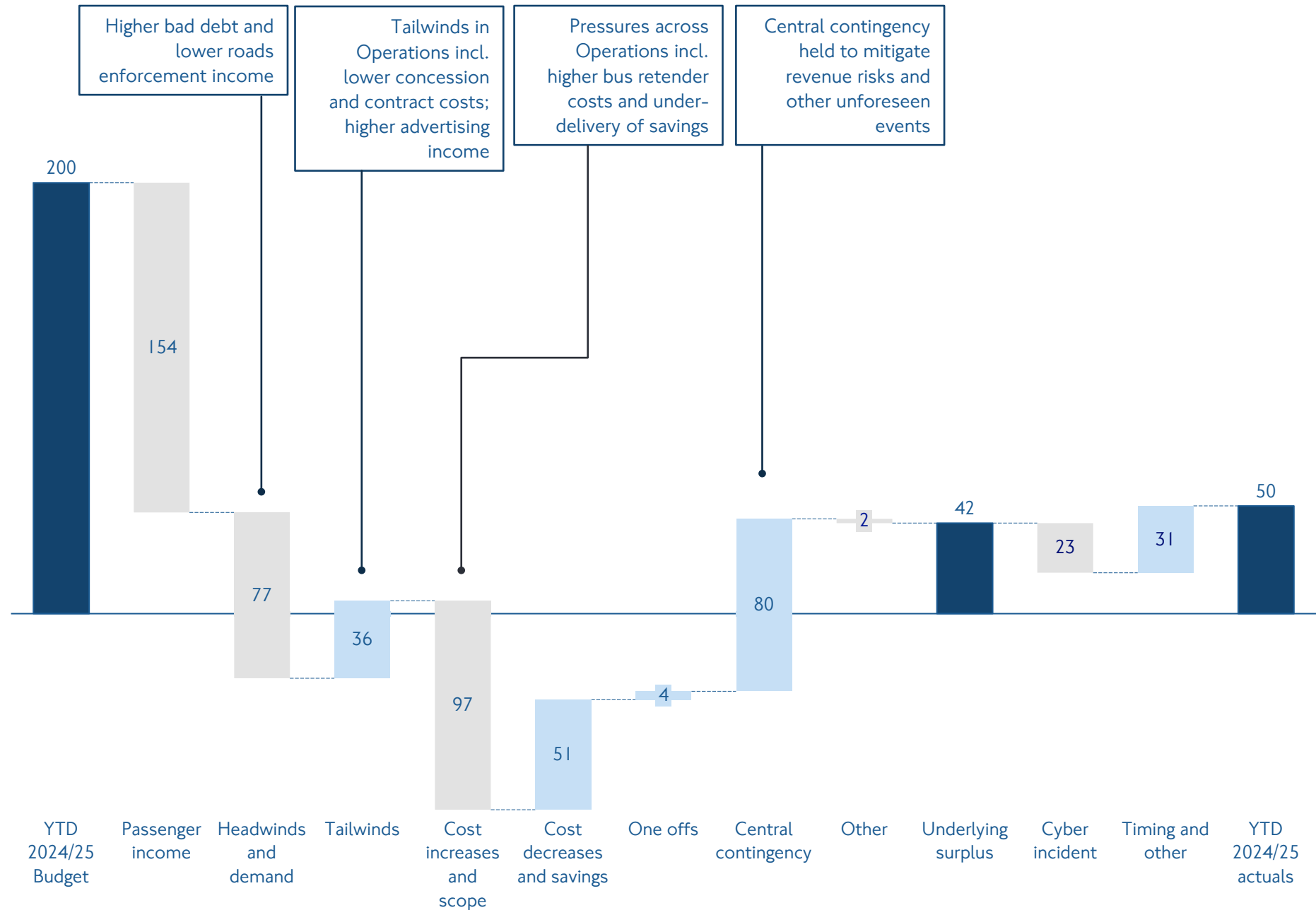
Operating surplus

We have an operating surplus of £50m in the year to date, which is £151m worse than Budget. After adjusting for timing differences we are making a surplus of £42m, £158m behind Budget.

We are seeing a combined £230m pressure on our surplus from demand and volume pressures on passenger income, roads enforcement income and enforcement payment rates. Our operating costs have also seen pressures from higher bus retender prices, which we have partly mitigated through savings.

The revenue pressure has been partly mitigated by central contingency.

Operating surplus/ (deficit) variance to Budget (£m)



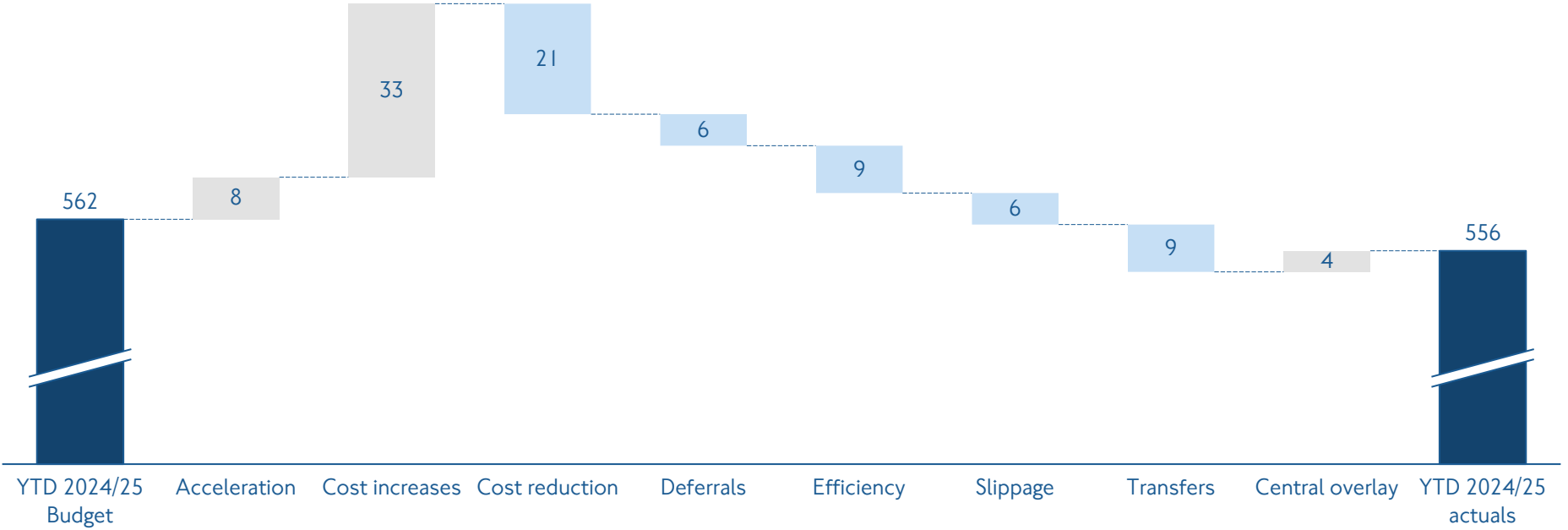
Capital renewals

Capital renewals are £556m in the year to date, £58m up on last year as we increase our renewals investment to address the backlog of asset replacement.

Renewals spend is £6m lower than Budget in the year to date, largely driven by cost reduction in Technology projects (Payments and Hosting) and transfer to operating costs due to a move to software-as-a-service model on an IT project.

| Category | £m | Actuals | | Variance to Budget | | Variance to last year | |
|------------------------------|--------------|----------|-----------|--------------------|-------------|-----------------------|---|
| | | Value | % | Value | % | Value | % |
| Four Lines Modernisation | (3) | 1 | 17% | 0 | 5% | | |
| Silvertown Tunnel | (2) | 1 | 34% | (2) | -834% | | |
| Streets, Bus & RSS Renewals | (121) | 2 | 2% | (8) | -7% | | |
| Environment | (19) | (0) | 0% | (7) | -58% | | |
| Rail & Station Enhancements | (1) | (0) | -148% | 3 | 78% | | |
| LU Renewals | (295) | (1) | 0% | (24) | -9% | | |
| Technology | (99) | 10 | 9% | (13) | -15% | | |
| Licensing & Regulation (TPH) | (6) | (1) | -21% | (3) | -83% | | |
| Estates Directorate | (10) | 2 | 17% | (5) | -97% | | |
| Overlays | (0) | (8) | 100% | 0 | 97% | | |
| Total | (556) | 6 | 1% | (58) | -12% | | |

Capital renewals variances compared to Budget, by cause (£m)



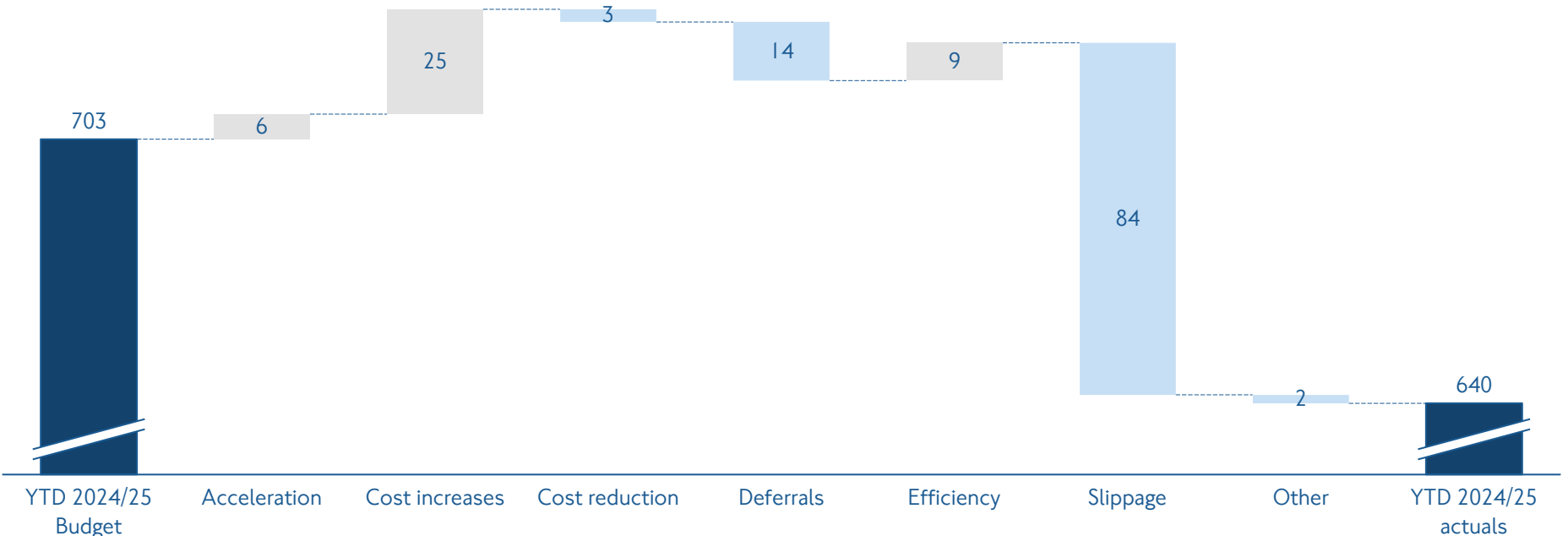
Capital enhancements

Capital enhancements (excluding Places for London and Crossrail) are £640m in the year to date, £96m lower than last year.

Enhancements spend is £63m lower than Budget in the year to date, largely driven by re-phasing on Piccadilly Line Upgrade and 4LM programmes, and delays across DLR Rolling Stock programme.

| £m | Actuals | Variance to Budget | | Variance to last year | |
|---|--------------|--------------------|------------|-----------------------|------------|
| | | £m | % | £m | % |
| Four Lines Modernisation | (49) | 4 | 7% | 21 | 30% |
| DLR Rolling Stock Replacement | (138) | 17 | 11% | 8 | 6% |
| Piccadilly Line Upgrade | (230) | 44 | 16% | 64 | 22% |
| Bakerloo Line Trains | (3) | 1 | 20% | (2) | -207% |
| Trams replacement | (2) | 1 | 29% | (1) | -38% |
| Other Enhancements | (219) | (3) | -1% | 6 | 3% |
| Total TfL excl. Places and Crossrail | (640) | 63 | 9% | 96 | 13% |
| Places for London | (105) | 12 | 10% | (37) | -54% |
| Crossrail | (17) | 19 | 53% | 19 | 53% |
| Total | (762) | 94 | 11% | 78 | 9% |

Capital enhancements variances compared to Budget, by cause (£m)



Cash flow

Cash balances are £1.36bn at the end of Quarter 3, slightly up from the end of 2023/24, but almost £80m lower than Budget.

Our cash balances are lower than Budget mainly as a result of lower revenue, timing differences on borrowing, and lower capital enhancement spend.

Our Treasury policy is to ensure we have on average 60 days of operating costs as our minimum cash balance, which will allow us to meet our payment obligations. We are forecasting to be above the £1.3bn target for the year end.

We maintain other sources of liquidity including an overdraft facility, a short-term financing facility and the £350m GLA financing facility to absorb any shocks and withstand strategic, safety and operational risks.

Cash balances

| | £m | Actuals | Variance to Budget | | Variance to last year | |
|------------------------|----|--------------|--------------------|------------|-----------------------|------------|
| Opening balance | | 1,353 | (56) | -4% | 115 | 9% |
| Change in cash balance | | 11 | (21) | -67% | 120 | 110% |
| Closing balance | | 1,364 | (77) | -5% | 235 | 21% |

Cash flow statement

| | £m | Actuals | Variance to Budget | | Variance to last year | |
|---|----|----------------|--------------------|--------------|-----------------------|--------------|
| Operating surplus before capital renewals and interest | | 903 | (150) | -14% | 17 | 2% |
| Less LTIG and LTM | | 1 | 2 | 233% | 3 | 173% |
| <i>Cash generated / (used) from operating activities</i> | | 904 | (148) | -14% | 20 | 2% |
| Capital renewals | | (556) | 6 | 1% | (58) | -12% |
| New capital investment | | (640) | 63 | 9% | 96 | 13% |
| Investment grants and ring-fenced funding | | 139 | (17) | -11% | (461) | -77% |
| Working capital movements | | (52) | (30) | -155% | (125) | -174% |
| <i>Cash generated / (used) from investing activities</i> | | (1,109) | 22 | 2% | (548) | -97% |
| Free cash flow | | (205) | (126) | -164% | (528) | -164% |
| Net interest costs | | (297) | (7) | -2% | (9) | -3% |
| Net borrowings | | 513 | 112 | 28% | 657 | 457% |
| <i>Cash generated / (used) from financing activities</i> | | 216 | 105 | 96% | 648 | 150% |
| Change in cash balance | | 11 | (21) | -67% | 120 | 110% |

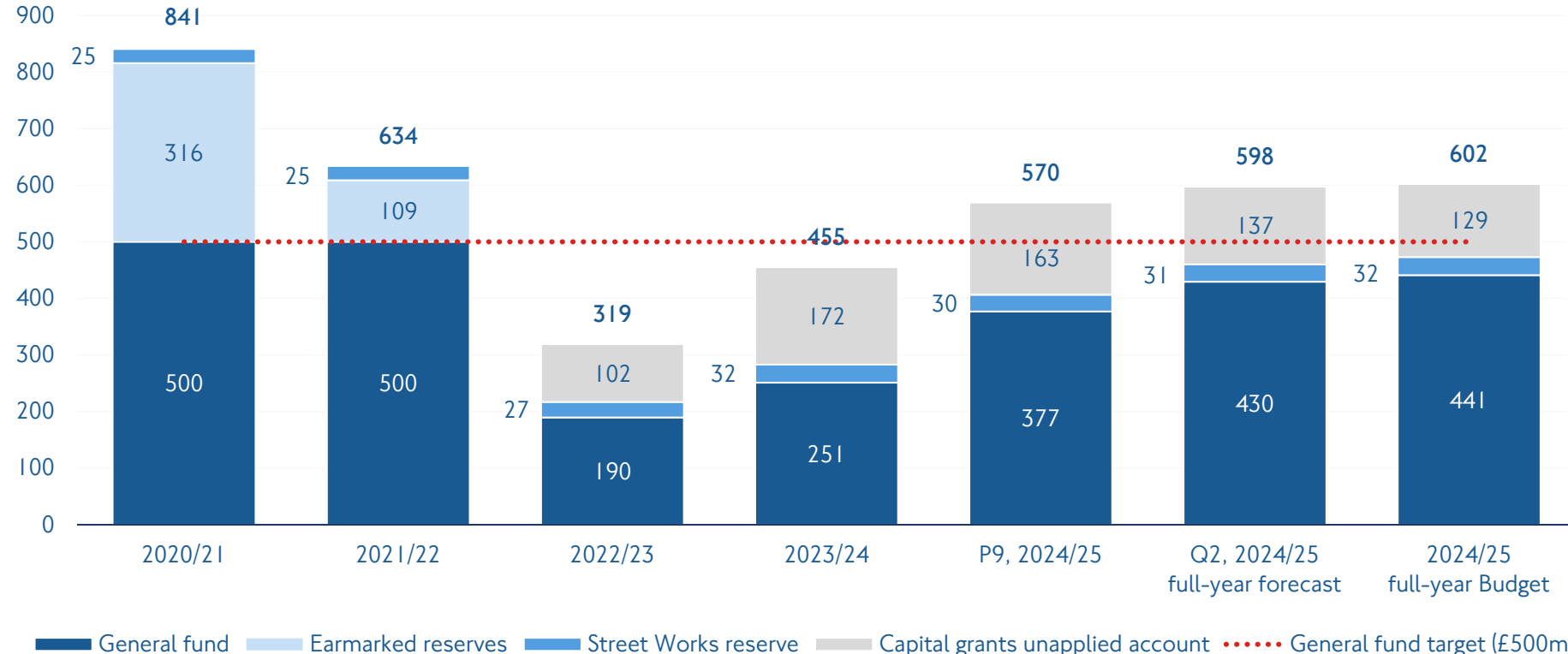
Reserves

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.

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.

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
- Usable reserves at the end of 2023/24 were higher than Budget due to the December 2023 capital settlement from the DfT.

Debt

Our level of outstanding borrowing has increased by £526m for the year, bringing our total borrowing balance to £13,487m.

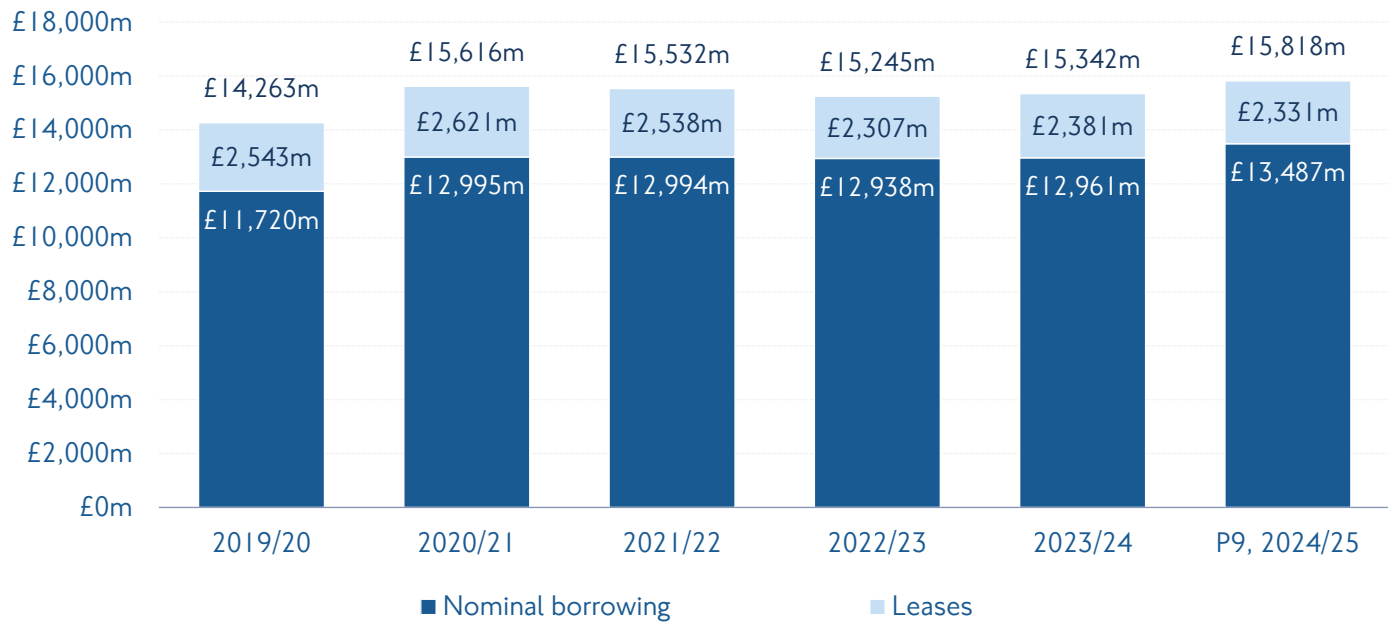
As part of preparing our submission into the 2025/26 GLA Budget, we have accelerated previously planned borrowing from future years into 2024/25 to help mitigate the lower than Budget operating surplus this year. This means we will exceed the operational boundary for borrowing in 2024/25, which is based on our original Budget, but our borrowing will remain within our authorised limit. This is an acceleration of borrowing only and the overall level of planned borrowing to 2027/28 remains the same as our 2024 TfL Business Plan.

| Prudential indicator debt limits * | £m |
|------------------------------------|--------|
| Operational boundary | 13,454 |
| Authorised limit | 14,654 |

* Excludes PFI and long-term liabilities



Total debt (£m)



89%

Around 89% of our borrowing is at a fixed rate of interest

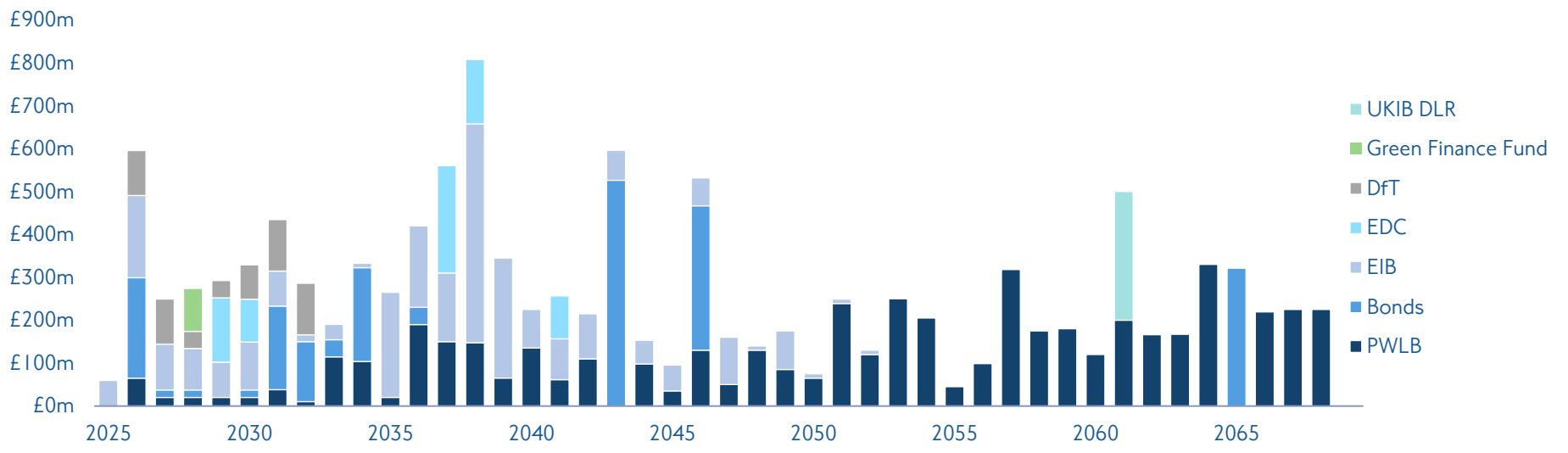
3.7%

The weighted average interest rate on our borrowing is around 3.7%

18-years

The weighted average tenor of our borrowing is just under 18 years

TfL borrowing maturity profile (£m)



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 Period 8 update to the Committee.

| | S&P | Moody's | Fitch |
|-----------------------|----------|-----------|----------|
| Long-term rating | AA- | A2 | AA- |
| Outlook | Stable | Stable | Stable |
| Short-term rating | A-I+ | P-I | F I+ |
| Last changed/affirmed | May 2024 | July 2024 | Apr 2024 |

S&P

On 20 May 2024, S&P upgraded TfL’s long-term credit rating to AA- from A+ and the short-term credit rating to A-I+ from A-I. The outlook is stable. The key drivers for S&P include the post-coronavirus pandemic recovery in passenger demand, which S&P expects to remain high, cost-efficiency measures, supporting our ability to cope with external shocks and rebuild flexibility within our operations and the expectation of a gradual increase in capital investments and the quality of services.

Moody's

On 15 July 2024, Moody’s upgraded TfL’s long-term credit rating to A2 from A3 and the short-term credit rating to P-I from P-2. The outlook was changed to stable from positive. The rating is based on “significant improvements in TfL’s operating performance” which Moody’s expect to be sustained with growing operating surpluses over the medium term. Moody’s stated the following as key drivers for this - the recovery in passenger revenue post-pandemic, new revenue sources and TfL’s robust governance practices, particularly its focus on cost control, which have eliminated the need for any financial support from the central government to fund operations.

Fitch

Fitch reaffirmed our credit rating in January 2024 and upgraded the outlook from negative to stable on 15 April 2024, reflecting the change in the UK rating (with which our rating is equalised).

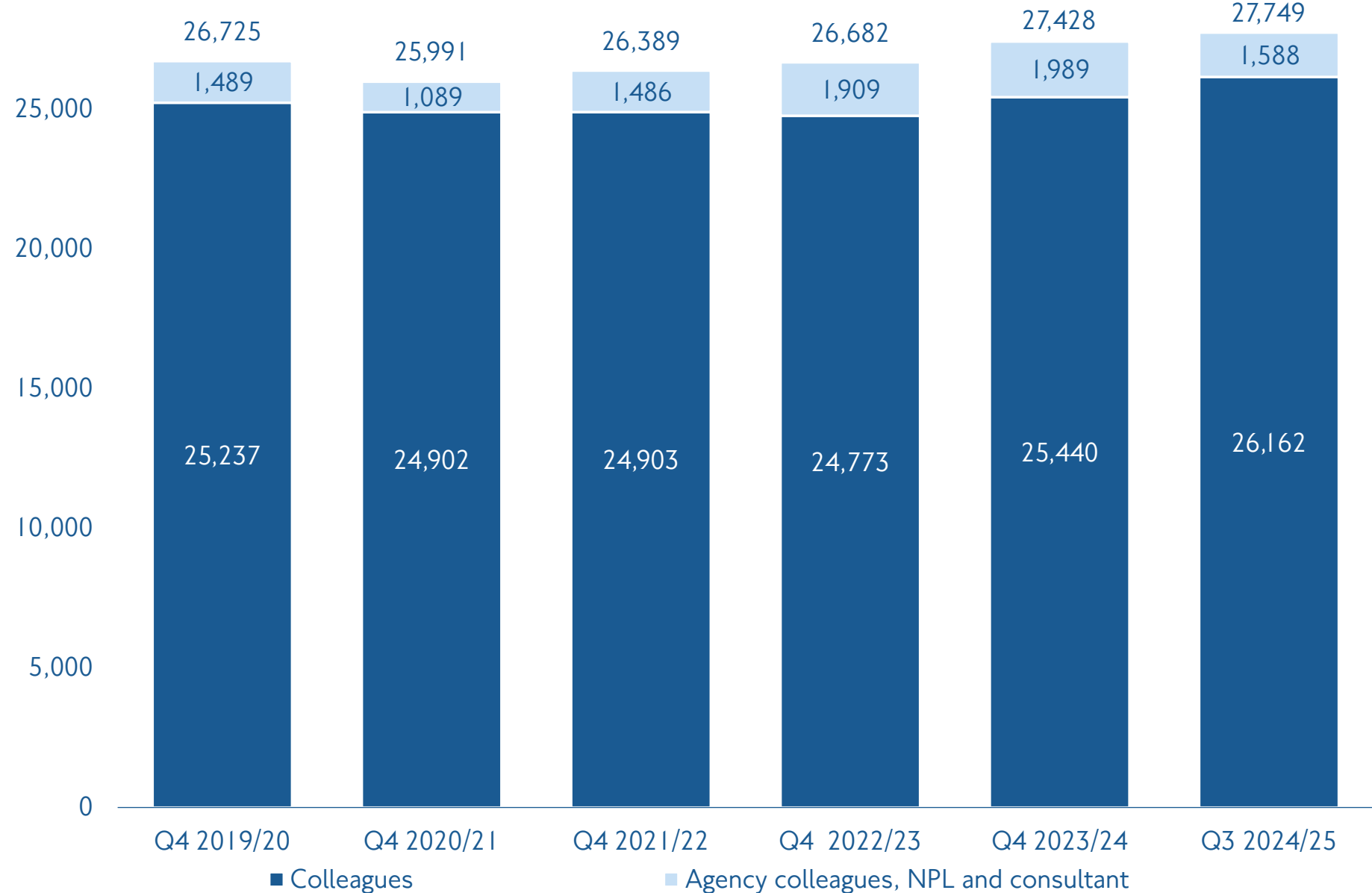
Colleagues

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 above pre-pandemic levels, and up on last year, driven by recent recruitment of graduates and apprenticeship trainees, and ramp up of our capital programmes.

Due to the actions we have been taking, NPL levels are 400 lower than at March 2024. A level of NPL is required to provide flexibility, particularly through time of change and temporary peaks in demand.

Headcount trends since 2019/20



Divisional summaries



London Underground

Tube journeys are 3.1% up on last year, although lower than Budget. Journeys are 26 million higher than last year, but 31 million lower than Budget. Passenger income is £96m down on Budget.

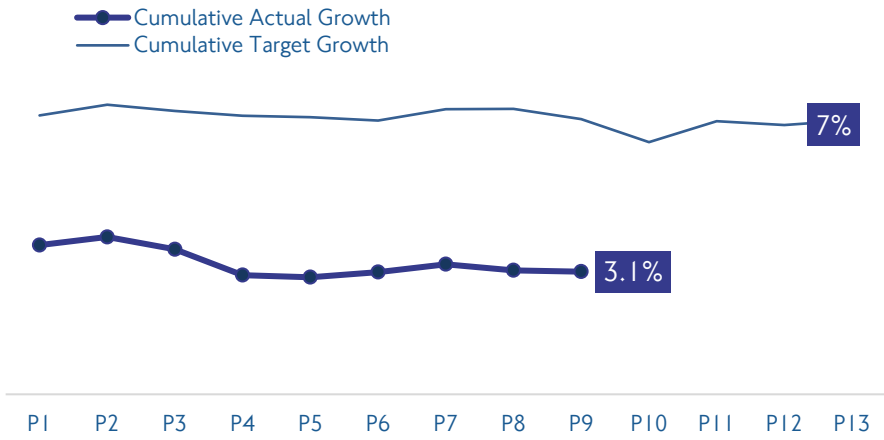
Operating costs are slightly higher than Budget, from Central line improvement costs and cost pressures in Asset Performance and Delivery. This is partly offset by higher delivery of savings and other cost decreases.

Capital renewals are £319m in the year to date, £19m up on last year and £7m favourable to budget. We expect to hit Budget by year end.

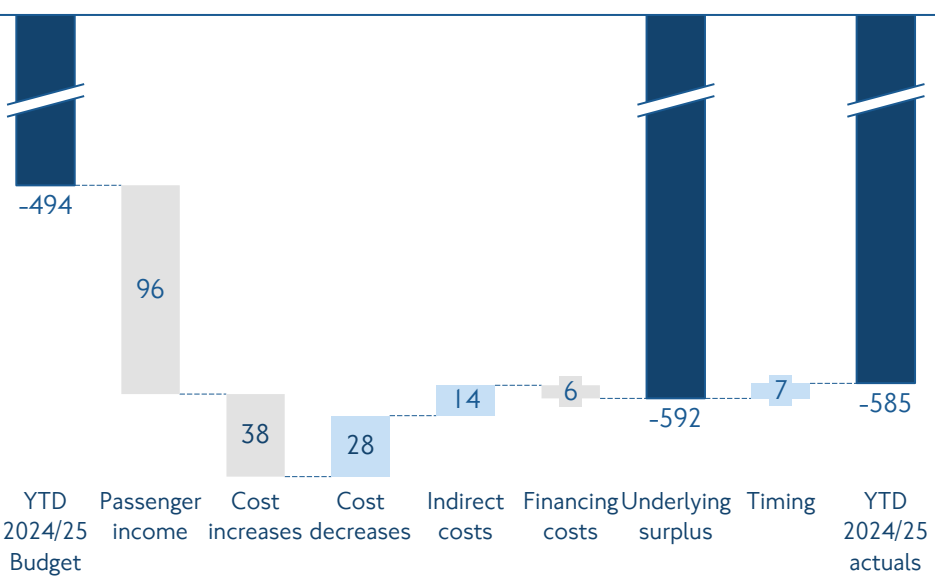
| Income statement (£m) | Actuals | Variance to Budget | | Variance to last year | |
|--------------------------------------|--------------|--------------------|-------------|-----------------------|-------------|
| Passenger income | 1,824 | (96) | -5% | 68 | 4% |
| Other operating income | 17 | (1) | -6% | (3) | -15% |
| Revenue | 1,841 | (97) | -5% | 65 | 4% |
| Operating costs | (1,660) | (9) | -1% | (102) | -7% |
| Net contribution | 181 | (106) | -37% | (37) | -17% |
| Indirect costs | (250) | 14 | 5% | 53 | 17% |
| Net financing costs | (197) | (6) | -3% | (6) | -3% |
| Capital renewals | (319) | 7 | 2% | (19) | -6% |
| Operating surplus / (deficit) | (585) | (91) | -18% | (9) | -2% |
| New capital investment | (325) | 47 | 13% | 75 | 19% |

Tube journeys year-on-year growth

| Passenger journeys (m) | Variance to Budget (m) | Variance to 2023/24 (m) | Variance to 2023/24 (%) |
|------------------------|------------------------|-------------------------|-------------------------|
| 845 | (31.4) | 25.5 | 3.1% |



Operating surplus/ (deficit) compared to Budget



Elizabeth line

Elizabeth line journeys continue to show strong growth. Journeys are 11% higher than last year and are almost 2 million higher than Budget. Passenger income is £39m higher than last year, but down £12m on Budget.

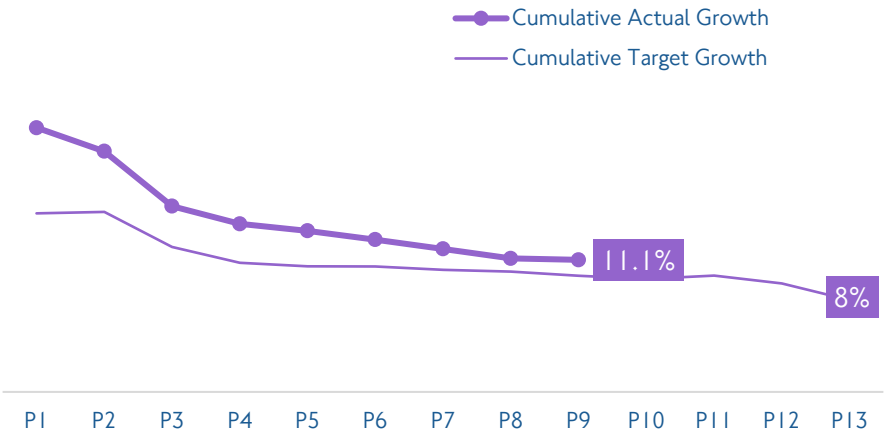
Operating costs are broadly in line with Budget.

We are investing in new trains for the Elizabeth line, which will improve train frequency and capacity. These trains will be funded by the DfT and help boost our supply chains.

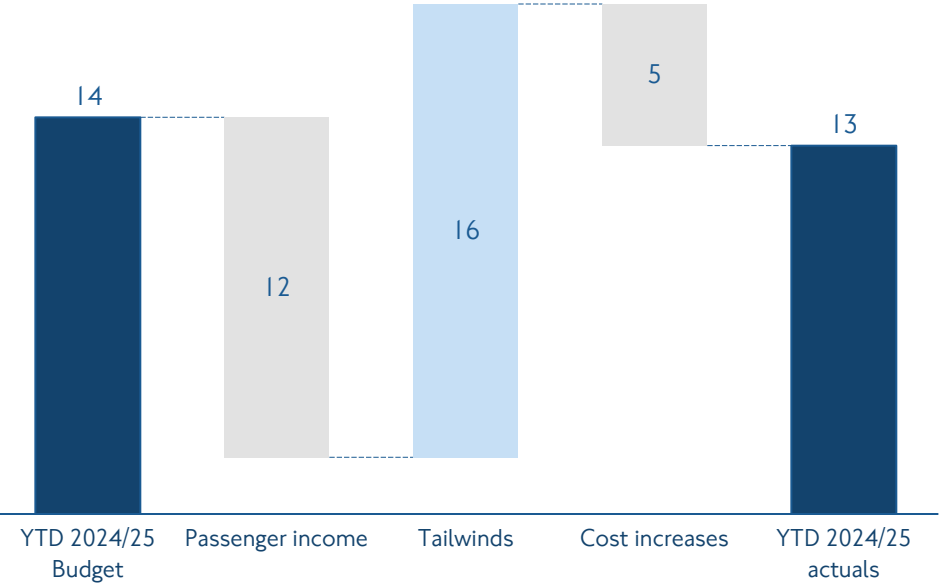
| Income statement (£m) | Actuals | Variance to Budget | | Variance to last year | |
|--------------------------------------|-------------|--------------------|------------|-----------------------|-------------|
| Passenger income | 458 | (12) | -3% | 39 | 9% |
| Other operating income | 13 | 8 | 160% | 8 | 160% |
| Revenue | 471 | (4) | -1% | 47 | 11% |
| Operating costs | (382) | 3 | 1% | (34) | -10% |
| Net contribution | 89 | (1) | -1% | 13 | 17% |
| Indirect costs | (11) | - | 0% | (2) | -22% |
| Net financing costs | (58) | - | 0% | (2) | -4% |
| Capital renewals | (7) | - | 0% | (2) | -40% |
| Operating surplus / (deficit) | 13 | (1) | -7% | 7 | 117% |
| New capital investment | (1) | 1 | 50% | (1) | N/A |
| Crossrail project | (17) | 19 | 53% | 19 | 53% |
| Total new capital investment | (18) | 20 | 53% | 18 | 50% |

Elizabeth line journeys year-on-year growth

| Passenger journeys (m) | Variance to Budget (m) | Variance to 2023/24 (m) | Variance to 2023/24 (%) |
|------------------------|------------------------|-------------------------|-------------------------|
| 161 | 1.9 | 16.1 | 11.1% |



Operating surplus/ (deficit) compared to Budget



EL journeys are estimates and are subject to revision

Buses

Bus journeys are slightly higher than last year, but are down on Budget. Journeys are almost 1.3 billion in the year to date, 62 million lower than Budget. Passenger income is £37m lower than expected.

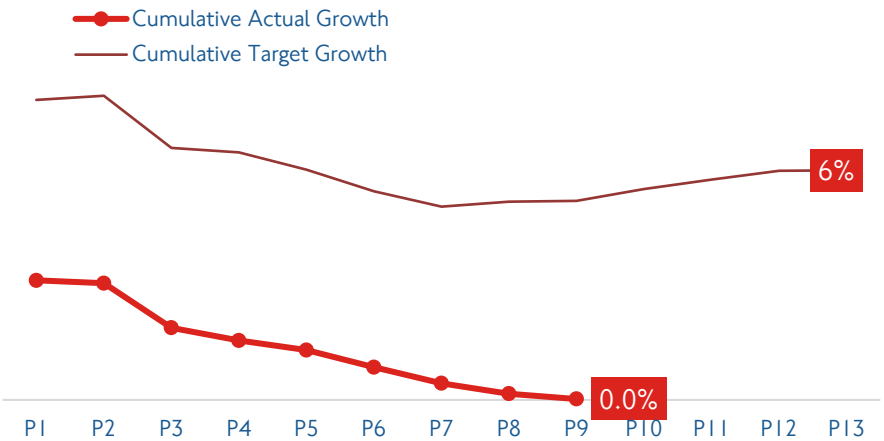
Operating costs are £39m higher than Budget, mostly from increases in bus retender costs.

| Income statement (£m) | Actuals | Variance to Budget | | Variance to last year | |
|--------------------------------------|--------------|--------------------|-------------|-----------------------|--------------|
| Passenger income | 1,085 | (37) | -3% | 37 | 4% |
| Other operating income | 11 | 3 | 38% | 3 | 38% |
| Revenue | 1,096 | (34) | -3% | 40 | 4% |
| Operating costs | (1,675) | (39) | -2% | (126) | -8% |
| Net contribution | (579) | (73) | -14% | (86) | -17% |
| Indirect costs | (8) | (1) | -14% | (5) | -167% |
| Capital renewals | (13) | - | 0% | 9 | 41% |
| Operating surplus / (deficit) | (600) | (74) | -14% | (82) | -16% |
| New capital investment | (2) | (2) | N/A | (1) | -100% |

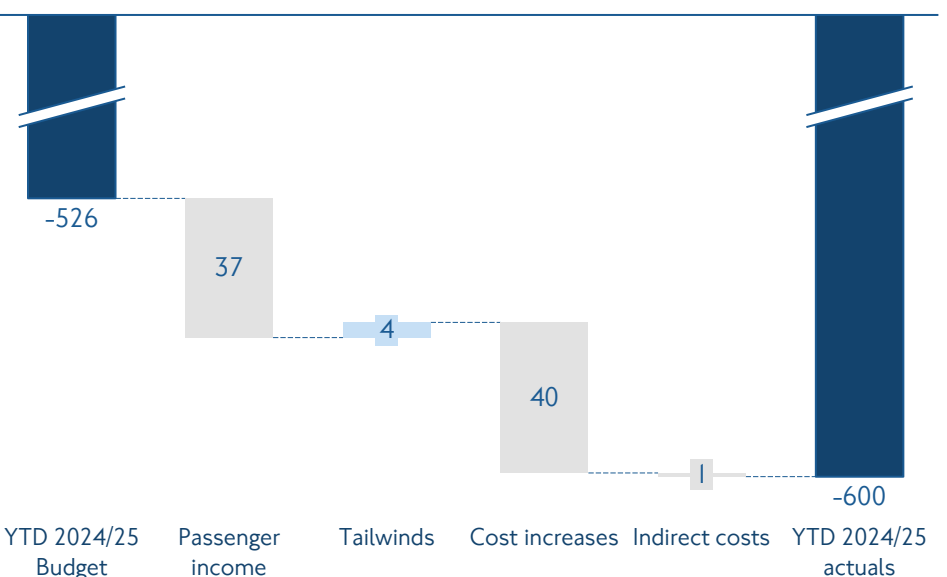
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Bus journeys year-on-year growth

| Passenger journeys (m) | Variance to Budget (m) | Variance to 2023/24 (m) | Variance to 2023/24 (%) |
|------------------------|------------------------|-------------------------|-------------------------|
| 1,297 | (61.9) | 0.3 | 0.0% |



Operating surplus/ (deficit) compared to Budget



Streets and Other operations

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

Other operating income is £16m higher than Budget, from higher ULEZ enforcement income, which is partly offset by lower roads enforcement income, the latter a result of roll out delays of Deployable Enforcement Cameras.

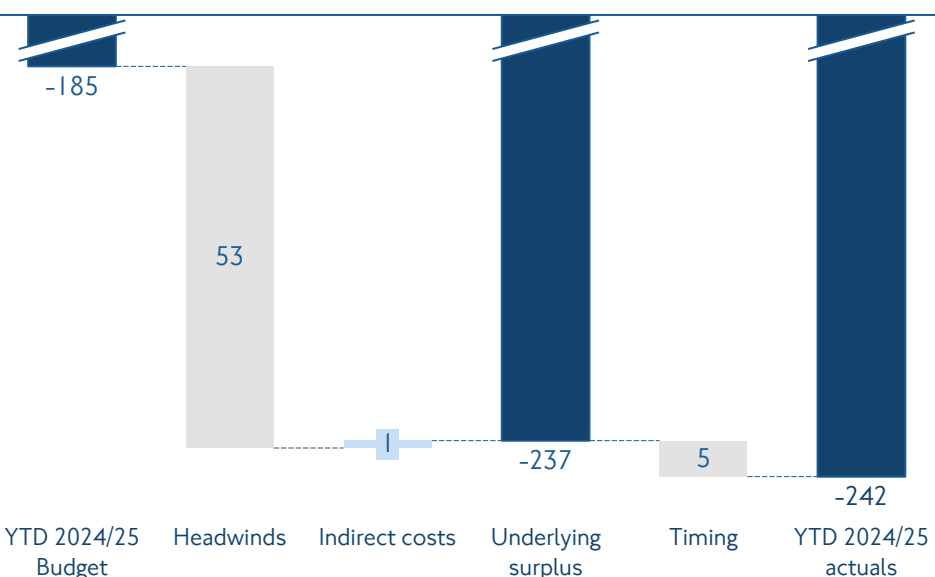
Operating costs are £70m higher than Budget, mainly from higher enforcement income bad debt, a result of lower payment rates.

| Income statement (£m) | Actuals | Variance to Budget | Variance to last year |
|--------------------------------------|--------------|--------------------|-----------------------|
| Passenger income | 7 | (1) -13% | (1) -13% |
| Other operating income | 840 | 16 2% | 84 11% |
| Revenue | 847 | 15 2% | 83 11% |
| Operating costs | (861) | (70) -9% | (16) -2% |
| Net contribution | (14) | (55) -134% | 67 83% |
| Indirect costs | (88) | 1 1% | (35) -66% |
| Net financing costs | (17) | - 0% | (1) -6% |
| Capital renewals | (123) | (3) -3% | (35) -40% |
| Operating surplus / (deficit) | (242) | (57) -31% | (4) -2% |
| New capital investment | (131) | 2 2% | 25 16% |

Volume analysis

| | Actuals | Variance to Budget |
|---|---------|--------------------|
| Congestion Charge volumes (000s) | 10,918 | (407) |
| Congestion Charge and enforcement income (£m) | 244 | 2 |
| Congestion Charge bad debt (£m) | (50) | (7) |
| ULEZ volumes (000s) | 10,613 | 1,760 |
| ULEZ charge and enforcement income (£m) | 427 | 82 |

Operating surplus/ (deficit) compared to Budget



Rail

Including London Overground, DLR and Trams

Rail journeys are 1.2% lower than last year, with slight growth on London Overground offset by lower journeys on the DLR and Trams. Overall journeys are 209 million in the year to date, almost 10 million lower than Budget.

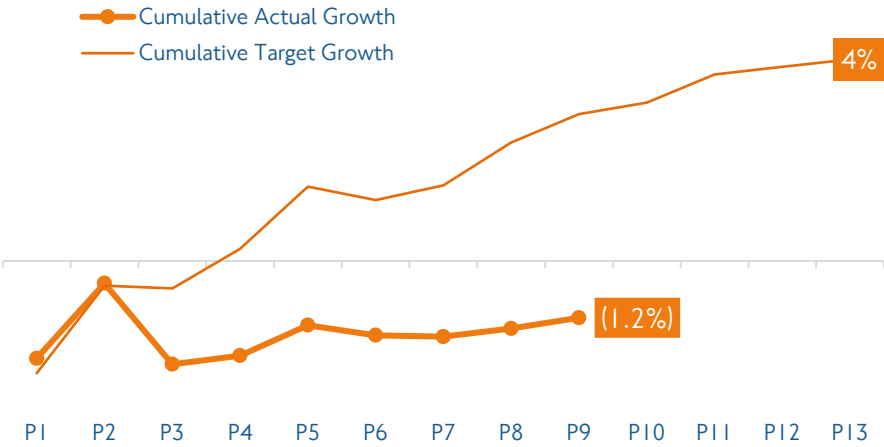
Operating costs are within 1% of Budget.

Capital renewals are £6m lower than Budget; we expect to finish the year in line with Budget.

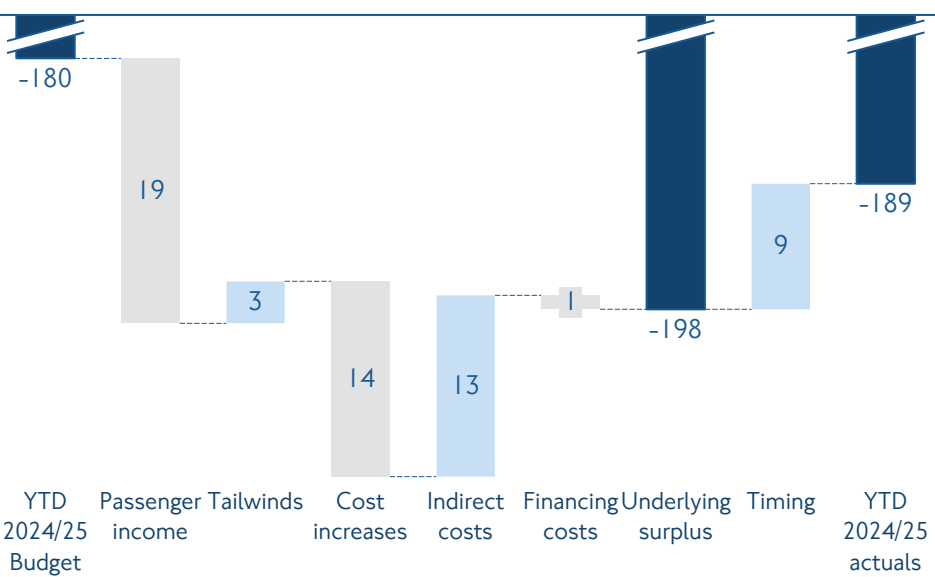
| Income statement (£m) | Actuals | Variance to Budget | | Variance to last year | |
|--------------------------------------|--------------|--------------------|-------------|-----------------------|-------------|
| Passenger income | 293 | (19) | -6% | 2 | 1% |
| Other operating income | 7 | (2) | -22% | (1) | -13% |
| Revenue | 300 | (21) | -7% | 1 | 0% |
| Operating costs | (408) | (6) | -1% | (29) | -8% |
| Net contribution | (108) | (27) | -33% | (28) | -35% |
| Indirect costs | (17) | 13 | 43% | - | 0% |
| Net financing costs | (24) | (1) | -4% | - | 0% |
| Capital renewals | (40) | 6 | 13% | (1) | -3% |
| Operating surplus / (deficit) | (189) | (9) | -5% | (29) | -18% |
| New capital investment | (163) | 7 | 4% | - | 0% |

Rail journeys year-on-year growth

| Passenger journeys (m) | Variance to Budget (m) | Variance to 2023/24 (m) | Variance to 2023/24 (%) |
|------------------------|------------------------|-------------------------|-------------------------|
| 209 | (9.8) | (2.5) | -1.2% |



Operating surplus/ (deficit) compared to Budget



Finance Committee

Date: 26 February 2025

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 21 September 2024 to 6 February 2025 (the Reporting Period), including a summary of the proposed changes to the Treasury Management Strategies and Policies.
- 1.2 Appended are the proposed TfL Treasury Management Strategy (TMS) for 2025/26, 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 for London), TfL's property development company, Treasury Management Strategy (Places for London TMS) and the Places for London Treasury Management Policies (Places for London 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 for London TMS, each of the TfL and Places for London TMP and the Derivatives Policy.
- 1.4 A paper is included on Part 2 of the agenda which contains supplementary information that is exempt from publication by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972 in that it contains information relating to the financial or 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 and:**
 - (a) **approve the proposed TfL Treasury Management Strategy (TMS) 2025/26, attached as Appendix 1 to this paper, including the Investment Strategy, the Borrowing Strategy, the Liquidity Strategy and 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 and the Liquidity Strategy;**
- (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 2025/26 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 2025/26, 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 borrowing in accordance with the TMS 2025/26;**
 - (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/or future TfL Group borrowing (including any leases), once the borrowing has become certain and authorised in accordance with the TMS 2025/26; 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.****

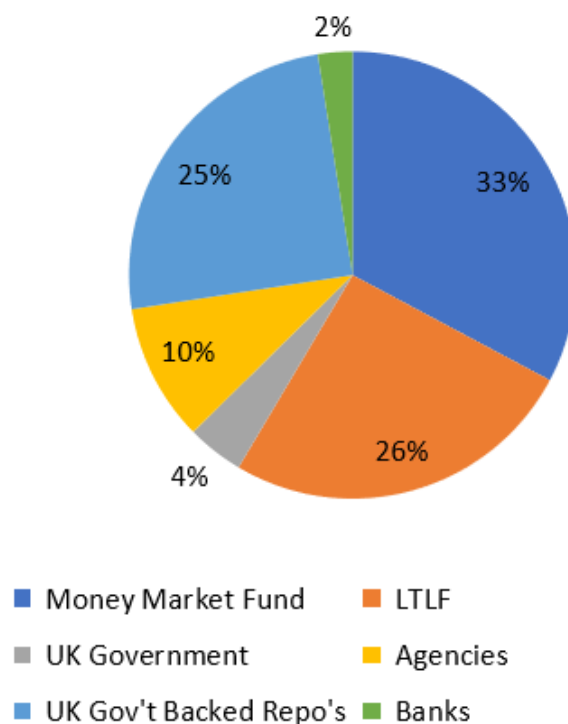
3 Key Highlights

- 3.1 During the Reporting Period there have been significant events such as the US Presidential election and the delivery of the Autumn Budget 2024 by the Chancellor of the Exchequer. UK inflation rates were generally higher than anticipated, influenced by factors such as rising energy costs and higher taxes, consequentially the Bank of England has followed a cautious approach to future base rate cuts. UK Gilt yields have experienced notable fluctuations driven by a combination of domestic fiscal policies and global economic factors.
- 3.2 TfL remains largely insulated from short-term movements in interest rates except in circumstances of refinancing or new borrowing needs. In 2025/26 we expect to have around £915m of combined refinancing and new borrowing needs and are planning the best way to manage this.
- 3.3 During the Reporting Period, the level of our borrowing exceeded the Operational Boundary set for borrowing purposes. The Operational Boundary was set based on the 2024/25 TfL Budget in March 2024 however, in our submission to the Greater London Authority (GLA) Budget in November 2024, we accelerated previously planned borrowing from future years into 2024/25 to help mitigate the lower than budgeted operating surplus this year. This means that the total borrowing for 2024/25 is now expected to be higher than when the Operational Boundary was set. There are no direct consequences of exceeding the Operational Boundary; it is intended as a warning to prompt a review of plans where necessary. We have remained within the Authorised Limit at all times.
- 3.4 On 19 December 2024 the managing Chief Finance Officer approved an increase to the investment limit for investment in London Treasury Liquidity Fund LP (LTLF) from £10m to £900m. This followed satisfactory delivery of the changes proposed under the GLA investment collaboration, as anticipated in TfL's TMS for 2024/25 and TfL's TMP approved by the Committee in March 2024, and noted and authorised at the meeting of the Committee on 11 July 2024. We started increasing our investment in LTLF from 6 January 2025, the date of collaboration go-live, and we have continued to invest proceeds from maturing arrangements on a weekly basis. We expect to continue investing until we reach a balance slightly below our investment limit for 2024/25 of up to £900m. We expect to be fully invested by April 2025 leaving around £400m to be managed directly by us.
- 3.5 On 6 January 2025 we began providing full back-office treasury services to the GLA's investment management subsidiary, London Treasury Limited. The back-office treasury function includes instructing high value bank payments and inter account transfers, settlement of financial investments and transactional and regulatory reporting.
- 3.6 Otherwise during the Reporting Period we have complied with each of the TfL TMS, the TfL TMP, the Derivatives Policy, the Places for London TMS and the Places for London TMP, each approved by the Committee on 8 March 2024. We have also complied with the GLA Responsible Investment Policy.
- 3.7 The TfL TMS, TMP and Derivatives Policy have been reviewed and updated along with the Places for London TMS and Places for London TMP and changes made to these are noted in section 10 of this paper.

4 Investment Update

- 4.1 During the period we began increasing our investment with LTLF. We plan to continue increasing our investment in LTLF until balances reach a level slightly below the counterparty investment limit, allowing for future growth in our investment without breaching limits. While we are investing regularly in LTLF we continue to manage the residual balance in accordance with our policies and strategies, prioritising short-term instruments to ensure adequate liquidity to meet TfL's ongoing payment requirements. Going forward we will continue to report the total makeup of the total investment portfolio, including our investment in LTLF and the funds that we manage locally.
- 4.2 The maximum duration of investments has remained at three months. The Bank of England reduced the base rate twice during the Reporting Period, from 5.00 per cent to 4.75 per cent on 7 November 2024 and from 4.75 per cent to 4.50 per cent on 6 February 2025.
- 4.3 Our investments remain short dated with 100 per cent maturing within two weeks. The weighted average maturity of investments over the Reporting Period decreased from 15 days to two days. The reduction in weighted average maturity reflects the increased investment in LTLF, 98 per cent of which is available for same day redemption.
- 4.4 The weighted average investment yield on 6 February 2025 was 4.75 per cent, 29 basis points higher than the Sterling Overnight Index Average benchmark for the same period.
- 4.5 As of 6 February 2025, we held a portfolio of investments as shown in Chart 1 below.

Chart 1 – Sector breakdown of TfL cash position on 6 February 2025



5 Risk Management Update

- 5.1 The level of floating rate borrowing, as a percentage of all borrowings outstanding, has increased over the Reporting Period, from 10.2 per cent to 11.2 per cent. The level of floating rate borrowing is monitored and will move according to cash flow needs, refinancings and the price and availability of floating rate debt. The increase during the Reporting Period is due to an increase in outstanding commercial paper (CP), to ensure sufficient liquidity. We remain comfortably within the maximum limit of 25 per cent set out in our TMS for 2024/25.
- 5.2 Although 11.2 per cent, or £1,516m, 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 (or fall) in interest rates on our floating rate debt is somewhat offset by a rise (or fall) in interest receivable from our investment portfolio.
- 5.3 We continue to manage foreign exchange and interest rate risk, using derivatives to hedge material exposures relating to investments, borrowing and commercial activities.

6 Borrowing Update

- 6.1 At the end of the Reporting Period, we had £13,554m in outstanding borrowing with an average tenor of around 18 years and a weighted average interest rate of 3.65 per cent. We remained within the Authorised Limit for borrowing of £14,657m for the Group at all times during the Reporting Period.
- 6.2 The outstanding borrowing of £13,554m is above the Operational Boundary of £13,457m as outlined above. This is an acceleration of borrowing only and the overall level of planned borrowing to 2027/28 remains the same as our 2024 TfL Business Plan. There are no direct consequences of exceeding the Operational Boundary; it is intended as a warning to prompt a review of plans where necessary.

GLA Green Finance Fund (GFF) loans

- 6.3 In December 2024 we entered into four new GFF borrowing facilities with the GLA for projects that support the Mayor's ambition for London to be net zero by 2030. The four new GFF facilities total £33.5m and are in relation to:
- (a) London Underground – small station LED upgrade (up to £19,022,118);
 - (b) TfL Road Network – LED upgrade to accelerate conversion of highway lighting (up to £8,829,583);
 - (c) 200 Buckingham Palace Road – sustainability upgrades (up to £4,400,000); and
 - (d) Neasden depot – environmental improvements and installation of low carbon technology (up to £1,251,000).

- 6.4 The funds under each of the above facilities were fully drawn in January 2025 for an eight year-tenor. The interest rate for the first three years is Gilts minus 15 basis points, and the interest rate for the remaining term is Gilts plus 60 basis points, representing a 20 to 95 basis point saving compared to the Public Works Loan Board (PWLB) Certainty Rate.
- 6.5 In January 2025 we also made the final drawdown of £16.8m under our GFF ULEZ facility with the GLA, with no further eligible spend expected to be incurred on the project. The interest rate is Gilts plus 60 basis points, representing a 20basis point saving compared to the PWLB Certainty Rate.
- 6.6 All of the above GFF borrowing forms part of our annual planned borrowing.

National Wealth Fund borrowing

- 6.7 On 27 September 2024 we drew the remaining £100m under our £300m National Wealth Fund (formerly UK Infrastructure Bank) loan agreement to support the DLR rolling stock replacement programme. The interest rate is Gilts plus 40 basis points, representing a 40 basis point saving compared to the PWLB Certainty Rate.

Remaining 2024/25 borrowing requirement

- 6.8 Based on the borrowing assumptions in our submission to the GLA Budget, we expect to have around £152m of borrowing left to undertake before the end of 2024/25. We will continue to monitor our borrowing options and will draw on the most appropriate borrowing source to meet our borrowing needs at the time.

7 Credit Ratings

- 7.1 Our credit ratings as at the end of the Reporting Period are shown in Table 1 below.

Table 1: TfL’s credit ratings as of 6 February 2025 (the end of the Reporting Period)

| | S&P | Moody’s | Fitch |
|--------------------------|---------------------------|----------------------------|-----------------------------|
| Long-term rating | AA- | A2 | AA- |
| Outlook | Stable | Stable | Stable |
| Short-term rating | A-1+ | P-1 | F1+ |
| Last update | 20 May 2024 (upgraded) | 15 July 2024 (upgraded) | 15 April 2024 (affirmed) |

- 7.2 We continued to engage with all three credit rating agencies during the Reporting Period. There have been no changes since our last update to the Committee.

8 Banking

- 8.1 We have been working with our banking provider HSBC and Places for London to implement an automated direct debit mandate process for new tenants. The Automated Direct Debit Instruction Service application is in the process of being

completed and will be returned to our sponsoring bank (HSBC) to implement the changes with an estimated go-live date in March 2025.

- 8.2 We have also been working with HSBC and our subsidiary London Transport Museum Limited (LTM) to implement an automated direct debit process within LTM's website. HSBC have assigned an Implementation Manager to oversee the project and LTM are currently in the process of procuring an accredited Bureau for their direct debit collections.
- 8.3 Our Treasury's Cash and Banking team are in discussions with HSBC to explore and maximise the benefits of Open Banking, a UK Government initiative that allows banks and financial institutions to securely share financial data with third-party providers using Application Programming Interfaces (APIs). Some of the areas that might benefit TfL is innovation around collecting income streams more quickly, making online payments simpler and securely using open banking apps or APIs.

9 Supplier Financial Risk Monitoring

- 9.1 We have been working with the Procurement and Commercial team to review how best to provide improved insight on supplier financial health and strengthen our enterprise risk management. Following the review, we are proposing to: (i) enhance monitoring of reported business activity and other market indices (for example share price and credit default swap moves); and (ii) complete regular detailed financial reviews of TfL and Places for London key suppliers to support relationship management. These activities will be completed by the Treasury team and we expect the new processes to be embedded by April 2025.
- 9.2 In tandem with this, the Procurement and Commercial team will increase focus on risk mitigation measures for high-risk suppliers as well as working more closely with project managers to help identify warning signals.

10 TfL Treasury Management Strategy and Policies

- 10.1 The updated Treasury Strategies and Policies from TfL and Places for London and the TfL Derivatives Policy are detailed in Appendices 1-5 with tracked changes from last year. The purpose of, and key changes to, each are noted below.

TfL Treasury Management Strategy 2025/26

- 10.2 This highlights the proposed strategies for investment, borrowing, liquidity and risk management for the financial year 2025/26, as well as proposed counterparty exposure limits. It sets out TfL's borrowing requirement for 2025/26.
- 10.3 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.
- 10.4 TfL's borrowing requirement for 2025/26 is expected to be £915m, excluding rolling CP. This amount consists of £595m maturing borrowing and £320m of incremental borrowing. We retain several options for refinancing during the year,

including capital markets transactions, the PWLB, the UK Infrastructure Bank, the GLA, other financial institutions and issuance under our CP programme. Figures in this paragraph are based on the latest available information. However, this is subject to change as the 2025/26 budgeting process progresses and we may revise these numbers keeping in view our cash needs and debt affordability.

- 10.5 We have been issuing CP in Euros and US Dollars since HM Treasury gave permission for us to do so in December 2023. This has been very successful and has enabled us to minimise our financing costs. While do not expect any immediate expansion of the permission provided by HM Treasury, we have updated the TMS to clarify that should further permissions be forthcoming in future, we may raise foreign currency borrowing in other currencies or via other instruments if this is beneficial at the time.

TfL Treasury Management Policies

- 10.6 This sets out our treasury management authorities and delegations.
- 10.7 We have included an additional requirement for the statutory Chief Finance Officer to be consulted ahead of any new long-term borrowing. This is in accordance with their position as the designated Section 127 officer under the Greater London Authority Act 1999, and their requirement to ensure all borrowing is affordable.
- 10.8 We have proposed an increase in the investment limit for LTLF from £900m to the higher of £1,000m, or 75 per cent of the total portfolio in line with the changes stated to our TMS.
- 10.9 There have been no further material changes to the TMP. 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 no material changes have been made. The proposed policy can be found with tracked changes in Appendix 3.

Places for London Limited Treasury Management Strategy

- 10.12 The Places for London TMS has been reviewed, and no material changes have been made. It has been provided with tracked changes in Appendix 4.

Places for London Limited Treasury Management Policies

- 10.13 The Places for London 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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TRANSPORT FOR LONDON

TREASURY MANAGEMENT STRATEGY ~~2024/25~~2025/26

1 SUMMARY

1.1 This Treasury Management Strategy (TMS) ~~2024/25~~2025/26 comprises the:

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

2 BACKGROUND

2.1 The TMS ~~2024/25~~2025/26 has been prepared having regard to the **Local Government Act 2003 and the Local Authorities (Capital Finance and Accounting) Regulations 2003 (as amended)**, as well as the key recommendations of:

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

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

2.3 All references to 'investments' in the TMS ~~2024/25~~2025/26 refer to investments held for treasury management purposes only and do not cover non-treasury or non-financial assets related investments.

3 POLICIES AND DELEGATIONS

3.1 The TMS ~~2024/25~~2025/26 will be implemented, operated and administered in accordance with the Treasury Management Policies and the TfL Group Policy Relating to the Use of Derivative Investments.

- 3.2 The arrangements for the implementation, execution, operation and administration of the TMS ~~2024/25~~2025/26, including the arrangements for banking, cash management, investment of cash balances, borrowing, liquidity management and financial risk management are delegated to the managing Chief Finance Officer¹, Director of Corporate Finance and Group Treasurer, with the exception of the matters specified in 3.3, provided no decision contravenes the TMS ~~2024/25~~2025/26, 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~~2025/26 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 for London), - Places for London's² 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 for London Treasury Management Strategy.

4 STRATEGIC OBJECTIVES

- 4.1 The objectives underpinning the TMS ~~2024/25~~2025/26 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;

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.

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~~£1,000m, or 75% of the total portfolio, 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~~copied for information.

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.
- 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.
- 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.

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~~2025/26~~ is expected to be approximately £717m~~915m~~, excluding rolling short-term commercial paper. This amount consists of £247m~~595m~~ maturing borrowing that we intend to refinance, and £470m~~320m~~ of new incremental borrowing.
- 6.4 In addition to the expected TfL borrowing, Places for London may raise its own borrowing to meet its capital requirements. This funding would be non-recourse to TfL and is included in the Places for London Treasury Management Strategy and Policies.
- 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.
- 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.
- 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.
- 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~~2025/26~~ financial year, in order to mitigate interest rate risk related to future borrowing requirements.
- 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 for London) 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 for London will aim to hold sufficient cash and short-term investments as set out in the Places for London 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.
- 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.

Annex 1 ~~– Included for Information:~~ London Treasury Liquidity Fund

Investment Strategy ~~2024-25, 2025-26~~ (Draft Pending LPAC Approval on 28 Feb 2025)

1. Background

1.1. This document sets out the investment strategy for the London Treasury Liquidity Fund (LTLF) for the financial year ~~2024-25, 2025-26~~.

~~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

2.1. 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 <u>core balance</u> - | 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-

*Measured as a seven-day rolling average

2.2. LTLF has the following objectives and risk profile:

Security of Capital

The portfolio 95% VaR (value at risk) should not exceed 2%.

The VaR will be assessed at least semi-annually using appropriate professional advice.

Liquidity

LTLF aims to meet all properly constituted withdrawal/redemption requests from its Limited Partners.-

Yield-

LTLF targets a net return, after fees and expenses, of at least SONIA + 40 bps over a rolling three-year period.-

This yield target is used as the comparator benchmark for LTLF's performance assessment and analysis.

3. Counterparty and Investment Limits-

~~1.0.3.1.~~ Table 1 sets out the range of specified and non-specified investments permitted by for LTLF. Specified and non-specified investments are as defined in the Statutory Guidance on Local Government Investments issued by the Department for Levelling Up, Ministry of Housing and Communities (DLUHC) and Local Government under the Local Government Act 2003.-

The following key applies:-

S = Specified (These are sterling investments with high credit quality (see Table 3) 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 lower risk assets where the possibility of loss of principal or investment income is deemed negligible. The instruments and associated credit criteria to be used are set out in the table below.) Table 1.)

NS = Non-Specified (Non-specified investments are any other type of investment that do not meet the criteria to be specified investments. They normally offer the prospect of higher returns but carry a higher risk.)-

~~3.0.3.2.~~ LTLF will make best efforts to maintain at least 50% of all investments (or underlying investments) in the form of Specified Investments. 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.- <ul style="list-style-type: none"> • 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 explicitly guaranteed by IG entity or sovereign national government meeting acceptable sovereign ratings per Table 2- | S- <u>(NS if not denominated in sterling)</u> | NS- | Aggregate 100%, individual limits determined by Table 5- |
| Money Market Funds- | Fitch AAA _{mmf} or <u>above-</u> <u>See Table 3 for equivalent</u> equivalent from other agencies- <u>per Table 3</u> - Daily liquidity- | S- | N/A- | 100%- - Not more than 20% per <u>money market fund-</u> |
| 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} - | NS- | NS- | 20%- |

| 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)- |
|---|---|--|---|--|
| | or equivalent from other agencies per Table 3- - AND- - Issuer rated Fitch A- or above- or equivalent from other agencies per Table 3- | | | |
| Repurchase Agreements (Repo)- | Counterparty meets senior unsecured <u>debt</u> criteria AND proposed collateral (<u>Minimin.</u> 100%) itself meets permitted investment criteria- - OR- - Collateralisation is >102% with UK Gilts <u>for</u> T-Bills- | S – UK <u>gilts</u> <u>Gilts</u> or T-Bills AND- counterparty meets senior unsecured <u>debt</u> criteria- - NS – other- | <i>Not permitted-</i> | S – 100%- - NS – 20%, and not more than 10% with counterparties not meeting senior unsecured <u>debt</u> criteria- |
| Senior UK Prime or Buy-to-Let Residential Mortgage-Backed Securities (RMBS)- | <u>Bond rating Fitch AA+_{sf} or above- or equivalent from other agencies per Table 3- See Section 5</u> | NS- | NS- | 35%- |
| Medium-Term Strategic Lending- | See Section 5-6 | NS- | NS- | 5%- |
| Other Strategic Investments- | See Section 6-7 | NS- | NS- | 10%- |

4.3.3. LTLF's assets under management ("AUM") can vary in the short-term as its Limited Partners depositsubscribe and withdrawredeem 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~~cashflows 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~~cashflows 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 Investment Limits-

4.4.1. 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-

| <u>Max. Maximum</u> Aggregate - Exposure (%) | <u>Fitch-</u> Sovereign Rating- | <u>Moody's S&P-</u> Sovereign Rating- | <u>S&P</u> Moody's Sovereign Rating- |
|--|---------------------------------------|---|--|
| 25- | AAA- | AAA -Aaa | Aaa- AAA |
| 15- | AA+ | AA+ -Aa1 | Aa1- AA+ |
| 5- | A- | A -A2 | 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 LTLF's portfolio manager-managers.

2.4.2. 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)- | |
| <u>AA_{sf}</u> | | <u>Aa2 (sf)</u> | | <u>AA (sf)</u> | |
| 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- | |

-

3.4.3. For core liquidity investments, lower ratings are balanced by higher ones in order to maintain an overall 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~~The PCF must remain below 5 and no single instrument may exceed a credit factor of 10.-

Table 4 – Credit Factors-

Credit Factors based on Credit/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- |

4.4.4. 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.-

5.4.5. Exposure limits to individual counterparties are determined by the colour bands assigned under the Colour Banding Methodology supplied by [MUFG Corporate Markets \(previously known as Link AssetTreasury Services-\)](#).

Table 5 – Concentration Limits-

| Cash Exposure Limits – appliedApplied to individual counterpartiesIndividual Counterparties | | |
|--|-------------------|--------------------|
| Band- | Overnight- | > 1 day- |
| UK Sovereign (see 4.7)- | 100%- | 100%- |
| UK Local Authorities (see 4.7) 8) | 10%- | 10%- |
| Yellow- | 20%- | 20%- |
| Purple- | 20%- | 15%- |
| Orange- | 15%- | 15%- |
| Red- | 15%- | 10%- |
| Green- | 10%- | 5%- |
| No Colour- | 5%- | 5%- |

~~6.4.6.~~ The bands above are calculated based on a range of credit ratings data, including published rating watches and outlooks.-

~~4.7.~~ 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.

~~7.4.8.~~ Notwithstanding their UK Sovereign status, Local Authorities' ~~cash-~~
~~flows~~cashflows 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. Residential Mortgage-Backed Securities (RMBS)

~~5.1.~~ As set out in paragraph 2.1, up to 35% of LTLF's investment portfolio may be invested in RMBS.

~~5.2.~~ Except as set out in paragraph 5.3, the RMBS allocation is to be invested in Senior UK Prime or Buy-to-Let RMBS with a Fitch credit rating of AA⁺_{sf} or above (or equivalent rating from other agencies per Table 3).

~~5.3.~~ The RMBS allocation may also be invested in higher yielding Senior or Second-Pay UK Prime or Buy-to-Let RMBS with a Fitch credit rating of AA_{sf} (or equivalent rating from other agencies per Table 3) provided that the total investment in the higher-yielding AA_{sf} rated RMBS does not exceed 5% of LTLF's investment portfolio.

~~5.4.~~ The expected WAL of the RMBS portfolio will not exceed 3.5 years.

5.6. Medium-Term Strategic Lending-

4.6.1. Medium-term strategic lending is a portfolio of individual lending or financing transactions seeking to earn higher returns than the core liquidity or RMBS assetsportfolios but with a low risk of capital impairment, as assessed by the portfolio manager. The portfolio focusses on individual direct transactions, but fund investments with a similar strategy may also be used.

2.6.2. 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- |

3.0.6.3. The expected WAL of medium-term strategic lending will not exceed five5 years.-

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

6.7. Long-Term Core Balance – Other Strategic Investments-

1.0.7.1. 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- |
|------------------------|-----------------|

2.0.7.2. 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 paragraph 2.2 above.

3.0.7.3. 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 Alternative investment strategies, other debt and equity (public and private)- | < 50% of other strategic investments allocation- |

4.0.7.4. LTLF will not directly hold land or property.-

5.0.7.5. While the other strategic investments allocation is made up of ~~medium~~ 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- |
|--|--|

6.0.7.6. London Treasury Limited (LTL) may seek the approval of the Alternative Investment Fund Manager (AIFM) and ~~the Limited Partners' Advisory Committee~~ (LPAC) of LTLF in relation to new investment opportunities under the ~~medium-term strategic lending and~~ other strategic investments ~~allocation~~allocations, where such new investment opportunities are in a new fund or in a new product (~~therefer to~~ Reserved Investment Decisions)- ~~in the amended and restated limited partnership agreement~~).

7.8. Hedging-

8.1. ~~Core liquidity investments may be made in foreign currency, provided that the net return after the cost of hedging exceeds or matches investments of equivalent duration with counterparties of similar quality issued in sterling and that the investment provides useful diversification. Such investments must always be fully hedged into sterling as soon as practicable to reduce the risk of crystallised losses from short-term currency movements.~~

~~1.0.8.2.~~ 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 LTLFLTL after consultation with the LPAC.-

~~2.0.8.3.~~ AnyLTLF's 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.-

~~3.0.8.4.~~ The denomination of Limited Partners' investment in LTLF will always be sterling.-

8.9. Investment Limit Exceptions-

~~1.0.9.1.~~ 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.-

~~2.0.9.2.~~ 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).-

9.10. Environmental Social and Governance (ESG) Considerations-

~~1.0.10.1.~~ LTLF's investment portfolio will be is managed in accordance with the GLA Group Responsible Investment Policy.-

10.2. LTLF will monitor and report annually on the ESG status and impact of its investments and counterparties.

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TRANSPORT FOR LONDON

TREASURY MANAGEMENT POLICIES

TREASURY MANAGEMENT POLICIES

1 BACKGROUND

- 1.1 This document has been prepared having regard to the Local Government Act 2003 and the Local Authorities (Capital Finance and Accounting) Regulations 2003 (as amended), as well as the key recommendations of:
- (i) the Code of Practice and Cross-Sectoral Guidance Notes for Treasury Management in the Public Services (the 'Treasury Management Code') issued by the Chartered Institute of Public Finance & Accountancy (CIPFA) and last updated in 2021;
 - (ii) the Prudential Code for Capital Finance in Local Authorities (the 'Prudential Code') issued by CIPFA and last updated in 2021; and
 - (iii) the Statutory Guidance on Local Government Investments (the 'Investments Guidance') issued by the ~~Department for Levelling Up, Housing and Communities (DLUHC)~~, formerly the Ministry of Housing, Communities and Local Government, (MHCLG), and last updated in 2018, with respect to treasury investments.
- 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.
- 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.

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.

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.

2.8 Under section 13(1) of the Local Government Act 2003, TfL (the local authority) may not charge any of its property as security for money which it has borrowed or

which it otherwise owes. All money borrowed by TfL (the local authority) shall be charged indifferently on all revenues of the authority. TfL subsidiaries however may charge their property as security for money which they borrow or otherwise owe, pursuant to Section 4 of the Transport for London Act 2016¹.

2.9 Where TfL is issuing new debt, or refinancing existing debt, it may be necessary or commercially desirable to draw the new debt prior to the repayment of the debt being refinanced, which may result in a temporary increase in liabilities above the planned incremental borrowing for the year. This is permitted, provided the position is temporary and TfL remains within the Authorised Limit at all times (ie. it reflects the temporary utilisation of headroom between the planned incremental borrowing and the legal limit on TfL’s liabilities).

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.

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+ A | | F1 | |
| P-2 | A3 Baa1 Baa2 | A-2 | A- BBB+ | F2 | A- BBB+ BBB | 60 |
| P-3 | Baa2 Baa3 | A-3 | BBB BBB- | F3 | BBB BBB- | 0 |
| UK Sovereign | | | | | | Unlimited |

- 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 TfL's exposure limit for London Treasury Liquidity Fund LP (LTLF) is set at £10m. Following the satisfactory delivery, the higher of £1,000m; or 75 per cent 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.~~ total portfolio. Annex 1 of the Treasury Management Strategy contains the latest approved Investment Strategy of LTLF for 2024/25-2025/26.
- 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.

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.
- 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 Officers² will be notified of any material changes in the usage of short-term sources of liquidity.

TREASURY MANAGEMENT AUTHORITIES AND DELEGATIONS

3 RESPONSIBLE OFFICERS

- 3.1 The Treasury Management Policies will apply to TfL and all its subsidiaries, save in respect of the matters specified in 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.
- 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.
- 3.3 The managing Chief Finance Officer is responsible for advising the Finance Committee on investments, borrowing, derivatives, financial risk management, capital financing and also for the establishment and operation of banking arrangements necessary for the TfL Group business. On an operational basis, this will be discharged through the Director of Corporate Finance and the Group Treasurer.
- 3.4 The statutory Chief Finance Officer is responsible for ensuring the execution of the Treasury Management Policies, as the designated Section 127 officer under the Greater London Authority Act 1999. On an operational basis, this will be discharged through the Director of Corporate Finance and the Group Treasurer.
- 3.5 The Director of Corporate Finance, the Group Treasurer and Treasury officers will implement, execute, operate and administer the TMS.
- 3.6 The arrangements for the implementation, execution, operation and administration of the TMS, including the arrangements for banking, cash management, investment of cash balances, borrowing, liquidity management and financial risk management are delegated to the managing Chief Finance Officer, Director of Corporate Finance and Group Treasurer, provided no decision contravenes the TMS, the Treasury Management Policies or the TfL Group Policy Relating to the Use of Derivative Investments. Subject as otherwise provided for in the TMS, the

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.

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~~and the statutory Chief Finance Officer are (together) authorised to jointly approve, notwithstanding the value of the borrowing, any new borrowings (subject to this falling within TfL's Authorised Limit). ~~The~~Any of the managing Chief Finance Officer, Statutory Chief Finance Officer, Director of Corporate Finance or the Group Treasurer ~~is~~are (individually) 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. The statutory Chief Finance Officer will be consulted ahead of any new borrowings of over 12 months in tenor in recognition of their responsibility to ensure all borrowing is affordable.
- 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 and the statutory Chief Finance Officer (together) may jointly 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.
- 5.3 The managing Chief Finance Officer or Director of Corporate Finance or Group Treasurer will approve investment and derivative counterparties.

6 BANKING

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

TREASURY MANAGEMENT PRACTICES (TMPs)

7 TREASURY RISK MANAGEMENT – TMP1

- 7.1 The Director of Corporate Finance and/or the Group Treasurer will:
- (a) design, implement and monitor all arrangements for the identification, management and control of treasury management risk;

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

8 PERFORMANCE MEASUREMENT – TMP2

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

9 DECISION-MAKING AND ANALYSIS – TMP3

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

10 APPROVED INSTRUMENTS, METHODS AND TECHNIQUES – TMP4

- 10.1 TfL will undertake its treasury management activities by employing recognised and approved instruments, methods and techniques and within the limits and parameters defined in its policies and practices.
- 10.2 Where TfL uses derivative instruments for the management of risks, these will be approved in accordance with the TfL Group Policy Relating to the use of Derivative Investments.
- 10.3 TfL and relevant subsidiaries intend to maintain their classification as professional clients with financial institutions under MiFID II in respect of all products and services that they receive.
- 10.4 All decisions on capital/project financing, borrowing, investment and derivatives will be made in accordance with TfL Standing Orders and relevant policies and strategies.

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

- 11.1 TfL considers it essential, for the purposes of effective control and monitoring of its treasury management activities, for the pursuit of optimum performance, and for the reduction of the risk of fraud or error, that activities are structured and managed in a fully integrated manner, and that there is at all times clarity of treasury management responsibilities.
- 11.2 The principle on which this will be based is a clear distinction between those charged with setting Treasury Management Policies and those charged with

implementing and controlling these policies, particularly with regard to the execution and transmission of funds, the recording and administering of treasury management decisions, and the audit and review of the treasury management function.

11.3 If for any reason there is intended to be or has been any departure from these principles, the Director of Corporate Finance and/or the Group Treasurer will ensure that the reasons are properly reported in accordance with TMP6 Reporting requirements and management information arrangements (below), and the implications properly considered and evaluated.

11.4 The Director of Corporate Finance and/or the Group Treasurer will ensure that there are clear lines of responsibilities, objectives and guidance for each post engaged in treasury management, and arrangements are in place for absence cover. The Director of Corporate Finance and/or the Group Treasurer will also ensure at all times those engaged in treasury management will follow the policies and procedures set out.

11.5 The Director of Corporate Finance and/or the Group Treasurer will ensure all transactions are recorded, and that procedures exist for the effective transmission of funds. The Director of Corporate Finance and/or the Group Treasurer will fulfil all such responsibilities in accordance with TfL's Treasury Management Policy Statement and Treasury Management Practices.

12 REPORTING REQUIREMENTS AND MANAGEMENT INFORMATION ARRANGEMENTS – TMP6

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

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

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

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

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

managing Chief Finance Officer, it must be reported to the Finance Committee as soon as practicable.

13 BUDGETING, ACCOUNTING AND AUDIT ARRANGEMENTS – TMP7

- 13.1 The Director of Corporate Finance and/or the Group Treasurer will prepare and, if necessary, from time to time will amend, an annual budget for treasury management, which will bring together all of the costs involved in running the treasury management function, together with associated income.
- 13.2 TfL will account for its treasury management activities, for decisions made and transactions executed, in accordance with accounting practices and standards, and with statutory and regulatory requirements in force for the time being.
- 13.3 TfL will ensure that its auditors, and those charged with regulatory review, have access to all information, and papers supporting the activities of the treasury management function for the proper fulfilment of their roles, and that such information and papers demonstrate compliance with external and internal policies and practices.
- 13.4 The Audit and Assurance Committee will have responsibility for the scrutiny of Treasury Management Policies and this responsibility will be discharged through its regular scrutiny of the reports received from internal audit.

14 CASH AND CASH FLOW MANAGEMENT – TMP8

- 14.1 Unless statutory or regulatory requirements demand otherwise, all monies (with the exception of LTIG, 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.

15 MONEY LAUNDERING – TMP9

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

16 TRAINING AND QUALIFICATIONS – TMP10

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

17 USE OF EXTERNAL SERVICE PROVIDERS – TMP11

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

18 CORPORATE GOVERNANCE – TMP12

18.1 TfL is committed to the pursuit of proper corporate governance throughout its businesses and services, and to establishing the principles and practices by which this can be achieved. Accordingly, the treasury management function and its activities will be undertaken with openness and transparency, honesty, integrity and accountability.

18.2 TfL has adopted and implemented the key principles and recommendations of the Treasury Management Code. This document is considered vital to the achievement of proper corporate governance in treasury management. The Director of Corporate Finance and the Group Treasurer will monitor and, if and when necessary, report upon the effectiveness of these arrangements.

TRANSPORT FOR LONDON GROUP

TFL GROUP POLICY RELATING TO THE USE OF DERIVATIVE INVESTMENTS

1 INTRODUCTION

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

2 USE OF POWERS OF DERIVATIVE INVESTMENTS

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

3 RESTRICTIONS ON THE POWERS TO ENTER INTO DERIVATIVE INVESTMENTS

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

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

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

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

4 CORPORATE GOVERNANCE

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

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

5 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.

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.

Table 1 – Derivative investments counterparty exposure limits

| Moody's | | Standard & Poor's | | Fitch | | Derivative limit per counterparty (£m) |
|---------|------|-------------------|------|-------|------|--|
| ST | LT | ST | LT | ST | LT | |
| P-1 | Aaa | A-1+ | AAA | F1+ | AAA | 180 |
| | Aa1 | | AA+ | | AA+ | 172.5 |
| | Aa2 | | AA | | AA | 165 |
| | Aa3 | | AA- | | AA- | 157.5 |
| | A1 | | | | A+ | 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 2025⁴/25-6⁶. 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

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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Places for London Limited

TREASURY MANAGEMENT STRATEGY

1 BORROWING STRATEGY

- 1.1 Places for London Limited (Places for London) has an indicative borrowing requirement of ~~up to £50m in 2024/25~~ around £71m in 2025/26, subject to phasing of its capital programme.
- 1.2 Places for London 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 for London 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 for London Treasury Management Strategy, the Places for London Treasury Management Policies, the TfL Treasury Management Policies, and the TfL Treasury Management Strategy.
- 2.2 Places for London 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 for London may invest cash balances in fixed deposits with its clearing bank. There will be no restriction on the amount of cash Places for London can hold with its clearing bank although investments will be diversified as soon as practicable within the bounds of this Strategy.
- 2.4 Places for London 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 for London counterparty exposures will be considered and recorded separately, such that an investment by TfL will not impact how much Places for London can invest in any permitted counterparty, and vice versa.

3 LIQUIDITY STRATEGY

- 3.1 Places for London will regularly produce a ~~detailed 12-week cash forecast, showing liquidity movements. Places, in addition, will also produce a longer term~~ cashflow forecast of at least 18 months, showing ~~the~~ liquidity movements and liquidity sources and uses, including highlighting uses that represent funding commitments to any Joint Ventures.
- 3.2 Places for London will aim to hold a minimum balance of cash and short-term investments of £10m.

4 **BANKING AND CASH MANAGEMENT**

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

Places for London Limited

TREASURY MANAGEMENT POLICIES

1 BACKGROUND

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

2 LIQUIDITY

- 2.1 Places for London will produce each period a cash flow forecast that will show liquidity demand each period over at least the next 18 months. Places for London 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.
- 2.2 For prudent financial management purposes, Places for London will aim to maintain a minimum level of cash reserves of £10m. Cash reserves include cash and short-term investments.
- 2.3 Actual cash balances fluctuate on a daily basis and could temporarily fall below the minimum requirement. In this event, an assessment will be made as to whether any action is required by the Director of Corporate Finance and/or the Group Treasurer to address such temporary fluctuations, taking into account any undrawn credit facilities and forecast cash movements.
- 2.4 The statutory and managing Chief Finance Officers¹ will be notified of any expected material liquidity issues.

3 BORROWING

- 3.1 Subject to and in accordance with paragraph 3.3 and/or 3.4 Places for London can enter into borrowing facilities and drawdown borrowings provided this is without recourse to TfL.

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 for London 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 for London- or the Chief Finance Officer Places for London 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 for London, Chief Finance Officer Places for London, 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 for London, Chief Finance Officer Places for London 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 for London 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 for London 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 for London with specimen signatures;
 - (b) open further accounts for and on behalf of Places for London 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 for London the terms of any facility or service provided by the financial institutions including but not limited to general banking services, bonds, guarantees and credit limits.

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

6 RESPONSIBLE OFFICERS

6.1 The Places for London Treasury Management Policies will apply to Places for London. The Places for London 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 for London Finance team.

6.2 The Chief Finance Officer Places for London 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.

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

6.4 The Chief Finance Officer Places for London will be responsible for advising the managing Chief Finance Officer of TfL that Places for London is in full compliance with all of the Places for London Treasury Management Policies. The managing Chief Finance Officer is responsible for ensuring that Places for London is in compliance with the Places for London Treasury Management Policies and updating the TfL Finance Committee accordingly. In practice the Finance Committee will be updated by the Director of Corporate Finance or the Group Treasurer.

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

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

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

7 TREASURY MANAGEMENT PRACTICES

Treasury Management Reporting

7.1 The following reports will be produced

- (i) an annual report to the Finance Committee on the Places for London Treasury Management Strategy for the coming year and;
- (ii) a monthlyperiodic cash flow report to the Chief Finance Officer Places for London and to the Director of Corporate Finance and Group Treasurer that will show liquidity demand for at least the next 18 months by month-period.

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: 26 February 2025

Item: Investment Management Strategy 2025/26 – Non-Financial Assets

This paper will be considered in public

1 Summary

- 1.1 This paper sets out the proposed Investment Management Strategy 2025/26 – Non-Financial Assets (the Strategy) attached at Appendix 1 to this paper marked to show the changes proposed to the current version.
- 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 Recommendation

- 2.1 **The Committee is asked to note the paper and approve the Investment Management Strategy 2025/26 – 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 Strategy sits alongside TfL's Treasury Management Strategy, which is included as a separate item on the agenda. The statutory guidance recommends that the Strategy should be presented for approval before the start of the financial year.
- 3.2 As this Strategy applies across TfL, its approval is within the remit of this Committee, rather than the Land and Property Committee.
- 3.3 This is an annual update of an existing strategy which was approved by the Committee in March 2024. The proposed Strategy has been updated to reflect the latest developments. The content of the proposed Strategy that is relevant to Places for London has been aligned to the Places for London Investment Strategy last approved by the Land and Property Committee in March 2023. It is planned that the Places for London Investment Strategy will be updated and submitted for approval by the Land and Property Committee at its meeting in March 2025. If that updated Places for London Investment Strategy is

materially different to this Strategy, we will update this Strategy and seek the Committee's approval to the updated version at the next available meeting. Statutory guidance requires that this Strategy be approved at least once each year. Going forward, we will work with Places for London to ensure alignment between the content and approval processes for this Strategy and the Places for London Investment Strategy, as previously requested by Members. The commercial strategies of TfL which form part of the Strategy, primarily relating to Digital Media and Telecommunications, have been updated to reflect the latest developments.

- 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 Loan 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 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. The Strategy is consistent with these requirements.

List of appendices to this report:

Appendix 1: Investment Management Strategy 2025/26 – Non-Financial Assets

List of Background Papers:

None

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Email: Paul.Mason@tfl.gov.uk

TRANSPORT FOR LONDON

INVESTMENT MANAGEMENT STRATEGY ~~2024/25~~2025/26 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~~2025/26 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 for London); 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~~2025/26 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~~Government~~ 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~~2025/26 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~~ owns one of London's largest landowners, owning over 5,660,500 acres of ~~freehold~~ land ~~and a further 362 acres leasehold~~ across the capital. 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~~ 2025/26 for Places for London, which guide future financial decision making, support investment management processes and risk management activities, are:
- (i) deliver an enhanced financial return to TfL to support reinvestment, 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~~ 2025/26 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 the financial capacity of TfL and support the generation of long-term cash flows; and
 - ~~(iii)~~ (ii) confirm compliance with paragraphs 51 to 53 of the Prudential Code.

4 INVESTMENT PROGRAMME

- 4.1 The IMS ~~2024/25~~2025/26 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 for London business plan and investment strategy.
- 4.3 As TfL's commercial property company, Places for London will be the delivery vehicle for items 1 ~~to 4, 2, 3 and 6~~ in the table below. Items 4 and 5 ~~and 6~~ are delivered by ~~the operational businesses of TfL~~.

Table 1 – Main programmes of capital expenditure ~~2023/24~~2024/25 to ~~2032/33~~2033/34

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

Places for London

- 4.4 The Places for London 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:

Residential

- 4.5 One of Places for London's primary objectives is to deliver thousands of homes over the next ten years, with a target of 50 per cent affordable housing.
- 4.6 Places for London's 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' or Purpose Built Student Accommodation (PBSA) 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 or PBSA schemes will provide access to a long-term, low risk income stream.

4.7 Places for London's' largest and most valuable development site remains Earls Court. Places for London 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 2026. The Earls Court development will deliver around 4,000 homes.

Enhancing the existing Commercial Property Estate

4.54.8 Places for London's' 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.

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

4.74.10 Our arches portfolio extends to 800850 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~~. Several key arch estates have been identified for repurposing and redevelopment.

4.84.11 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.

4.94.12 The car park portfolio covers 7879 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.

4.104.13 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.

4.114.14 Places for London 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

~~4.121.1 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 for London is investing to deliver ~~600,000 square feet of~~ new offices developments by utilising over-station-development locations at Bank, ~~and Paddington and Southwark. These will be, with the potential to add further sites to this portfolio,~~ 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. Places for London entered into a new joint venture partnership with Fastned in 2024, to deliver multiple electric vehicle charging hubs across TfL's estate and beyond.~~ This represents an important emerging sector, with the potential to utilise existing land holdings to support London's net zero transition ~~alongwhilest also~~ 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~~has now awarded new contracts 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 will start in April 2025. Both contracts have been awarded to the current incumbents (Global for the Rail contract and JCDecaux for the Bus Shelter contract) and include~~ significant capital investment in the digital advertising assets as part of a cyclical upgrade and refresh. ~~We will~~Global and JCDecaux have also ~~be looking~~been encouraged 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~~expect to exceed~~ pre-pandemic income levels in 2025/26. 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 for London 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 for London'~~as~~ committed £200m revolving credit facility. There is no funding requirement from Tfl.
- 5.2 Land sales will in the main be generated from selling land into development 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 for London property portfolio as well as income-generating assets that are

considered to have weak long-term income prospects. ~~These~~The identification of these assets ~~are in the~~is a continuous process ~~of being identified and they are~~ 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~~accordingly.

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~~limits 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 for London 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 for London 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 [for London](#) will ensure funding requirements are conservatively assessed in each case and will not progress schemes unless funding sources confirmed.
- 6.5 Places [for London](#) 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 [for London](#) 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 [for London](#) as set out in 6.5 above.
- 6.10 Places [for London](#) will continue to work closely with the Land and Property Committee, which gives strategic guidance and direction.
- 6.11 Governance structures for Places [for London](#) 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 Places for London follows an Investment Strategy, approved by the Land and Property Committee, setting out the scope of investments and return hurdles.

Subject to meeting security and liquidity requirements, yields and returns on capital ~~investment~~ will drive all investment decisions.

~~7.17.2~~ Specific key performance indicators will be used by TfL Places for London to assess and monitor investments. ~~These metrics were endorsed by the Land and Property Committee in March 2023 and~~ Performance of key investments will be reviewed at least annually, reported to the Land and Property Committee Quarterly.

~~(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

7.3 TfL will use industry benchmarks in our Bus shelter and Rail and Underground advertising contracts to incentivise our advertising partners to drive gross revenues which in turn will increase TfL revenues.

7.4 TfL will use performance indicators relating to media and telecommunications as set out during its 2024 Business Planning process.

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 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 rationalise TfL's existing office facilities and estate. | Will provide a long-term income stream from assets. Station environment enhancement. Create options for new, high quality TfL head offices in attractive locations. |

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 <u>Upgrade</u> 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. |

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Finance Committee

Date: 26 February 2025

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 2024/25 taxi (black cab) fares and tariffs review and seeks approval of proposals for taxi fares and tariffs.
- 1.2 This paper concerns only taxi (black cab) fares and tariffs; private hire fares are not regulated by Transport for London (TfL).

2 Recommendations

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

- (a) increasing the minimum fare by 40 pence to £4.20;
- (b) increasing Tariffs 1, 2 and 3 by 5.05 per cent;
- (c) keeping the Tariff 4 rates the same as the Tariff 2 rates;
- (d) reducing the Heathrow extra, which taxi drivers can add to the fare when picking up a passenger from one of the taxi ranks at Heathrow Airport, from £2.00 to £1.60;
- (e) increasing the Heathrow drop off charge from £5.20 to £6.00;
- (f) increasing the fixed-fares for shared-taxis from the All England Lawn Tennis Club (AELTC) to central London by £1.50;
- (g) amending some of the authorised places (as set out in Appendix 8) where the fixed-fare, shared-taxi scheme operates from during the Wimbledon Tennis Championships; and
- (h) extending one of the areas (as set out in Appendix 8) covered by the fixed-fare, shared-taxi scheme that operates during the Wimbledon Tennis Championships.

3 Background

- 3.1 Taxi and private hire services in London are licensed and regulated by 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 | <ul style="list-style-type: none"> • Monday to Friday between 05:00-20:00 |
| Tariff 2 | <ul style="list-style-type: none"> • Monday to Friday between 20:00-22:00 • Saturday and Sunday between 05:00-22:00 |
| Tariff 3 | <ul style="list-style-type: none"> • Every night between 22:00-05:00 • Public holidays |
| Tariff 4 | <ul style="list-style-type: none"> • At all times for journeys over six miles |

4 Reviewing taxi fares and tariffs

- 4.1 When considering changes to taxi fares and tariffs, we seek 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 described below to inform proposals for 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 the Cost Index shows to the costs of being a taxi driver in London along with the need for fares and tariffs 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 within the London taxi industry, including the [Knowledge of London](#) and [Conditions of Fitness for taxi vehicles](#); and
 - (e) comply with the public sector equality duty under section 149 of the Equality Act 2010 and 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. cost of zero

emission capable taxis, vehicle parts, tyres, servicing, fuel, insurance, etc); and

(b) **average national earnings:** This is the labour cost element of the Cost Index. It is based on data published by the Office for National Statistics (ONS) and is included to maintain drivers' net earnings growth in line with average national earnings growth.

5.2 Although lower than the 2023/24 figure, the 2024/25 total Cost Index figure is still relatively high. The increase in taxi drivers' operating costs included an increase in vehicle costs and another large increase in insurance costs.

5.3 At its meeting in March 2024, the Committee requested that costs for home charging be added to the Cost Index. The Cost Index has been updated and now includes costs for both home charging and rapid charging.

5.4 The Committee also asked us to consider other sources of information for electric vehicle charging costs. The Automobile Association (AA) has started to publish monthly electric vehicle charging costs¹ and we are now using the AA's figures in the Cost Index for electric vehicle charging costs.

5.5 Changes to most of the components in the Cost Index are informed by data from the ONS and TfL data. Figures for vehicle costs are taken from the vehicle manufacturers. Figures for diesel and petrol are normally taken from the AA fuel reports, this is temporarily suspended for improvements and so the Fleet News fuel report (<https://www.fleetnews.co.uk/costs/fuel-prices/>) was used instead.

5.6 The Cost Index figures since 2018/19 are shown in the table below. The full Cost Index is set out in Appendix 1.

| | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 |
|--------------------------------|---------------|---------------|---------------|---------------|----------------|---------------|---------------|
| Taxi drivers' operating costs | +2.30% | +2.00% | +0.58% | +1.00% | +7.61% | +5.20% | +4.17% |
| Average national earnings | +1.30% | +2.15% | -0.58% | +4.80% | +4.02% | +3.72% | +3.31% |
| Total Cost Index figure | +3.60% | +4.16% | -0.01% | +5.80% | +11.64% | +8.92% | +7.48% |

6 Taxi fares and tariffs consultation

6.1 Our consultation on potential changes to taxi fares and tariffs opened on 21 October and closed on 2 December 2024.² 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

¹ AA monthly recharge report, <https://www.theaa.com/about-us/newsroom/aa-monthly-ev-recharge-reports>

² Review of taxi (black cab) fares and tariffs in London 2024, TfL consultation <https://haveyoursay.tfl.gov.uk/taxi-fares-review-2024>

figures.³ We also produced an Easy Read version of the consultation material and consultation questions, and a British Sign Language video. An option to translate the consultation pages into other languages was also included on the consultation webpage.

- 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 1,313 responses to the consultation. A summary of the consultation responses is set out in Appendix 2. A summary of the stakeholder responses is set out in Appendix 3.
- 6.4 At its meeting in March 2024, the Committee asked for consideration to be given to verifying which groups responses were from. We have looked into whether we could verify who responses are from but this is not feasible as:
- (a) responses can be submitted anonymously by email, post or phone;
 - (b) requiring respondents to provide additional information about themselves may deter some people from responding as they may not want to share some information or may have concerns about why this information is being asked for or how it will be used;
 - (c) we want it to be as easy and accessible as possible to submit a response to TfL consultations but adding in extra checks or requiring additional information could make it harder to submit a response;
 - (d) there is no practical way to verify whether someone is a taxi user or non-taxi user; and
 - (e) we want to encourage as many people as possible to respond to the consultation and for them to feel confident that they can comment openly and honestly on what is being proposed.
- 6.5 When reviewing the responses to the consultation and considering recommendations to the Committee we have taken the matters listed below into consideration; the Committee should also have these matters in mind when making its decisions on the recommendations above:
- (a) all of the consultation responses received, including from different groups;
 - (b) that there is a risk that some respondents may have accidentally or deliberately chosen a different respondent type;

³ Review of taxi (black cab) fares and tariffs in London 2024, consultation documents, <https://haveyoursay.tfl.gov.uk/36361/widgets/106528/documents/>

- (c) the equality and other impacts on people with protected characteristics if taxi fares and tariffs are increased;
- (d) the Department for Transport (DfT) Statutory Taxi and Private Hire Standards and the impacts on children and vulnerable adults if taxi fares and tariffs are increased;
- (e) the issues raised in response to the consultation;
- (f) the ongoing decline in the number of licensed taxis and taxi drivers; and
- (g) the responses from stakeholders.

Consultation proposals and questions

6.6 The table below lists the items covered in the consultation.

| Item | Proposals/questions |
|--------------------------------------|---|
| Value for money of taxi fares | We asked respondents to rate the value for money of taxi fares in London |
| Minimum fare | We asked respondents if they thought the minimum fare should be: <ul style="list-style-type: none"> • frozen at £3.80; • increased by 20 pence to £4.00; or • increased by 40 pence to £4.20. |
| Tariffs 1, 2 and 3 | We asked respondents if Tariffs 1, 2 and 3 should be: <ul style="list-style-type: none"> • frozen; • increased and the total Cost Index figure (+7.48%) should be used; or • increased and the change in taxi drivers' operating costs (+4.17%) should be used. |
| Heathrow extra | <p>Heathrow Airport Limited (HAL) charge taxi drivers a fee to access the airport taxi rank for most journeys. This charge set by HAL is currently £3.00.</p> <p>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.</p> <p>The arrangement where the Heathrow extra is around 50% of the taxi feeder park fee has been in place for several years.</p> <p>The reason this is set to around 50% is because taxi drivers do not have to pay the fee to HAL if they return to the airport within one hour, for example if they have completed a local taxi journey.</p> |

| Item | Proposals/questions |
|---------------------------------|---|
| | <p>HAL have reduced the fee taxi drivers pay from £3.60 to £3.00.</p> <p>As a result of HAL reducing the fee taxi drivers to pay HAL we proposed reducing the Heathrow extra from £2.00 to £1.60. This is slightly above the 50% because extras can only be added to the taximeter in increments of 40 pence.</p> |
| Heathrow drop off charge | <p>HAL charge all drivers, including taxi drivers, a Terminal Drop-Off Charge (TDOC) when dropping off people at one of the terminal forecourts at the airport.</p> <p>In December 2021 we introduced a new Heathrow drop off charge that taxi drivers could add to the fare to cover the cost of the TDOC when they drop off passengers at one of the terminal forecourts.</p> <p>The TDOC was originally £5.00 but HAL advised us that they planned to increase this to £6.00 from 1 January 2025. HAL have subsequently advised us that the increase will not apply to London taxis dropping off passengers until 1 April 2025.</p> <p>Taxi drivers can currently add up to £5.20 to the fare when dropping off passengers at one of the terminal forecourts.</p> <p>We asked respondents if the Heathrow drop off charge taxi drivers can add to the fare when dropping off passengers at one of the terminal forecourts should be:</p> <ul style="list-style-type: none"> • increased to £6.00 so it is the same as the fee HAL charge taxi drivers; • reduced; • frozen; or • removed altogether. |

7 Value for money

- 7.1 We asked respondents to rate the value for money of taxi fares in London.
- 7.2 Just under half (49 per cent) said they were good or very good value for money, with 31 per cent saying they were poor or very poor value for money.
- 7.3 Separately we know from our annual survey⁴ amongst taxi and minicab passengers that 62 per cent of taxi users said they thought that in general taxi fares were too expensive, with 36 per cent saying they thought taxi fares were

⁴ Black Cabs and Minicabs Customer Satisfaction Survey (CSS), Verian, 2023/24

about right. 80 per cent of minicab users said they thought taxi fares were too expensive, with 19 per cent saying they thought they were about right.

8 Minimum fare and Tariffs 1, 2 and 3

Minimum fare consultation responses

- 8.1 On the minimum fare respondents were split with:
- (a) 57 per cent of all respondents saying the minimum fare should be increased; and
 - (b) two fifths (40 per cent) of all respondents saying the minimum fare should be frozen.
- 8.2 There was a fairly even split amongst the respondents who supported increasing the minimum fare with:
- (a) just under one third (30 per cent) of all respondents saying the minimum fare should be increased by 40 pence to £4.20; and
 - (b) just under one third (27 per cent) of all respondents saying the minimum fare should be increased by 20 pence to £4.00.

Tariffs 1, 2 and 3 consultation responses

- 8.3 On Tariffs 1, 2 and 3 there was an even split between respondents who thought the tariffs should be frozen, and those who thought they should be increased and the total Cost Index figure used:
- (a) just under two fifths (37 per cent) of all respondents thought Tariffs 1, 2 and 3 should be frozen; and
 - (b) just under two fifths (37 per cent) of all respondents thought Tariffs 1, 2 and 3 should be increased and the total Cost Index figure (+7.48 per cent) used.
- 8.4 Support was lower (20 per cent) for increasing Tariffs 1, 2 and 3 and using the change in taxi drivers' operating costs figure (+4.17 per cent).

Minimum fare and tariff options

- 8.5 For several years the taxi tariffs were increased by the total Cost Index figure each year. However, in some recent reviews we have taken different approaches when considering increases to taxi fares and tariffs. Instead of just increasing the tariffs by the total Cost Index figure, we have used this figure but spread the increases across the minimum fare and tariffs.
- 8.6 The table below shows the changes since 2018 to taxi fares and tariffs, and the different approaches taken.

| Date changes implemented | Total Cost Index figure | Changes to the minimum fare and tariffs |
|---------------------------------|--------------------------------|--|
| 6 October 2018 | +3.6% | <ul style="list-style-type: none"> • Minimum fare increased by 40 pence (15.4%), from £2.60 to £3.00 • Tariffs 1 and 2 increased by 0.6% • Tariffs 3 and 4 frozen |
| 11 January 2020 | +3.4% | <ul style="list-style-type: none"> • Minimum fare increased by 20 pence (6.7%), from £3.00 to £3.20 • Tariffs 1 and 2 increased by 1.9% • Tariffs 3 and 4 frozen |
| 30 April 2022 | +9.95% | <ul style="list-style-type: none"> • For this review the combined sum of the 2019, 2020 and 2021 total Cost Index figures was used • Minimum fare increased by 60 pence (18.75%), from £3.20 to £3.80 • Tariffs 1 and 2 increased by 5.51% • Tariffs 3 and 4 frozen |
| 29 April 2023 | +11.64% | <ul style="list-style-type: none"> • Minimum fare frozen • Tariffs 1, 2 and 3 increased by 7.61% which reflected the increase in taxi drivers' operating costs shown in the Cost Index • The average national earnings part of the Cost Index (+4.02%) was not applied • Tariff 4 frozen |
| 20 April 2024 | +8.92% | <ul style="list-style-type: none"> • Minimum fare frozen • Tariffs 1, 2 and 3 increased by 8.92% • Tariff 4 rates made the same as the Tariff 2 rates |

8.7 Spreading increases across the minimum fare and tariffs has provided a way to use the total Cost Index figure, but for the increase to Tariffs 1, 2 and 3 to be lower than the total Cost Index figure. This approach has been considered for this year's review and we could use either the total Cost Index figure (+7.48 per cent) or the change in taxi drivers' operating costs figure (+4.17 per cent).

8.8 The table below shows the different options available this year if we:

- (a) froze the minimum fare, or increased it by 20 pence or 40 pence;
- (b) increased Tariffs 1, 2 and 3 and the increase was based on either the total Cost Index figure (+7.48 per cent) or the change in taxi drivers' operating costs figure (+4.17 per cent); and
- (c) froze Tariffs 1, 2 and 3.

8.9 The different options were included in the consultation.

8.10 Options 1, 2 and 3 use the total Cost Index figure (+7.48 per cent) and show what the increases to Tariffs 1, 2 and 3 would be if the minimum fare was:

- (a) frozen at £3.80;
- (b) increased by 20 pence; and
- (c) increased by 40 pence.

8.11 Options 4, 5 and 6 show the same but if the increase in taxi drivers' operating costs figure (+4.17 per cent) was used instead of the total Cost Index figure.

8.12 Option 7 is if the minimum fare, and Tariffs 1, 2 and 3 were frozen.

| Option | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|--------------------------------|-------|-------|-------|-------|-------|-------|-------|
| Cost Index figure used | 7.48% | 7.48% | 7.48% | 4.17% | 4.17% | 4.17% | 0.00% |
| Current minimum fare | £3.80 | £3.80 | £3.80 | £3.80 | £3.80 | £3.80 | £3.80 |
| Minimum fare increase | £0.00 | £0.20 | £0.40 | £0.00 | £0.20 | £0.40 | £0.00 |
| New minimum fare | £3.80 | £4.00 | £4.20 | £3.80 | £4.00 | £4.20 | £3.80 |
| Increase to Tariffs 1, 2 and 3 | 7.48% | 6.27% | 5.05% | 4.17% | 2.96% | 1.74% | 0.00% |

Rates per hour and per mile

8.13 The table below shows the rates per mile and hour for the tariffs that came into effect on:

- (a) 30 April 2022;
- (b) 29 April 2023; and
- (c) 20 April 2024 – these are the current rates.

| | 30-Apr-22 | 29-Apr-23 | 20-Apr-24 |
|-------------------------------|-----------|-----------|-----------|
| Tariff 1 rate per mile | £3.05 | £3.37 | £3.78 |
| Tariff 2 rate per mile | £3.74 | £4.11 | £4.57 |
| Tariff 3 rate per mile | £3.96 | £4.35 | £4.84 |
| Tariff 4 rate per mile | £3.70 | £3.70 | £4.57 |
| Tariff 1 rate per hour | £31.72 | £35.12 | £39.34 |
| Tariff 2 rate per hour | £38.92 | £42.86 | £47.68 |
| Tariff 3 rate per hour | £41.14 | £45.28 | £50.35 |
| Tariff 4 rate per hour | £38.50 | £38.50 | £47.68 |

8.14 Shown in the table below are the rates per mile and per hour for the seven options from the consultation.

8.15 Options 1, 2 and 3 involve increases and use the total Cost Index figure (+7.48 per cent). Option 3 has the lowest rates per mile and hour of these three options.

- 8.16 Options 4, 5 and 6 involve increases and use the increase in taxi drivers' operating costs figure (+4.17 per cent). Option 6 has the lowest rates per mile and hour of these three options.
- 8.17 Option 7 is freezing the fares and tariffs and has the lowest rates per mile and hour of all of the seven options as there would be no change to the current rates.

| | Option 1 | Option 2 | Option 3 | Option 4 | Option 5 | Option 6 | Option 7 |
|-------------------------------|--|---|---|--|---|---|--|
| | <ul style="list-style-type: none"> • Minimum fare frozen • Tariffs 1, 2 and 3 increased by 7.48% | <ul style="list-style-type: none"> • Minimum fare increased by 20 pence • Tariffs 1, 2 and 3 increased by 6.27% | <ul style="list-style-type: none"> • Minimum fare increased by 40 pence • Tariffs 1, 2 and 3 increased by 5.05% | <ul style="list-style-type: none"> • Minimum fare frozen • Tariffs 1, 2 and 3 increased by 4.17% | <ul style="list-style-type: none"> • Minimum fare increased by 20 pence • Tariffs 1, 2 and 3 increased by 2.96% | <ul style="list-style-type: none"> • Minimum fare increased by 40 pence • Tariffs 1, 2 and 3 increased by 1.74% | <ul style="list-style-type: none"> • Minimum fare frozen • Tariffs 1, 2 and 3 frozen |
| Tariff 1 rate per mile | £4.11 | £4.05 | £4.00 | £3.96 | £3.91 | £3.85 | £3.78 |
| Tariff 2 rate per mile | £4.96 | £4.89 | £4.83 | £4.79 | £4.73 | £4.66 | £4.57 |
| Tariff 3 rate per mile | £5.24 | £5.18 | £5.12 | £5.07 | £5.01 | £4.94 | £4.84 |
| Tariff 4 rate per mile | £4.96 | £4.89 | £4.83 | £4.79 | £4.73 | £4.66 | £4.57 |
| | | | | | | | |
| Tariff 1 rate per hour | £42.60 | £42.11 | £41.62 | £41.14 | £40.68 | £40.00 | £39.34 |
| Tariff 2 rate per hour | £51.43 | £50.70 | £50.35 | £49.66 | £49.32 | £48.32 | £47.68 |
| Tariff 3 rate per hour | £54.55 | £53.73 | £53.33 | £52.55 | £52.17 | £51.43 | £50.35 |
| Tariff 4 rate per hour | £51.43 | £50.70 | £50.35 | £49.66 | £49.32 | £48.32 | £47.68 |

Stakeholder responses

- 8.18 Hackney Disability BackUp said the minimum fare, and Tariffs 1, 2 and 3 should be frozen.
- 8.19 London TravelWatch (LTW) said that taxis play an important part in the transport network, helping people get around when other options are not available, and can be particularly important to disabled and older people. LTW said they understood the need to increase taxi fares given the rise in drivers' costs and the falling number of taxis and taxi drivers. They also said it was important that people are not priced out of using the service, and that high fares and fare increases are likely to disproportionately disadvantage people who rely on taxis for accessibility or safety reasons. They called for Tariff 3 to be protected from high increases and listed mitigations they would like to see in place. The mitigations included:
- (a) TfL exploring wider and more innovative ways to make being a taxi driver more attractive, increase the number of drivers and in turn service availability;
 - (b) supporting Taxicard members, for example by freezing members' contributions, allowing 'triple swiping', and increasing the number of taxi drivers who can accept Taxicard bookings; and
 - (c) increasing the number of accessible private hire vehicles (PHVs).
- 8.20 Transport for All (TfA) said the minimum fare and Tariffs 1, 2 and 3 should be frozen. They were deeply concerned about the proposed increases and the disproportionate impact on disabled people. They said disabled people are already facing higher living and transport costs, and rely on taxis. TfA said raising fares will exacerbate existing inequalities and that while they recognised taxi drivers face increasing costs, passing these on to disabled passengers is unacceptable. TfA said their research shows that cost is the most frequently experienced and disabling barrier to using taxis for disabled people. They said that the consequences of fare increases for Taxicard members (i.e. disabled people who are eligible for subsidised taxi journeys) would be particularly severe, as members would reach the capped fare limit more quickly, forcing many to make fewer journeys or travel shorter distances than they need. TfA made a number of recommendations to mitigate the potential negative impacts on disabled people. These were:
- (a) increasing funding for the Taxicard scheme;
 - (b) investing in accessible and affordable public transport options to reduce reliance on taxis;
 - (c) targeted financial support for disabled passengers;
 - (d) strengthening enforcement against discriminatory practices (e.g. starting the taximeter early and overcharging disabled passengers); and

- (e) engaging directly with disabled Londoners to co-design and implement solutions that address affordability and ensure taxi services meet their needs effectively.
- 8.21 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, the National Union of Rail, Maritime and Transport Workers, United Cabbies Group (UCG) and Unite the Union. The TTTG submitted a joint response and said the minimum fare should be increased by 40 pence, and Tariffs 1, 2 and 3 should be increased by 5.05 per cent (which would equate to using the total Cost Index figure of +7.48 per cent). They said that changes that do not use the total Cost Index figure would mean taxi drivers were unfairly penalised and would exacerbate the existential problem of falling taxi driver and vehicle numbers.
- 8.22 The TTTG said that restricting tariff increases to less than the total Cost Index figure would not help people who were dependent on taxis. They said this would not be equitable as it would mean taxi drivers were subsidising not only those least able to pay, but also those most able to pay. The TTTG said that an alternative would be to consider the cost of congestion on taxi fares and try to reduce this, for example by allowing taxis to go where buses go.
- 8.23 The UCG and Unite the Union also submitted separate responses saying the minimum fare should be increased by 40 pence, and Tariffs 1, 2 and 3 should be increased by 5.05 per cent.
- 8.24 Bolt said the minimum fare should be increased by 20 pence to £4.00, and Tariffs 1, 2 and 3 should be increased with the change in taxi drivers' operating costs figure (+4.17 per cent) used. They also said that if fares are increased they support a corresponding increase in the Taxicard members' allowance.
- 8.25 FREENOW said the minimum fare should be frozen at £3.80, and Tariffs 1, 2 and 3 increased with the total Cost Index figure (+7.48 per cent) used. They said that passengers' perceptions of taxis may be negatively impacted by increased congestion, delays, detours and increases in journey times, and that the principle causes of these issues are:
- (a) reductions in road capacity, which might be improved were TfL to allow taxis to use all bus lanes;
 - (b) speed restrictions (e.g. 20 mile per hour limits);
 - (c) the introduction of road closures and traffic restrictions including access for taxis; and
 - (d) the huge number of roadworks.
- 8.26 FREENOW supported Tariff 2 applying to all journeys of six miles or more. They also called for changes to when Tariff 3 applies, a new higher minimum fare that could be charged for booked taxis, an increase to the booked taxi

extra, the introduction of a cancellation fee for booked taxis and an increase in the soiling charge.

- 8.27 Cabvision said none of the seven options reflected their views. They thought that making the Tarif 4 rates the same as the Tariff 2 rates last year was a mistake and were concerned that applying a 7.5 per cent increase across all tariffs could be an error.
- 8.28 Hale Taximeters said the minimum fare should be increased by 20 pence to £4.00, and Tariffs 1, 2 and 3 should be increased with the change in taxi drivers' operating costs figure (+4.17 per cent) used.
- 8.29 CHAPRA, which is a residents' association in the London Borough of Sutton, said the minimum fare should be frozen, and Tariffs 1, 2 and 3 should be increased with the change in taxi drivers' operating costs figure (+4.17 per cent) used.
- 8.30 The London Borough of Hammersmith & Fulham said the minimum fare, and Tariffs 1, 2 and 3 should be frozen.
- 8.31 Westminster City Council said the minimum fare should be increased by 40 pence to £4.20, and Tariffs 1, 2 and 3 should be increased with the total Cost Index figure (+7.48 per cent) used.

Recommendation rationale

- 8.32 After reviewing all of the responses to the consultation and taking into consideration the issues raised, the positive and negative impacts identified, the equality issues and impacts, concerns about how respondents may have identified themselves) and that some respondents (e.g. private hire operators, taxi booking companies) may have commercial interests and that these may influence their responses, we are making the recommendations set out in 2.1(a), 2.1 (b) and 2.1 (c).
- 8.33 The table below shows the current distance and time rates, and the new rates based on the recommendation.

| Item | Current rates | | Rates for the recommended changes (option 3) | |
|----------|------------------------|---------------------|--|---------------------|
| | Distance (metres/unit) | Time (seconds/unit) | Distance (metres/unit) | Time (seconds/unit) |
| Tariff 1 | 85.2 | 18.3 | 80.5 | 17.3 |
| Tariff 2 | 70.4 | 15.1 | 66.6 | 14.3 |
| Tariff 3 | 66.5 | 14.3 | 62.9 | 13.5 |
| Tariff 4 | 70.4 | 15.1 | 66.6 | 14.3 |

- 8.34 The table below shows the change in the distance and time rates. If the recommendation is approved and implemented then the distance and time that can be travelled before the fare increases by 20 pence would be reduced, so the fare increases by 20 pence at a quicker rate.

| Item | Change in distance rate (metres/unit) | Change in time rate (seconds/unit) |
|----------|---------------------------------------|------------------------------------|
| Tariff 1 | -4.7 | -1.0 |
| Tariff 2 | -3.8 | -0.8 |
| Tariff 3 | -3.6 | -0.8 |
| Tariff 4 | -3.8 | -0.8 |

8.35 The table below shows the current rates per mile and per hour, and the changes if the recommendation is approved and implemented.

| | Current rates | Recommendation (option 3) | Change |
|--------------------------|---------------|---------------------------|--------|
| Tariff 1 - Rate per mile | £3.78 | £4.00 | +£0.22 |
| Tariff 2 - Rate per mile | £4.57 | £4.83 | +£0.26 |
| Tariff 3 - Rate per mile | £4.84 | £5.12 | +£0.28 |
| Tariff 4 - Rate per mile | £4.57 | £4.83 | +£0.26 |

| | | | |
|--------------------------|--------|--------|--------|
| Tariff 1 - Rate per hour | £39.34 | £41.62 | +£2.28 |
| Tariff 2 - Rate per hour | £47.68 | £50.35 | +£2.67 |
| Tariff 3 - Rate per hour | £50.35 | £53.33 | +£2.98 |
| Tariff 4 - Rate per hour | £47.68 | £50.35 | +£2.67 |

8.36 We are making this recommendation for the following reasons:

- (a) the Cost Index shows there has been a relatively large increase in taxi drivers' operating costs (+4.17 per cent), with a particularly large increase in insurance costs;
- (b) the Cost Index shows that there has been an increase in average national earnings (+3.31 per cent);
- (c) this recommendation reflects the change in both taxi drivers' operating costs and average national earnings;
- (d) by spreading the increase across the minimum fare and Tariffs 1, 2 and 3 the increase to the tariffs is lower (5.05 per cent) than if we just increased Tariffs 1, 2 and 3 by the total Cost Index figure (7.48 per cent). The new rate per mile and rate per hour are also lower than if we just increased Tariffs 1, 2 and 3 by the total Cost Index figure (7.48 per cent);
- (e) it is important that taxi drivers are fairly paid to try and ensure that taxi driving remains a viable career, licensed taxi drivers do not stop being a taxi driver and people will consider applying to become a licensed taxi driver. If the number of licensed taxi drivers falls, then this could affect the supply of taxis and increase the risk that taxi users are unable to get a taxi or have to wait longer for a taxi. 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;

- (f) the number of applications to be a licensed taxi driver and the number of newly licensed taxi drivers is very low.⁵ Although there was an increase in the number of applications to become a taxi driver in 2023, the number is still significantly lower than the number received each year up until 2015. Increasing the minimum fare and tariffs to reflect 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;
- (g) the number of licensed taxi drivers has been falling since 2013/14 and is now at its lowest since 1978.⁶ It is important to try and retain existing taxi drivers and increasing the minimum fare and tariffs to reflect the change in both taxi drivers' operating costs and average national earnings may help with this;
- (h) the Tariff 4 rates were made the same as the Tariff 2 rates in the 2023/24 taxi fares and tariffs review. We did not propose any changes to this arrangement this year and are recommending that it continues for the time being; and
- (i) when making this recommendation we have considered the potential impacts identified in our EQIA, the impacts on children and vulnerable adults, and also other impacts identified.⁷

9 Heathrow extra

- 9.1 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.
- 9.2 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.
- 9.3 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. There has been a longstanding arrangement where the Heathrow extra is normally around 50 per cent of the taxi feeder park fee.

⁵ Figures for the number of taxi driver licence applications and newly licensed taxi drivers are enclosed in Appendix 4

⁶ Licensed taxi driver numbers are enclosed in Appendix 4

⁷ The EQIA is provided in Appendix 5. The assessment of other impacts is provided in Appendix 6.

- 9.4 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 materially 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.
- 9.5 In April 2023 HAL decreased the fee taxi drivers pay from £7.20 to £3.60 and we reduced the Heathrow extra to £2.00. HAL have now reduced the taxi feeder park fee to £3.00.
- 9.6 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 £2.00 to £1.60.

Consultation and stakeholder responses

- 9.7 Just over half (51 per cent) of all respondents said the Heathrow extra should be left at £2.00, with 39 per cent saying it should be reduced to £1.60.
- 9.8 Hackney Disability BackUp, TfA, Hale Taximeters, CHAPRA and Hammersmith & Fulham Council said the extra should be reduced to £1.60.
- 9.9 Unite the Union, the UCG, Bolt, FREENOW and Westminster City Council said the extra should be left at £2.00.
- 9.10 HAL said that taxi drivers should be able to pass on the full cost of the taxi feeder park fee to passengers.

Recommendation rationale

- 9.11 After reviewing all of the responses to the consultation and taking into consideration the issues raised, the positive and negative impacts identified, and that some respondents (e.g. taxi booking companies, HAL) may have commercial interests and that these may influence their responses, we recommend reducing the Heathrow extra to £1.60.
- 9.12 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 a relatively large increase to the minimum fare and Tariffs 1, 2 and 3. This follows a relatively large increase to Tariffs 1,

2 and 3 each year for the last three years. 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 next taxi fares and tariffs review.

10 Heathrow drop off charge

- 10.1 In 2021 HAL introduced a Terminal Drop-Off Charge (TDOC) that all drivers, including taxi drivers, must pay when dropping off people at one of the terminal forecourts at the airport.
- 10.2 We have no control over whether HAL charge for dropping off passengers at the airport terminals, if they decide to charge London taxi drivers or if London taxis are eligible for a discount.
- 10.3 However, it is TfL's decision as to whether London taxi drivers should be able to add an extra charge to taxi fares and in effect pass part or all of the cost on to taxi passengers.
- 10.4 After consulting on this in December 2021⁸ we introduced a new Heathrow drop off charge that taxi drivers could add to the fare to cover the cost of the TDOC when they drop off passengers at one of the terminal forecourts.
- 10.5 The TDOC was originally £5.00 but HAL have advised us that they plan to increase this to £6.00 from 1 January 2025, although the TDOC will not increase for taxis until 1 April 2025.
- 10.6 Taxi drivers can currently add up to £5.20 to the fare when dropping off passengers at one of the terminal forecourts.
- 10.7 In the consultation we asked if the Heathrow drop off charge should be:
- (a) increased to £6.00 so it is the same as the fee HAL charge taxi drivers;
 - (b) reduced so it is less than £5.20;
 - (c) frozen; or
 - (d) removed altogether.

Consultation and stakeholder responses

- 10.8 Just over half (53 per cent) of all respondents said the Heathrow drop off charge should be increased to £6.00, with just over one quarter (26 per cent) saying it should be removed. 10 per cent of all respondents said it should be frozen at £5.20, and only seven per cent said it should be reduced.

⁸ 2021 Review of taxi (black cab) fares and tariffs in London, 8 December 2021, <https://haveyoursay.tfl.gov.uk/taxi-fares-2021>

- 10.9 Unite the Union, the UCG, Bolt, FREENOW, CHAPRA and Westminster City Council said the Heathrow drop off charge should be increased to £6.00.
- 10.10 Hale Taximeters said the drop off charge should be reduced, the London Borough of Hammersmith and Fulham said it should be removed.
- 10.11 HAL said that taxi drivers should be able to pass on the full cost of the TDOC to passengers and supported the drop off charge being increased to £6.00.

Recommendation rationale

- 10.12 After reviewing all of the responses to the consultation and taking into consideration the issues raised, the positive and negative impacts identified, and that some respondents (e.g. taxi booking companies, HAL) may have commercial interests and that these may influence their responses, we recommend increasing the Heathrow drop off charge to £6.00.
- 10.13 We are making this recommendation for the following reasons:
- (a) taxi drivers have to pay the full TDOC (£6.00) when dropping off passengers in the terminal drop-off zones at Heathrow Airport;
 - (b) taxi passengers have the option of not paying the drop off charge by asking to be dropped off in the long stay terminal car parks at the airport for free. Passengers can then take the free bus to the terminals;
 - (c) we want to reduce the risk of passengers being dropped off in unsuitable locations because taxi drivers want to avoid paying the TDOC;
 - (d) Blue Badge holders can receive a 100 per cent discount from the TDOC and taxi drivers are not permitted to add the drop off charge to the taxi fare for taxi journeys if their taxi was registered for a Blue Badge concession; and
 - (e) our position is that taxis should be exempt from HAL's TDOC and should not have to pay to drop off passengers at the airport. However, only HAL can exempt taxi drivers from the TDOC, this is not something we can do.

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 2022/23 taxi fares and tariffs review⁹ 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 2023.¹⁰
- 11.3 Fixed-fare, shared-taxis also operate between Wimbledon and Southfields stations and the Wimbledon Tennis Championships. In the 2023/24 taxi fares and tariffs review¹¹ we reviewed these fixed fares and increased them from £2.50 to £3.50 per passenger.
- 11.4 We monitored the impact these changes made on the supply of available taxis and service for the public during the 2024 Wimbledon Tennis Championships. There was a good supply of taxis for passengers travelling between Wimbledon and Southfields stations and the Wimbledon Tennis Championships and no change is proposed to this fixed fare. However, there continued to be problems with an insufficient supply of taxis to take passengers from the Wimbledon Tennis Championships to central London.

Recommendations rationale

- 11.5 We have met with the LTDA and one of the suburban taxi driver representatives to discuss the fares and arrangements for the fixed-fare, shared-taxi service that operates during the Wimbledon Tennis Championships. We discussed with them potentially increasing some of the fixed fares for the scheme, changing the description in the TfL Sharing Order for where passengers are picked up, and also expanding one of the areas covered by the scheme.
- 11.6 We are now recommending that:
- (a) the fixed-fares for shared-taxis from the AELTC to central London are increased by £1.50;
 - (b) some of the authorised places (as set out in Appendix 8) where the fixed-fare, shared-taxi scheme operates from during the Wimbledon Tennis Championships are amended; and
 - (c) one of the areas (as set out in Appendix 8) covered by the Wimbledon Tennis fixed-fare, shared-taxi scheme is extended.

⁹ Review of taxi (black cab) fares and tariffs 2022, 11 November 2022, <https://haveyoursay.tfl.gov.uk/taxi-fares-review-2022>

¹⁰ 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>

¹¹ Review of taxi (black cab) fares and tariffs 2023, 09 October 2023, <https://haveyoursay.tfl.gov.uk/taxi-fares-review-2023>

11.7 The reasons for making these recommendations are:

- (a) we want to encourage taxi drivers to provide shared-taxi services from the Wimbledon Tennis Championships to central London;
- (b) at present the supply of taxis is not meeting the demand from passengers who want to take a shared taxi to central London;
- (c) by encouraging more taxi drivers to provide shared taxi services to central London, we want to reduce the time passengers have to wait for a shared taxi and reduce the risk that they are unable to take a shared taxi from the taxi rank;
- (d) we want to make these taxi fares more attractive to taxi drivers and acknowledge that although these fixed fares were increased in April 2023, there have been several relatively large increases in general taxi fares and tariffs and the fixed fares may not be considered good value by taxi drivers;
- (e) following the approval of the AELTC planning application¹² the location of the taxi rank and drop off areas may change each year while works are carried out. The taxi rank and drop off areas have already moved several times in recent years due to changes to the security and access arrangements. We want to update the sharing order so the description of the taxi rank and drop off areas does not need changing each time these are moved; and
- (f) the fixed-fare, shared-taxi scheme covers the areas between Westminster Bridge to Waterloo Bridge, and Blackfriars Bridge to Southwark Bridge. However, the area between Waterloo Bridge and Blackfriars Bridge is not currently covered but we want to update the scheme to cover this area.

12 Booked taxis

12.1 Recently, booking taxis via smartphone apps (taxi apps) has increased significantly. Recent figures show that 27 per cent of taxi passengers had used an app for their most recent taxi journey,¹³ 57 per cent of taxi drivers said they use smartphone apps to access work, and that on average 19 per cent of taxi drivers' work was from taxi apps.¹⁴

12.2 There are a number of different taxi apps offering their services in London. Taxi apps are not subject to licensing or regulation by TfL as these services are not captured by the legislation governing licensing and regulation of taxis in London, which only applies to taxi drivers and vehicles. The only elements

¹² Deputy Mayor approves planning application for All England Lawn Tennis Club, 27 September 2024, <https://www.london.gov.uk/deputy-mayor-approves-planning-application-all-england-lawn-tennis-club>

¹³ Black Cabs and Minicabs CSS, Verian, 2023/24

¹⁴ Taxi and Private Hire Licensee CSS, Verian, 2023/24

of a taxi journey booked via a taxi app that are licensed and regulated by TfL are the taxi driver, the taxi vehicle, and the fares as set out in the Cab Order.

- 12.3 There are differences between the operating models of the taxi apps in London, in particular around the additional fares and charges that are applied to a taxi journey which has been arranged using their services, such as cancellation fees. Those additional fees charged and retained by the taxi apps are not regulated or set by TfL. There appears to be some inconsistency in approach when taxis carry out pre-booked journeys and we will be giving consideration to this issue and how we can provide clarity. This may involve engaging or consulting with the taxi trade and other stakeholders, and amending the Cab Order.

13 Equality and other impacts

- 13.1 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 2010;
 - (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.
- 13.2 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.
- 13.3 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.¹⁵ The scheme is funded by TfL and the London boroughs, and taxis are used for the majority of Taxicard journeys.
- 13.4 Our EQIA is provided in Appendix 5 and the EQIA evidence base is in Appendix 6. The EQIA 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.

¹⁵ Taxicard scheme, <https://tfl.gov.uk/modes/taxis-and-minicabs/taxicard-and-capital-call>

- 13.5 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.
- 13.6 All options for the minimum fare and Tariffs 1, 2 and 3 would have some level of negative impact on those with protected characteristics.
- 13.7 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.
- 13.8 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 disproportionately impact some people with protected characteristics who may rely on taxi services more.
- 13.9 After considering the current issues and impacts we are proposing to increase the minimum fare by 40 pence to £4.20, Tariffs 1, 2 and 3 by 5.05 per cent, and to make the Tariff 4 rates the same as the Tariff 2 rates. This may also help address the issues with the number of licensed taxi drivers and people applying to become a licensed taxi driver.
- 13.10 Increasing the minimum fare and Tariffs 1, 2 and 3 to cover both the increase in taxi drivers' operating costs and the increase in average national earnings, may potentially help to stop or slow the decline in the number of licensed taxi drivers.
- 13.11 However, we acknowledge that increasing the minimum fare and 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.
- 13.12 Making the Tariff 4 rates the same as the Tariff 2 rates will also have a negative impact on people with a protected characteristic and who use taxis for longer journeys, as the fares for these journeys will increase and they may not be able to afford to use taxis or may need to reduce how often they use them.
- 13.13 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.

13.14 Some potential negative impacts were identified including:

- (a) taxi users and Taxicard members would be negatively impacted by increases to the minimum fare and 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 Tariff 4 rates continue to be the same as the Tariff 2 rates, and Tariff 2 is increased, then there may be a greater impact on people using taxis for journeys over six miles;
- (d) if the minimum fare and 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;
- (e) not increasing the minimum fare or tariffs despite taxi 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, with people travelling late at night potentially disproportionately negatively impacted;
- (f) 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;
- (g) 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;
- (h) 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
- (i) 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 to travel to central London then the fares they pay would increase.

13.15 Section 177 of the Policing and Crime Act 2017 requires licensing authorities such as TfL to have regard to the DfT's Statutory Taxi and Private Hire Vehicle Standards when exercising its functions. The assessment of other impacts and factors to consider, and the consideration of the Statutory Taxi and PHV Standards is set out in Appendix 7. We considered all of the recommendations in the Statutory Taxi and Private Hire Vehicle Standards and Appendix 7 shows our consideration of the recommendations that are relevant to the taxi fares and tariffs review.

14 Next steps

- 14.1 Approval of proposals to make, vary or revoke orders which prescribe taxi fares is delegated to the Committee under TfL's Standing Orders. If approved, any changes to taxi fares and tariffs would come into effect in April 2025.
- 14.2 Approval of changes to London taxi sharing scheme orders including orders which prescribe fares of up to £20 is within officers' delegated authority. Any changes to Wimbledon Tennis Championship fixed-fare, shared-taxi scheme would be implemented before the start of this year's tournament.

List of appendices to this report:

Appendix 1: Taxi Cost Index
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: EQIA evidence base
Appendix 7: Assessment of other impacts and factors to consider
Appendix 8: Wimbledon Tennis Championships fixed-fare, shared-taxi scheme

List of background papers:

The consultation webpage and documents are available here:
haveyoursay.tfl.gov.uk/taxi-fares-review-2024

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Appendix 1: Taxi Cost Index

Cost Index figures

The table below shows the figures for each component in the Cost Index.

The Cost Index showed a:

- 4.17 per cent increase in taxi drivers' operating costs
- 3.31 per cent increase in average national earnings
- Total Cost Index figure of 7.48 per cent

Fuel and charging costs

Points to note are:

- Home charging for electric vehicles has been added to the Cost Index
- Costs for home charging and rapid charging have been taken from the AA electric vehicle recharge report
- Costs for petrol and diesel have been taken from the Fleet News fuel report, as the AA fuel report is temporarily suspended for improvements

| Component | Last Update | £ Per Year | 2023 | | 2024 | | | Change | |
|---------------------------------|---------------|------------------|--------------|---------------|------------------|--------------|---------------|----------------|----------------|
| | | | % of Cost | p per Mile | £ Per Year | % of Cost | p per Mile | Cost Inc. | Total Inc. |
| Vehicle cost | May 2024 | 8,106.26 | 11.0% | 36.85 | 8,533.32 | 10.7% | 38.79 | + 5.27% | + 0.58% |
| The Knowledge of London | May 2024 | 935.64 | 1.3% | 4.25 | 935.64 | 1.2% | 4.25 | - | - |
| Vehicle licence fees | May 2024 | 219.70 | 0.3% | 1.00 | 219.70 | 0.3% | 1.00 | - | - |
| Parts | Jan/Mar 2024 | 2,964.50 | 4.0% | 13.48 | 3,222.41 | 4.1% | 14.65 | + 8.70% | + 0.35% |
| Tyres | Jan/Mar 2024 | 439.05 | 0.6% | 2.00 | 477.25 | 0.6% | 2.17 | + 8.70% | + 0.05% |
| Garage and Servicing – premises | Jan/Mar2024 | 400.94 | 0.5% | 1.82 | 435.83 | 0.5% | 1.98 | + 8.70% | + 0.05% |
| Garage and servicing – labour | Jan/Mar 2024 | 1,420.20 | 1.9% | 6.46 | 1,543.76 | 1.9% | 7.02 | + 8.70% | + 0.17% |
| Fuel (diesel) | May 2024 | 3,651.10 | 4.9% | 16.60 | 3,547.90 | 4.5% | 16.13 | - 2.83% | - 0.14% |
| Fuel (petrol) | May 2024 | 1,920.10 | 2.6% | 8.73 | 1,958.00 | 2.5% | 8.90 | + 1.97% | + 0.05% |
| Electricity (rapid charging) | April 2024 | 2,537.59 | 3.4% | 11.53 | 2,689.09 | 3.4% | 12.22 | + 5.97% | + 0.21% |
| Electricity (home charging) | April 2024 | 447.81 | 0.6% | 2.04 | 316.10 | 0.4% | 1.44 | - 29.41% | - 0.18% |
| Insurance | February 2024 | 6,697.10 | 9.1% | 30.44 | 8,766.50 | 11.0% | 39.85 | + 30.90% | + 2.80% |
| Miscellaneous | Jan/Mar 2024 | 703.44 | 1.0% | 3.20 | 764.64 | 1.0% | 3.48 | + 8.70% | + 0.08% |
| Social costs | April 2024 | 1,934.17 | 2.6% | 8.79 | 2,048.29 | 2.6% | 9.31 | + 5.90% | + 0.15% |
| Total operating costs | | 32,377.61 | 43.8% | 147.17 | 35,458.42 | 44.6% | 161.17 | + 9.52% | + 4.17% |
| Average national earnings | April 2024 | 41,517.30 | 56.2% | 188.72 | 43,966.82 | 55.4% | 199.85 | + 5.90% | + 3.31% |
| Grand total | | 73,894.92 | | 335.89 | 79,425.25 | | 361.02 | + 7.48% | + 7.48% |

Appendix 2: Summary of consultation responses

Respondents

- In total there were 1,313 responses to the taxi fares and tariffs consultation
- 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

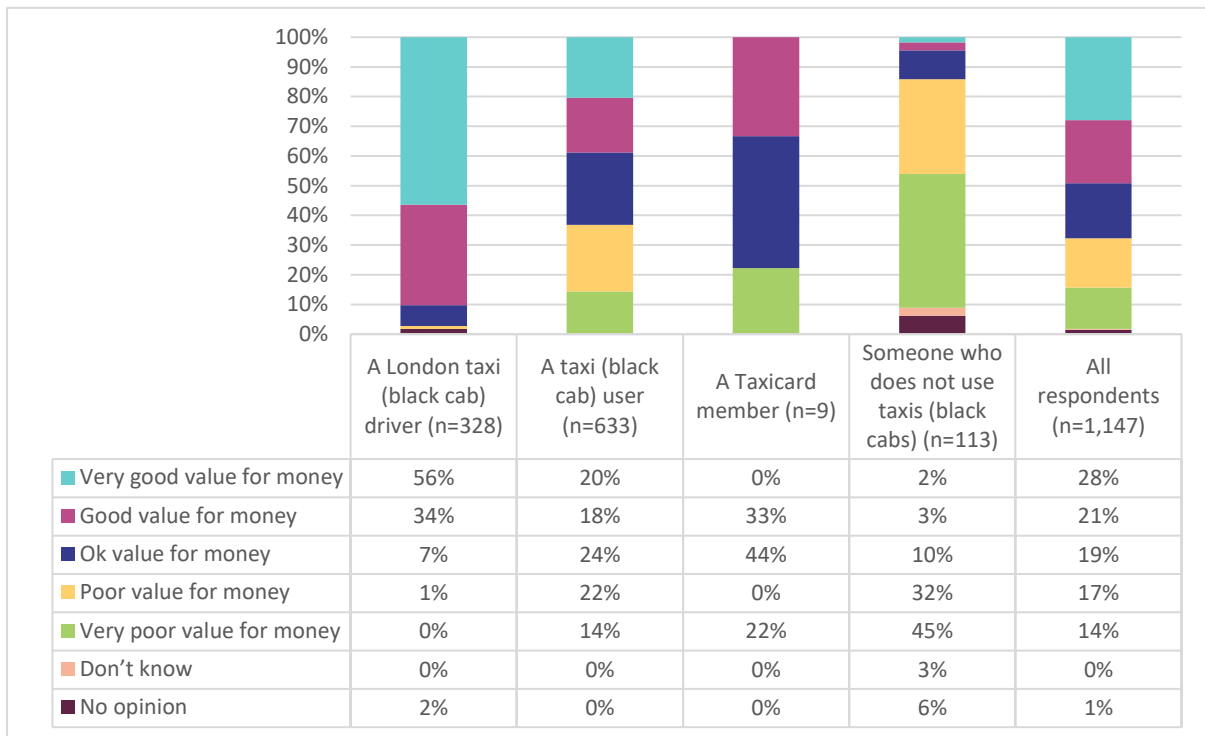
| Respondent type | Count | % |
|-----------------------------------|--------------|-------------|
| Taxi (black cab) user | 643 | 55% |
| Taxicard member | 9 | 1% |
| London taxi (black cab) driver | 337 | 29% |
| Non-taxi (black cab) user | 114 | 10% |
| Private hire/minicab operator | 1 | 0% |
| Private hire/minicab driver | 1 | 0% |
| Representative of an organisation | 12 | 1% |
| Other | 52 | 4% |
| Total | 1169 | 100% |

- For the purpose of the analysis the respondent types were collated into the following five groups:
 - Taxi users
 - Taxicard members
 - London 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 | 643 | 49% |
| Taxicard members | 9 | 1% |
| London taxi drivers | 337 | 26% |
| Non-taxi users | 114 | 9% |
| All respondents | 1313 | 100% |

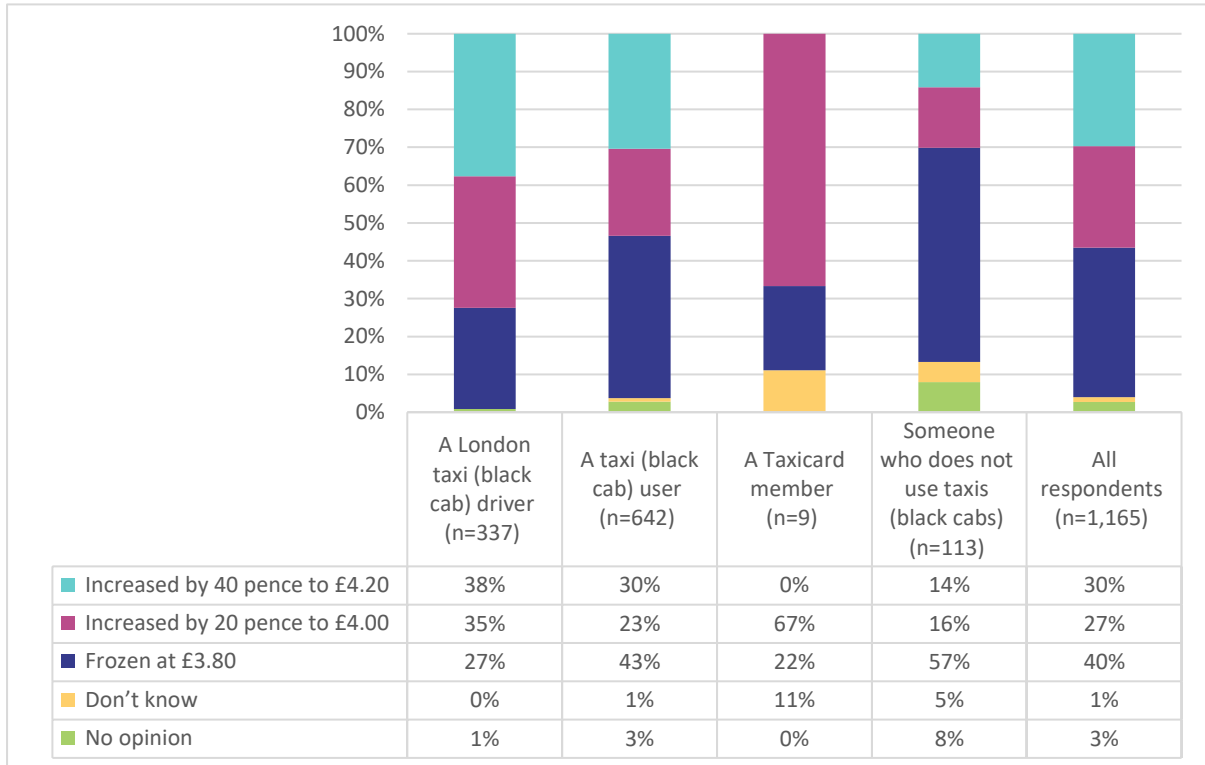
Value for money

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



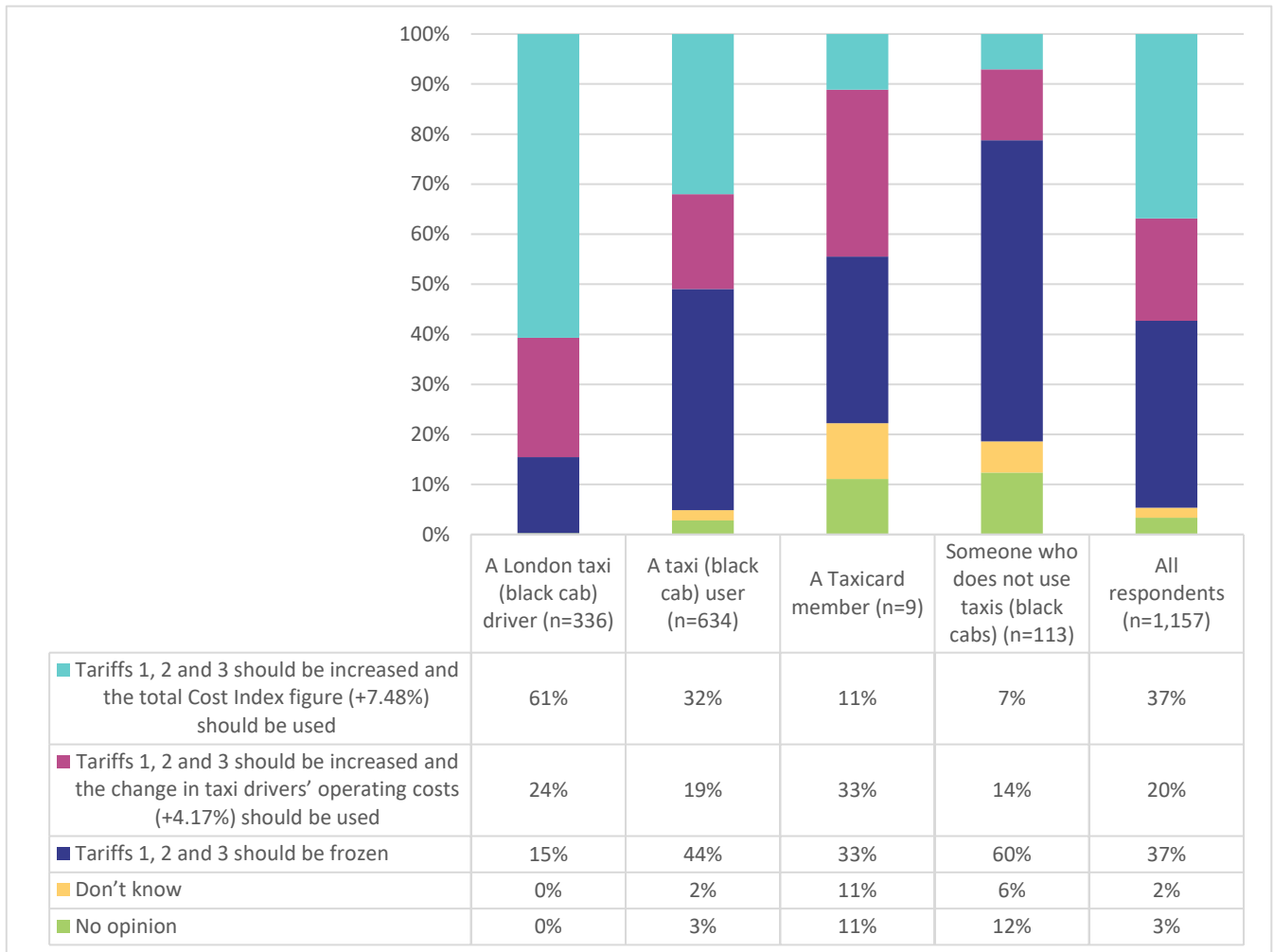
Minimum fare

- 30 per cent of all respondents thought the minimum fare should be increased by 40 pence to £4.20
- 27 per cent thought it should be increased by 20 pence to £4.00
- 40 per cent thought it should be frozen at £3.80



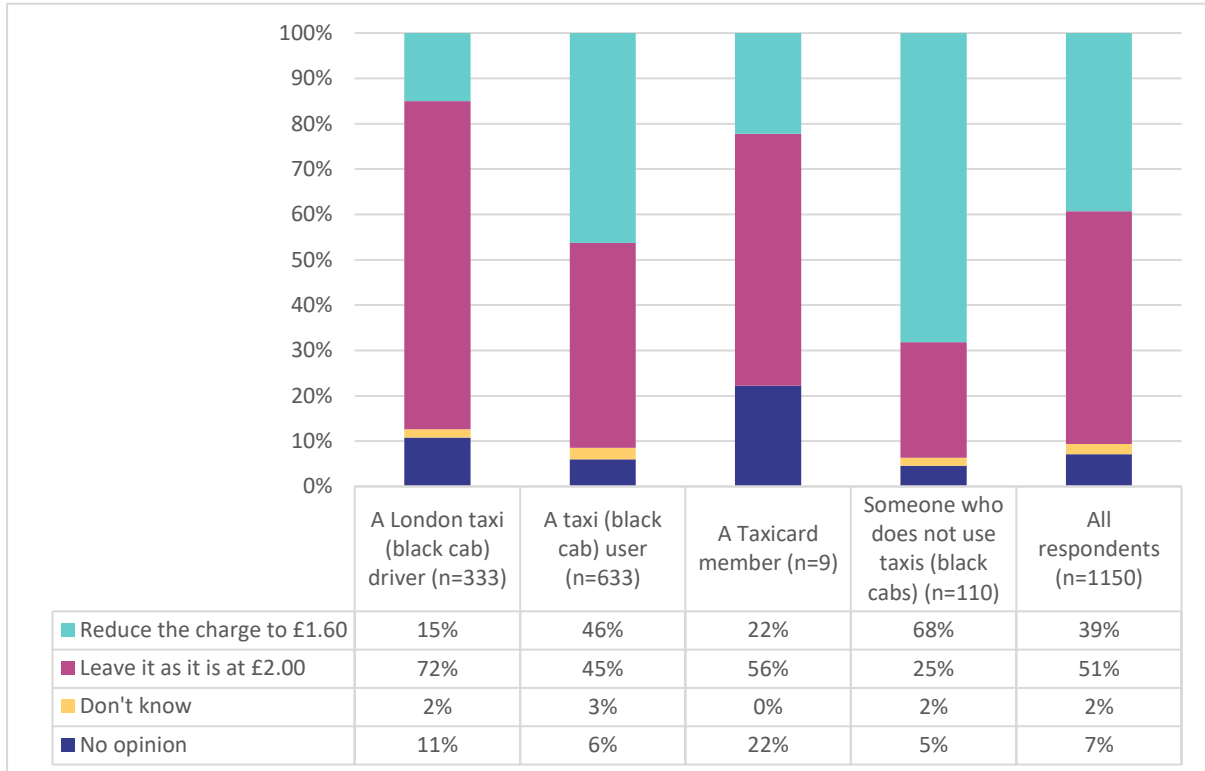
Tariffs 1, 2 and 3

- 37 per cent of all respondents thought that Tariffs 1, 2 and 3 should be increased with the total Cost Index figure (+7.48 per cent) used
- One fifth (20 per cent) of all respondents thought that Tariffs 1, 2 and 3 should be increased with the change in taxi drivers' operating costs figure (+4.17 per cent) used
- 37 per cent of all respondents thought that Tariffs 1, 2 and 3 should be frozen



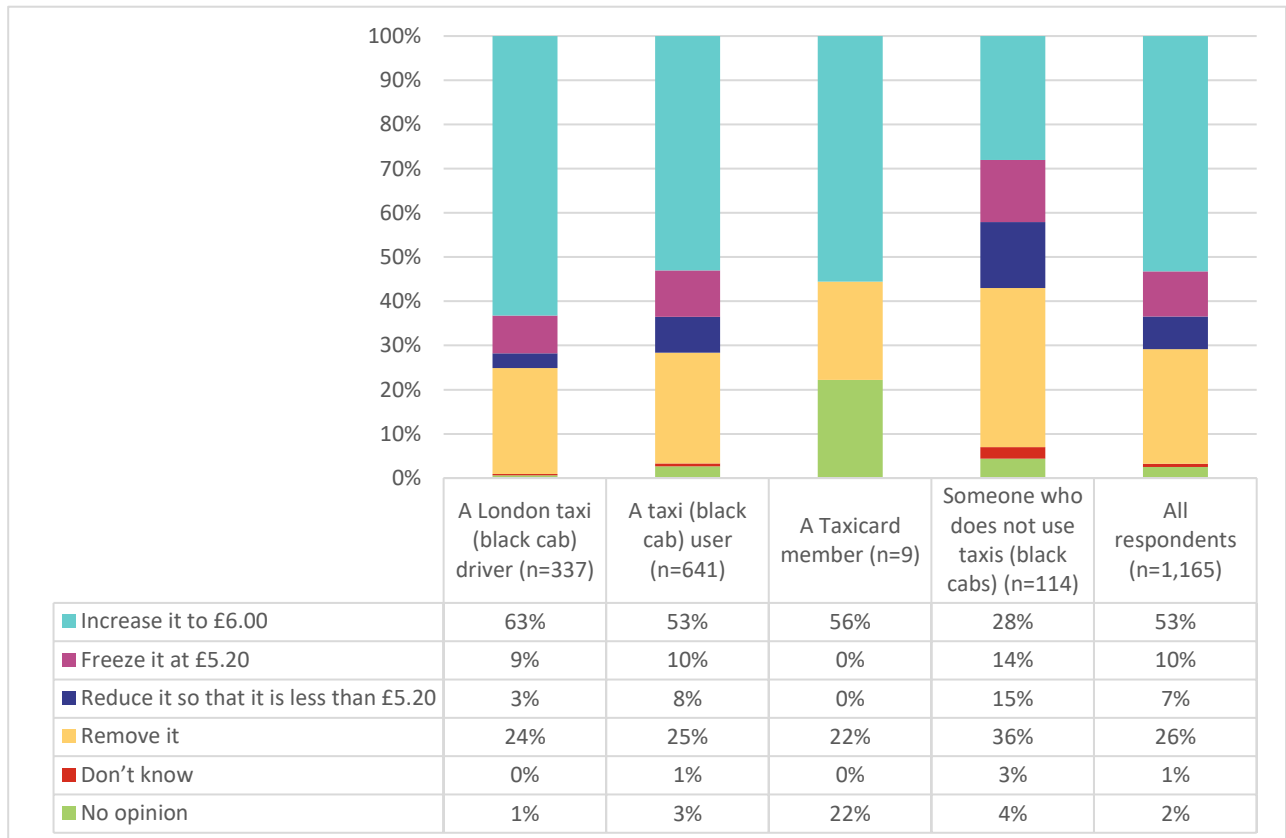
Heathrow Extra

- Just over half (51 per cent) of all respondents thought the Heathrow Extra should be left at £2.00,
- 39 per cent thought it should be reduced to £1.60



Heathrow drop off charge

- Just over half (53 per cent) of all respondents thought the Heathrow drop off charge should be increased to £6.00
- Just over one quarter (26 per cent) thought it should be removed
- 10 per cent thought it should be frozen at £5.20, and only seven per cent thought it should be reduced



Appendix 3: Summary of stakeholder responses

This appendix provides summaries of the feedback we received from stakeholders. We condense detailed responses into brief summaries. The full stakeholder responses are always used for analysis purposes.

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 sought the views of taxi driver groups. Responses were submitted by the following stakeholders:

1. Hackney Disability BackUp
2. London TravelWatch
3. Transport for All
4. Licensed Taxi Drivers' Association
5. Taxi Trade Tariff Group
6. Unite the Union
7. United Cabbies Group
8. Bolt
9. FREENOW
10. Cabvision
11. Hale Taximeters
12. Heathrow Airport Limited
13. Stop Killing Cyclists
14. CHAPRA
15. London Borough of Hammersmith and Fulham
16. Westminster City Council

Hackney Disability BackUp

Hackney Disability BackUp said:

- Taxi fares in London are very poor value for money
- The minimum fare should be frozen at £3.80
- Tariffs 1, 2 and 3 should be frozen
- The Heathrow extra should be reduced to £1.60

They said that their members report that the Taxicard scheme has to all intents collapsed, and they are informed that there are no drivers available when they call.

Hackney Disability BackUp said that when drivers do agree to come they frequently fail to turn up.

They also said that the extra charges are astronomical and some drivers refuse to accept credit card payments, even though it can be difficult for many disabled people to handle cash.

London TravelWatch

London TravelWatch (LTW) said that despite taxis making up a relatively small proportion of journeys, they play an important part in London's public transport network and can help people get around when other options are not available.

LTW said taxis can be particularly important in outer London where public transport options are more limited, and can be vital when travelling at night.

They said that most importantly taxis can provide door-to-door transport for people who face barriers to using other types of transport and have no access to private transport, and in light of this taxis can be particularly important to disabled and older people.

LTW said they understand the need to increase taxi fares given the rise in taxi drivers' costs and the falling number of taxis and taxi drivers. They said it was important to protect the number of remaining taxis but also said it was important to strike a balance between drivers being fairly paid and people getting fair and affordable fares. They also said that it is important that people are not priced out of using the service.

LTW said high fares and fare increases are likely to disproportionately disadvantage people who rely on taxis for accessibility or safety reasons, and if taxis are unaffordable people may choose less safe but cheaper options, or not travel at all. They said this adds more barriers to accessing things such as healthcare, employment and education. LTW would like to see mitigations put in place to reduce any negative impact on these groups.

LTW said mitigations should be considered in the structure of fare increases and called for Tariff 3 to be protected from high increases. LTW's research found that 31 per cent of people who reported feeling unsafe when travelling in London used taxis or private hire vehicles (PHVs). They did recognise that some differential between the tariffs provides an incentive for taxi drivers to work at night.

The mitigations LTW would like to see in place are:

- TfL to explore ways to make being a taxi driver a more attractive profession, and by doing so increase the number of licensed taxi drivers. While fare levels are an important part of this, other factors should be explored that do not add further costs on to passengers
- Extra support for Taxicard members. This could include freezing member contributions, allowing triple swiping and increasing the number of taxi drivers who can access Taxicard bookings
- Protecting night services, including the Night Tube and Night Bus
- Continuing to make other modes accessible
- Increasing the number of accessible PHVs

Transport for All

Transport for All (TfA) said:

- The minimum fare should be frozen
- Tariffs 1, 2 and 3 should be frozen
- The Heathrow extra should be reduced to £1.60

TfA said they were deeply concerned about the proposed increases to taxi fares and the disproportionate impact on disabled people.

They said disabled people are already facing significantly higher living and transport costs, and rely on taxis as a vital service due to the inaccessibility of much of London's public transport. They said that raising fares will exacerbate existing inequalities, further isolating disabled people and restricting their access to employment, education, healthcare and other essential services.

TfA said the cost of living crisis has hit disabled people particularly hard. While they recognised that taxi drivers face increasing operating expenses, passing these costs on to disabled passengers, who already face significant barriers, is unacceptable and risks compounding existing inequalities.

TfA also said that disabled people already face discriminatory practices when using taxis, such as running the meter for the time it takes to load a mobility aid. They said that any changes to fares should be paired with the strengthened enforcement of driver obligations to ensure fair and equitable treatment.

TfA said their research highlights that cost is the most frequently experienced, and disabling barrier to using taxis for disabled people. Many respondents to TfA's research called for reducing taxi costs or expanding concessions such as the Taxicard scheme.

TfA said the consequences of fare increases for Taxicard members would be particularly severe. Members would reach the capped fare limit more quickly, forcing many to make fewer journeys or travel shorter distances. They said that with driver availability already a significant issue, this could further reduce the willingness of drivers to accept Taxicard jobs. TfA also said that some of their members report that return journeys are being treated as two swipes, halving their travel allowance. They said that without further funding for the Taxicard scheme disabled users risk losing vital access to transport.

To mitigate the potential negative impacts on disabled people TfA made the following recommendations:

- Increase funding for the Taxicard scheme
- Address Taxicard issues such as return journeys being treated as two swipes
- Invest in accessible and affordable public transport options to reduce the reliance on taxis
- Implement targeted financial support for disabled passengers (e.g. subsidies or capped fares for accessible journeys)
- Strengthen enforcement against discriminatory practices (e.g. starting the taximeter early and overcharging disabled passengers)
- Engage directly with Londoners to co-design and implement solutions that address affordability and ensure taxi services meet their needs

Licensed Taxi Drivers' Association

The Licensed Taxi Drivers' Association (LTDA) submitted a separate response about the fixed-fare, shared-taxi scheme that operates during the Wimbledon Tennis Championships. They requested that the fixed-fares from the tennis to central London are increased by £1.50.

They said this would be in the best interests of passengers and drivers in 2025, in order to maintain a balance between supply of taxis and customer value.

Taxi Trade Tariff Group

The Taxi Trade Tariff Group (TTTG) said their preference was for option 3 – this would be a 40 pence increase to the minimum fare and 5.05 per cent increase to Tariffs 1, 2 and 3.

The TTTG also said:

- Option 3 reflects the total Cost Index figure of 7.48 per cent, and any departure from the figure indicated by the Cost Index would result in disequilibrium and unfairly penalise either drivers or passengers
- Changes lower than the Cost Index would mean drivers were unfairly penalised and for this reason only options 1, 2 and 3 would produce equilibrium between driver income and passenger fares, and maintain the tariff at a just level to maintain drivers' income
- They said that option 4 would result in a fall in drivers' real income, and options 5, 6 and 7 would reduce drivers' real and nominal income
- The TTTG said that anything less than a 7.48 per cent increase would exacerbate the existential problem of falling taxi driver and vehicle numbers

The TTTG made the following comments on balance and ability to pay:

- The TTTG said that while the Finance Committee rightly considers the balance between drivers' ability to earn a fair return and passengers' ability to pay, equilibrium is found by the outcome of the Cost Index
- They also said that the Finance Committee rightly consider that those passengers least able to withstand increases are the ones who are most dependant on the taxi service (elderly and disabled passengers). While the taxi trade is not uncaring about these passengers, restricting the tariff to less than the total Cost Index figure would not solve any problems for these people
- The TTTG said the Taxicard scheme consistently suffers year-on-year service deterioration due to drivers being forced to give a 10 per cent fare discount to Taxicard members, and this is evidence that a general fare discount would have a negative effect on service levels
- They said that if a decision was taken to restrict a tariff increase it would not be equitable, as this would mean taxi drivers subsidising not only the least able to pay but also those most able to pay. The TTTG said as an example if option 6 was implemented taxi drivers would be subsidising low-income passengers by 3.31 per cent but also high earning passengers and this cannot be fair

The TTTG made the following comments on alternatives to assist those least able to pay:

- There are two basic ways fares can be reduced without reducing tariff increases
- There could be a direct subsidy for those least able to pay, this already exists as the Taxicard service and this could be expanded or increased. This could be financed by society at large. It could also be financed by taxi drivers but

this would be inequitable and could also create problems with regards to taxi drivers accepting these jobs

- Another option would be to consider the cost of congestion on taxi fares in general. Traffic flows in London have worsened over the last decade and the longer a taxi journey takes the more expensive the taxi fare
- The congestion part of taxi fares could be reduced by allowing 'taxis to go where buses go' and this would reduce the overall fare
- The creation of low traffic neighbourhoods (LTNs) has a disproportionately negative impact on taxi fares for old and disabled passengers. An example is the journey from Moorfield's Eye Hospital into the Islington LTN which can be 50 per cent more if the passenger is not able to walk from the edge of the LTN to their destination
- Increased access for taxis would negate the impact of a 7.48 per cent tariff increase, and in the case of access to LTNs would target the fares of old and disabled passengers
- This offers an alternative to an increase below the Cost Index figure

Unite the Union

Unite the Union (Unite) said:

- Taxi fares in London are very good value for money
- The minimum fare should be increased by 40 pence to £4.20
- Tariffs 1, 2 and 3 should be increased with the total Cost Index figure (+7.48 per cent) used
- The Heathrow extra should be left at £2.00
- The Heathrow drop off charge should be increased to £6.00

Unite also made the same comments as the TTTG.

United Cabbies Group

The United Cabbies Group (UCG) said:

- Taxi fares in London are good value for money
- The minimum fare should be increased by 40 pence to £4.20
- Tariffs 1, 2 and 3 should be increased with the total Cost Index figure (+7.48 per cent) used
- The Heathrow extra should be left at £2.00
- The Heathrow drop off charge should be increased to £6.00

The UCG also made the following comments:

- Disabled passengers tell the UCG they are constantly being designed out of urban environments and this has accelerated at pace since a number of road schemes were implemented during the coronavirus pandemic and then retained to enable the Mayor to achieve net zero targets for 2030
- The consultation says that TfL tries to try to strike a balance between drivers being fairly paid and passengers being charged a fair and affordable fare. Fares are measured on time and distance so restrictions on access for taxis extends journey times and this impact is not taken into consideration in the UCG's view

- Road access currently denied to taxis needs to be reviewed as a matter of priority as this goes hand in hand with keeping taxi fares affordable for passengers
- The number of taxis and taxi drivers in London is falling at an unsustainable rate, with a loss of around 1,000 drivers per year between 2012 and 2024, and a 37 per cent fall in the number of taxis
- Licensed taxis are the capital's only door-to-door, fully accessible service. One third of Tube stations and half of Overground stations are currently step-free. This is why so many passengers with mobility issues rely on taxis for crucial journeys
- Since the pandemic a number of TfL and borough road schemes have restricted road space for taxis or removed appropriate kerbside access. The UCG do not share the view that licensed taxis should be removed from roads that buses can use. They said this has consequences for those who rely on licensed taxis
- The UCG said there is currently a situation where three of the mainline stations have restrictions on the surrounding roads impacting taxis getting to waiting passengers or leaving the station and ensuring the journey time and cost is not increased due to unnecessary circuitous routes which increase fares but which could be avoided. They said it is essential that the tariffs are not looked at in isolation
- The UCG said that a number of key journeys are made from London's mainline stations, as passengers with booked assistance are accompanied to the taxi rank for their onward travel. They said that when a passenger is returning to a mainline station to meet their booked assistance the additional time to undertake the journey to the station due to the restrictions on access for taxis has consequences and if passengers miss their train they also have to buy a new ticket. They said this can be avoided by an inclusive approach to transport planning
- The UCG added that there are restrictions on Bishopsgate, Bank Junction and Tottenham Court Road in key through-routes where Tube stations are not step free or where the route has journeys from mainline stations to hospitals (e.g. UCH, Macmillan Cancer Centre and Guy's). They also said the journey times and increased costs disproportionately impact disabled passengers, older passengers, pregnant passengers and those who are vulnerable
- The UCG said that cycling infrastructure and encouraging active travel should not be at the expense of accessibility. They said the same zeal should be used to ensure those inequalities do not exist, and barriers should be removed for passengers. This should include making road infrastructure and access for those delivering services fit for purpose and keeping costs affordable

Bolt

BOLT said:

- The minimum fare should be increased by 20 pence to £4.00
- Tariffs 1, 2 and 3 should be increased with the change in taxi drivers' operating costs figure (+4.17%) used
- The Heathrow extra should be left at £2.00
- The Heathrow drop off charge should be increased to £6.00

Bolt said that if taxi fares are increased they support a corresponding increase in Taxicard member allowances to ensure users can continue accessing the programme at the same level as in 2024. Bolt said without this adjustment Taxicard members would face a reduction in the number of subsidised journeys they can make, and this could negatively impact their mobility and independence.

FREENOW

FREENOW said:

- Taxi fares in London are very good value for money
- The minimum fare should be frozen at £3.80
- Tariffs 1, 2 and 3 should be increased with the total Cost Index figure (+7.48 per cent) used
- The Heathrow extra should be left at £2.00
- The Heathrow drop off charge should be increased to £6.00

They also made the following comments:

- Taxi fares provide truly excellent value for money in London, given the high quality of service drivers offer via their specialist vehicles, all of which are wheelchair-accessible, which is particularly important for those who may face physical or other barriers (e.g. those with disabilities, the elderly and parents with small children) when accessing alternative forms of transport
- They agreed that taxis provide a reliable and trusted service to Londoners and visitors, offering passengers a safe and convenient service, aided by drivers' extensive knowledge of the capital's streets, and said they also play a crucial role late at night while many other modes may stop running or there may be long waits for them
- They said passengers' perceptions of taxis may be negatively impacted by the effects of increased congestion, delays, detours and increases in journey times. They said this can lead to passengers being charged higher fares than might have been the case previously, and these experiences may deter some prospective passengers from using taxis
- They said the principal causes of these issues include:
 - Reductions in road capacity, but this might increase if taxis were allowed to use all bus lanes
 - Speed restrictions
 - Road closures, traffic restrictions and access for taxis. They added that LTNs were introduced during the pandemic and remain in place but undermine the value of the wheelchair accessible nature of London's taxis
 - The huge number of roadworks
- FREENOW said that despite these challenges taxi passengers consider taxis offer value for money, they referred to the 2023/24 TfL Taxi and Minicab Passenger Customer Satisfaction Survey (CSS) in which passenger gave a score of 73 out of 100 for value for money, which equates to 'fairly good'

On the taxi fare and tariff options FREENOW said:

- They support option one and increasing Tariffs 1, 2 and 3 by 7.48 per cent

- Limiting the increase to the change in taxi drivers' operating costs (+4.17 per cent) would not be fair to taxi drivers. They noted that the TTTG arrived at the same conclusion
- They support Tariff 2 applying to all journeys of six miles or more and in effect dispensing with Tariff 4. They noted that the TTTG supported Tariff 4 increasing by 7.48 per cent and FREENOW said there was a strong case for Tariff 4 becoming permanently subsumed within Tariff 2 as it would simplify the taxi fare system
- FREENOW said that applying Tariff 3 to Saturday and Sunday between 20:00 and 22:00 should be considered. They said the objective of this would be to ensure a better remuneration for drivers and also motivate them to work during periods of higher demand. They said that this change and the increase in the number of taxis during weekend evenings should support TfL's safer travel at night initiative. They thought it may also help retain existing taxi drivers, encourage those who have recently left the taxi trade to return and serve as a recruitment tool for new taxi drivers
- FREENOW said they did not consider the minimum fare appropriate. They would like to see a minimum fare introduced that apps and radio circuits would be permitted (but not mandated) to charge on behalf of taxi drivers. The reason for this is that taxi drivers may have to drive 10-15 minutes to pick up a passenger when they accept a job via an app or radio circuit and drivers may be less likely to accept some of these jobs. FREENOW suggested £10 tends to be a tipping point for taxi drivers. They said that introducing this could improve acceptance rates

On the booked taxi extra FREENOW said:

- This should be increased to £5.20 and then reviewed annually
- They anticipated that for most booked taxi journeys less than £5.20 would be charged
- They said it was important that businesses such as FREENOW had the ability to vary the amount of the extra as not all bookings are equal, and some may be more complex
- £2.00 does not cover the cost of the more complex bookings
- They said the booked taxi extra was an important component in allowing FREENOW to provide a fast, safe and high-quality service
- They also said that taxi drivers being able to charge the booked taxi extra is problematic with passengers being charged it twice and this should be looked at as a matter of urgency

On cancellation fees FREENOW said:

- They were disappointed that introducing a cancellation fee was not considered in the annual fare review
- They said a passenger who booked a taxi could currently be charged £5.80 (£3.80 minimum fare plus £2.00 booked taxi extra) and it seems reasonable that when a booked taxi is cancelled that there should be some recompense amounting to but not exceeding the sum of the minimum fare and booked taxi extra
- FREENOW said the introduction of a cancellation fee would be fairer to drivers and would improve the supply situation

- FREENOW is strongly in favour of the explicit inclusion of a cancellation fee in the Cab Order and applied when a passenger:
 - Decides to cancel the order two or more minutes after the taxi driver has accepted the request
 - Does not arrive within five minutes of the taxi arriving, and the taxi driver having to cancel the request
- They said cancellation fees constructed in this way are a market standard worldwide in the private hire sector and should apply to London taxis
- The fees are a minor source of earnings but play a critical role in maximising utility rates of drivers and vehicles, and minimising dead mileage
- They said cancelled rides create congestion, unnecessary emissions and reduce drivers' earnings
- FREENOW shared suggested text on a cancellation fee for the Cab Order

FREENOW also said increasing the soiling charge to somewhere between £80 to £150 seems reasonable.

Cabvision

Cabvision provides taximeters and card payment devices to taxi drivers, and also rents taxis to taxi drivers.

Cabvision said none of the seven options reflected their views.

They thought that making the Tarif 4 rates the same as the Tariff 2 rates last year was a mistake. They were concerned that applying a 7.5 per cent increase across all tariffs could be an error.

They thought that the 'back end' of the meter was excessively expensive, and increases should be concentrated on the 'front end'.

They think the tariffs should be simplified and submitted a proposal with two tariffs.

Hale Taximeters

Hale is a taximeter company and they said:

- Taxi fares in London are good value for money
- The minimum fare should be increased by 20 pence to £4.00
- Tariffs 1, 2 and 3 should be increased with the change in taxi drivers' operating costs figure (+4.17%) used
- The Heathrow extra should be reduced to £1.60
- The Heathrow drop off charge should be reduced so it is less than £5.20

Heathrow Airport Limited

Heathrow Airport Limited (HAL) said taxi drivers should be able to pass on the full cost of the taxi feeder park fee to passengers. HAL are reviewing the taxi feeder park and will keep TfL updated on this process.

HAL also said taxi drivers should be able to pass on the full cost of the terminal drop-off charge to passengers and supported the drop off charge being increased to £6.00.

Stop Killing Cyclists

Stop Killing Cyclists wanted the exemption from the Congestion Charge to be removed from taxis, apart from for registered disabled passengers.

They said it was unfair that working class drivers have to pay the charge, but rich executives using private transport for hire are exempt.

Stop Killing Cyclists said that taxis are one of the single largest sources of central London congestion, disproportionately impacting negatively on the 99 per cent of people using other transport each day in London.

They said taxi congestion impacts negatively on working people, pensioners, disabled people and low waged people who walk, use the bus or cycle in central London.

They also said that the funds raised could be used to fund fare cuts for people on Universal Credit, and the faster rollout of protected cycle lanes and LTNs.

CHAPRA

CHAPRA is a residents' association in the London borough of Sutton. They said:

- Taxi fares in London are OK value for money
- The minimum fare should be frozen
- Tariffs 1, 2 and 3 should be increased with the change in taxi drivers' operating costs figure (+4.17%) used
- The Heathrow extra should be reduced to £1.60
- The Heathrow drop off charge should be increased to £6.00

They also asked if TfL had considered having a card for regular taxi users which gives them a five or 10 per cent reduction on taxis fares, and also as a way of increasing the use of taxis.

London Borough of Hammersmith Fulham

Hammersmith & Fulham Council said:

- Taxi fares in London are OK value for money
- The minimum fare should be frozen
- Tariffs 1, 2 and 3 should be frozen
- The Heathrow extra should be reduced to £1.60
- The Heathrow drop off charge should be removed

London Borough of Hammersmith and Fulham said that they believe regulated taxi fares are too high in relation to competitors.

They do not believe the current regulations serve taxi drivers or other operators very well and that regulatory change should do three things:

1. Create a level playing field
2. Support employment rights
3. Incentivise fleet electrification

They said that lowering the charge when taking a taxi from Heathrow Airport directly benefits passengers by reducing the overall cost. This is particularly important for frequent travellers and those on a smaller budget, and reducing the surcharge aligns with the council's commitment to minimising fare increases and ensuring taxis remain a viable and safe transport option.

London Borough of Hammersmith & Fulham said the Heathrow drop off charge raises concerns, particularly for vulnerable groups who rely on taxis as an increase could exacerbate the financial burden on them. They said it was crucial to consider the additional cost implications for disabled passengers who may already face higher living expenses. They also said that a higher drop off charge could deter women from using taxis, potentially compromising their safety, and that it is important that transportation remains accessible and affordable for women.

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

London Borough of Hammersmith & Fulham said the disproportionate impact on disabled and vulnerable people who rely on taxis was of particular concern. The council was concerned about the difficulties local disabled people experience using taxis and requested that TfL review and improve this. They said there were also concerns about the disproportionate impact on women who may feel less safe using other modes or walking, particularly late at night. The council were therefore more supportive of the options that minimise fare increases.

They also mentioned how the fare review aligns with the council's strategic objectives and climate change strategy.

London Borough of Westminster

London Borough of Westminster said:

- The minimum fare should be increased by 40 pence to £4.20
- Tariffs 1, 2 and 3 should be increased with the total Cost Index figure (+7.48 per cent) used
- The Heathrow extra should be left at £2.00
- The Heathrow drop off charge should be increased to £6.00

London Borough of Westminster pressed TfL to ensure support continued for vulnerable residents who depend on taxis through the Taxicard scheme.

They said all recognise that Taxicard is vital for less mobile residents on lower incomes. They welcomed there being no proposed changes to Taxicard.

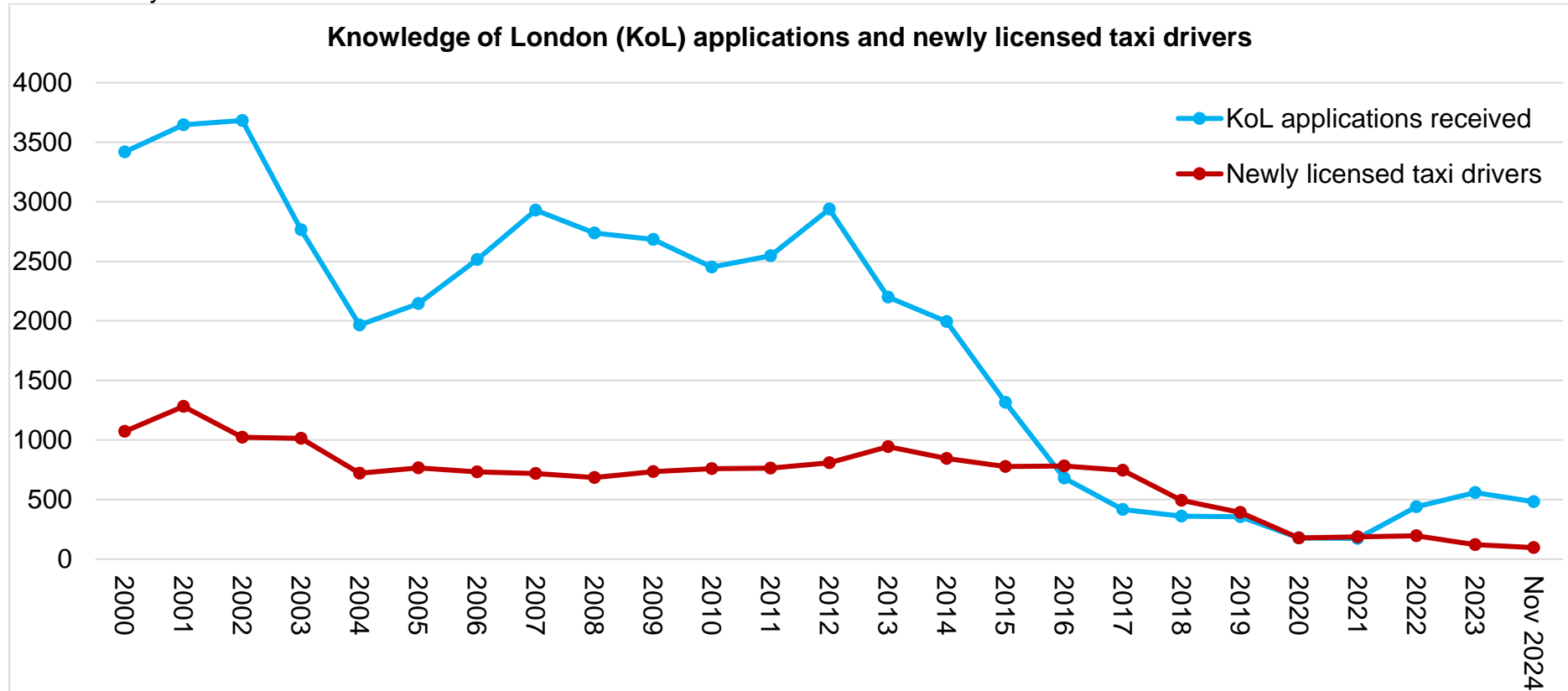
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Appendix 4: Taxi driver figures

Knowledge of London applications and newly licensed taxi drivers

The chart below¹ shows the number of:

- Applications received to do the Knowledge of London
- Newly licensed taxi drivers

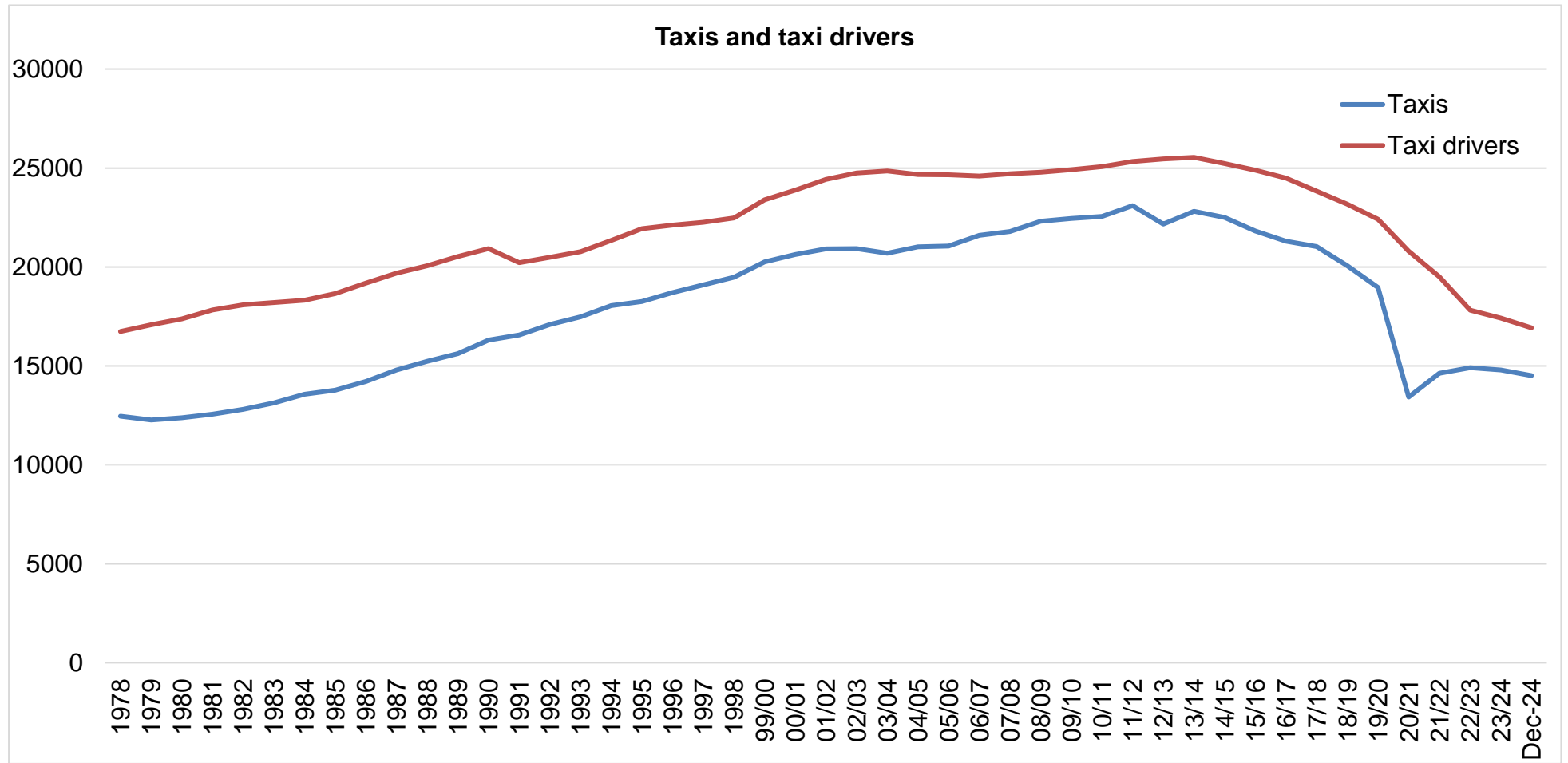


¹ TfL licensing data

Licensed taxis and taxi drivers

The chart below² 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 private hire licensees in March 2020 and in December 2024.³

While the number of licensed private hire drivers declined during the coronavirus pandemic, it has now almost returned 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 | 05 January 2025 | Difference | % |
|-------------------------------|---------------|-----------------|------------|---------|
| Taxis | 18961 | 14525 | -4436 | -23.40% |
| Taxi drivers | 22409 | 16919 | -5490 | -24.50% |
| Private hire operators | 2124 | 1778 | -346 | -16.29% |
| Private hire drivers | 111590 | 107884 | -3706 | -3.32% |
| Private hire vehicles | 95955 | 96241 | 286 | 0.30% |

³ TfL licensing data

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Appendix 5: Taxi fares and tariffs review EQIA

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/36361/widgets/106528/documents/70686>

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.

The EQIA now covers the recommended changes to the fixed-fare, shared-taxi scheme that operates during Wimbledon tennis Championships.

¹ Review of taxi (black cab) fares and tariffs 2024, EQIA, <https://haveyoursay.tfl.gov.uk/taxi-fares-review-2024>

Customer Equality Impact Assessment (EQIA) Form

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

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

Please note:

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

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

The steps for completing EQIA are:

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

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

1. Key information and clarifying aims

| | | | | | | |
|--|---|---------|----------------------------|---------------------------|--|-------------|
| Title of strategy, service, business plan, programme, or project | Taxi (Black Cab) Fares and Tariffs Review 2024/25 | | | | Unique ID No. <i>(To be assigned by the D&I team)</i> | D&IC/24/651 |
| Team/Department/Directorate | Transport for London (TfL), Licensing and Regulation | | | | | |
| EQIA author | Darren Crowson, TfL Taxi and Private Hire Policy Manager | | | | | |
| Senior accountable person | Charlotte Reynolds, TfL Head of Taxi and Private Hire Policy | | | | | |
| Date EQIA started | 21 August 2024 | | Date EQIA completed | | 20 September 2024 EQIA completed for consultation 27 December 2024 EQIA updated 29 January 2025 EQIA updated | |
| Project Stage | 20 September 2024: Preparing public consultation for launch in October 2024 27 December 2024: EQIA updated so as it can be submitted to the Finance Committee along with the recommendations 29 January 2025: EQIA updated before being submitted to the Finance Committee | | | | | |
| What is the focus of this EQIA? <i>(Please tick which is appropriate)</i> | Service | Project | Programme | Strategy or business plan | Others <i>(please state below)</i> | |
| | | | | | 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 | |
| Who would benefit or be impacted by your strategy, service, business plan, programme, or project <i>(Please provide details of below)</i> | | | | | | |
| Customer | The main groups impacted are: | | | | | |

| | |
|--|---|
| | <ul style="list-style-type: none"> • Taxi passengers • Taxicard members • Taxi drivers |
| Employee <i>(for workforce or employee only impact assessment, please email the D&I workforce team at EQIA@fjl.gov.uk)</i> | None |

| | |
|---|---|
| <p>Provide background information and outline the aims/objectives/scope of the strategy, service, business plan, programme, or project</p> | <p>We normally review taxi fares and tariffs annually and aim to implement changes in April of each year.</p> <p>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.</p> <p>We consult on potential changes to the taxi fares and tariffs and also the extra charges taxi drivers are allowed to add to the taxi fare.</p> <p>The documents for the 2024/25 taxi fares and tariffs consultation have been drafted and are enclosed.</p> <p>Draft consultation documents</p> <p>The enclosed draft taxi fares and tariffs consultation document provides information on:</p> <ol style="list-style-type: none"> 1. Our role in licensing and regulating taxi services 2. How taxi fares are calculated 3. Taxi fares and tariffs consultation options 4. Other consultation items 5. The Cost Index 6. Taxi passengers' and taxi drivers' views on fares and tariffs 7. Taxicard 8. Impact assessments and other factors to consider |
|---|---|

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 2024. The changes from the previous review came into effect on Saturday 20 April 2024 and are listed below.

Taxi fares and tariffs

- Minimum fare frozen at £3.80
- Tariffs 1, 2 and 3 were increased by 8.92%
- This reflected the increase in taxi drivers' operating costs (+4.17%) and the increase in average national earnings (+3.31%)
- The Tariff 4 rates were made the same as the Tariff 2 rates

Heathrow extra

- The extra charge taxi drivers can add to the fare when a passenger takes a taxi from one of the taxi ranks at Heathrow Airport was reduced from £3.60 to £2.00

Wimbledon Tennis Championships fixed-fare, shared-taxi scheme

- The Wimbledon Tennis Championship fixed fare for shared taxis was increased from £2.50 per passenger to £3.50 per passenger for journeys between:
 - Wimbledon Station and the Wimbledon Tennis Championships
 - Southfields Station and the Wimbledon Tennis Championships

2024/25 consultation proposals and questions

This year's consultation covers three areas:

1. Potential changes to the minimum fare and taxi tariffs
2. Potential changes to the Heathrow extra
3. Potential changes to the Heathrow drop off charge

1. Potential changes to the minimum fare and taxi tariffs

For this year's consultation we're not consulting on a single proposal but instead asking respondents whether:

- The minimum fare and if this should be increased
- Whether we should increase Tariffs 1, 2 and 3

The minimum fare

The minimum fare is currently £3.80. We would like to know if respondents think the minimum fare should be:

- Frozen at £3.80
- Increased by 20 pence to £4.00
- Increased by 40 pence to £4.20

Tariffs 1, 2 and 3

We would like to know if respondents think Tariffs 1, 2 and 3 should be frozen or if they should be increased. If respondents think Tariffs 1, 2 and 3 should be increased we would like to know if they think the increase should be based on:

- The total Cost Index figure (+7.48 per cent)
- The change in taxi drivers' operating costs (+4.17 per cent)

Any increase could be applied to just Tariffs 1, 2 and 3. Alternatively it could be split across the minimum fare, and Tariffs 1, 2 and 3. The table below shows different options.

| Option | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|--------------------------------|-------|-------|-------|-------|-------|-------|-------|
| Cost Index figure used | 7.48% | 7.48% | 7.48% | 4.17% | 4.17% | 4.17% | 0.00% |
| Current minimum fare | £3.80 | £3.80 | £3.80 | £3.80 | £3.80 | £3.80 | £3.80 |
| Minimum fare increase | £0.00 | £0.20 | £0.40 | £0.00 | £0.20 | £0.40 | £0.00 |
| New minimum fare | £3.80 | £4.00 | £4.20 | £3.80 | £4.00 | £4.20 | £3.80 |
| Increase to Tariffs 1, 2 and 3 | 7.48% | 6.27% | 5.05% | 4.17% | 2.96% | 1.74% | 0.00% |

2. Potential changes to the Heathrow extra

- Taxi drivers have to pay Heathrow Airport Limited (HAL) a fee to access the taxi ranks at the airport
- We allow taxi drivers to charge a Heathrow extra to help them cover part of the fee they must pay to HAL
- The Heathrow extra is normally around 50 per cent of the fee taxi drivers pay to HAL
- HAL have reduced the fee taxi drivers must pay from £3.60 to £3.00
- We are now proposing to reduce the Heathrow extra from £2.00 to £1.60

3. Potential changes to the Heathrow drop off charge

- Taxi drivers have to pay HAL a fee when they drop off passengers in one of the terminal forecourts at Heathrow Airport
- HAL have advised us that they plan to increase the fee to £6.00 from 1 January 2025
- We allow taxi drivers to charge a Heathrow drop off to help them cover the cost of the fee they must pay to HAL
- We plan to ask respondents if the extra charge taxi drivers can add to the fare when dropping off passengers at one of the terminal forecourts should be:
 - Increased to £6.00 so it is the same as the fee HAL charge taxi drivers
 - Reduced so it is less than £5.20
 - Frozen
 - Removed altogether

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

27 December 2024 update**Wimbledon Tennis Championships fixed-fare, shared-taxi scheme**

Following a review of the consultation responses and requests we are also recommending the following changes to the fixed-fare, shared-taxi scheme that operates during the Wimbledon Tennis Championships:

- Increasing the fixed-fares for shared-taxis from the All England Lawn Tennis Club (AELTC) to central London by £1.50
- Amending some of the authorised places where the fixed-fare, shared-taxi scheme operates from during the Wimbledon Tennis Championships
- Extending one of the areas covered by the fixed-fare, shared-taxi scheme that operates during the Wimbledon Tennis Championships

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 2024/25 review of taxi (black cab) fares and tariffs.

The document contains the following sections:

- Taxi users – London residents
- Taxicard journeys and members
- Driving Change: Improving the Accessibility of Taxis and Private Hire Vehicles for Disabled People
- Disability and mobility data for Londoners
- Income and poverty amongst Londoners
- UK LGBT survey
- Taxi and Private Hire Driver Diary Survey
- Travel in London report
- Use of wheelchair accessible taxis
- Designated wheelchair accessible taxis and PHVs in London

- Carers in London
- Visitors to London
- Licensed taxi drivers
- Use of smartphones and other devices

Engagement and consultation

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

| | Yes | No | Don't Know | Comments |
|--|-----|----|------------|--|
| Has there been any engagement or consultation activity relating to this strategy, service, business plan, programme, or project? | Yes | | | <ul style="list-style-type: none"> - There has been pre-consultation engagement with the main taxi trade associations - Potential changes to taxi fares and tariffs have been shared with TfL's Assisted Transport Services Team and London Councils - A full public consultation will be carried out <p>27 December 2024 update A public consultation has been carried out. This opened on 21 October 2024 and closed on 02 December 2024.</p> <p>The consultation is here: https://haveyoursay.tfl.gov.uk/taxi-fares-review-2024</p> <p>A summary of the consultation responses is provided in appendix 2. A summary of the stakeholder responses is provided in appendix 3.</p> |
| 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 |
|--|-------------------------|--|
| <p>Taxi Trade Tariff Team – this includes representatives from:</p> <ul style="list-style-type: none"> • Licensed Taxi Drivers Association (LTDA) • London Cab Drivers Club (LCDC) • RMT • Unite the Union • United Cabbies Group (UCG) | <p>Monthly meetings</p> | <ul style="list-style-type: none"> - They support taxi fares and tariffs increasing as taxi drivers' operating costs and average national earnings have increased - They want changes to be implemented in April 2025 - They support using the Cost Index and the full Cost Index figure (+7.48%) - They have initially indicated that they would like to see Tariffs 1, 2 and 3 increased by 7.48%, or the minimum fare increased by 40 pence and Tariffs 1, 2 and 3 increased by 5.05%. These are options 1 and 2 in the draft consultation - They would like to see the Tariff 4 rates increased to match any increase in the Tariff 2 rates - They do not support reducing the Heathrow extra and instead would like this to be the same as the fee taxi drivers must pay HAL - They support increasing the Heathrow drop off charge to £6.00 so it is the same as the fee taxi drivers must pay HAL <p>27 December 2024 update A summary of their response to the consultation is provided in appendix 3.</p> |
| <p>The consultation will be sent to:</p> <ul style="list-style-type: none"> • Passengers • Accessibility and disability organisations • Older people's groups • Women's safety groups • Business groups | <p>October 2024</p> | <ul style="list-style-type: none"> - All consultation responses will be reviewed, and a consultation report will be prepared - This will be used to inform recommendations <p>27 December 2024 update Some stakeholders responded to the consultation.</p> |

| | | |
|--|---------------------|--|
| <ul style="list-style-type: none"> • 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 | | <p>Some stakeholders raised concerns about increasing taxi fares and tariffs and the negative impact on older people, disabled people and Taxicard members.</p> <p>A summary of their responses is provided in appendix 3.</p> |
| <p>To help ensure that the consultation is accessible and inclusive we will do the following:</p> <ul style="list-style-type: none"> • Prepare an Easy Read version of the consultation material and consultation questions • Prepare a British Sign Language (BSL) video on the consultation • Provide options (online survey, email, post, phone) for submitting a response • TfL's Stakeholder, Advocacy and Engagement (SAE) Team will help promote the consultation to a wide audience • The consultation will be featured in the Metro newspaper and if possible in the TfL accessibility newsletter <p>29 January 2025 update:</p> <ul style="list-style-type: none"> • We also provided an option on the consultation webpage to translate the information into different | <p>October 2024</p> | <ul style="list-style-type: none"> - All consultation responses will be reviewed, and a consultation report will be prepared - This will be used to inform any recommendations we make - If people submit a response through the TfL Consultation Portal, then demographic information (age, gender, etc.) will be collected when they register and create an account |

| | | | | |
|--|------------|--------------|-------------------|---|
| languages. This can be done by simply selecting the required language from the list of languages available | | | | |
| TfL's Consultation Delivery Team | | October 2024 | | <ul style="list-style-type: none"> - Following feedback from TfL's Consultation Delivery Team and also the company who have produced some of the Easy Read and BSL material for previous taxi fares consultations, 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 |
| | Yes | No | Don't Know | Comments <i>(state clearly what this engagement or consultation will be and how it will be organised)</i> |
| 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 | | | <ul style="list-style-type: none"> - We are aiming to launch a full public consultation in October 2024 <p>27 December 2024 update A public consultation has been carried out. This opened on 21 October 2024 and closed on 02 December 2024</p> <p>The consultation is here: https://haveyoursay.tfl.gov.uk/taxi-fares-review-2024</p> <p>A summary of the consultation responses is provided in appendix 2. A summary of the stakeholder responses is provided in appendix 3.</p> |

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

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 minimum fare or tariff rates as the fares they pay would increase
- If the total number of licensed taxi drivers reduces because there is no increase to the minimum fare or tariffs, 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
- If the total number of licensed taxi drivers reduces because there is no increase to the minimum fare or tariffs 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
- They could be negatively impacted if the Heathrow drop off charge increases as fares for taxis to the airport would increase

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

- They would experience a positive impact if the minimum fare or tariffs are 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 taxi fares increasing
- If freezing the minimum fare or 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 and Taxicard members 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 minimum fare or tariffs are increased then the fares could still increase despite any reduction in the Heathrow extra
- Taxi passengers and Taxicard members could experience a positive impact if the Heathrow drop off charge is reduced or removed as the fares for taxi journeys to Heathrow airport could be reduced, although if the minimum fare or tariffs are increased then the fares could still increase

Taxi drivers

All taxi drivers could be negatively impacted if:

- No change to the minimum fare or tariffs is made and they cannot cover increased operating costs
- Any increase to the minimum fare or tariffs is less than the increase in taxi drivers' operating costs (+4.17 per cent) and they cannot cover increased operating costs
- The increase to the minimum fare or tariffs is less than the total Cost Index figure (+7.48 per cent) as taxi drivers may feel this is in effect a pay cut, as it would be lower than the sum of the increase in taxi drivers' operating costs (+4.17 per cent) and the increase in average national earnings (+3.31 per cent)
- Increases to the minimum fare or tariffs result in fewer people using taxis or a decline in the number of taxi journeys and drivers' incomes reducing
- The Heathrow extra is reduced as this could mean fares are lower for journeys from Heathrow Airport
- The Heathrow drop off charge is reduced or removed as this could mean fares are lower for journeys to Heathrow Airport

All taxi drivers will experience a positive impact if:

- Freezing the minimum fare or 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, as they may feel less safe using public transport. They may experience a negative impact if the minimum fare or tariffs are increased as the 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 in London for people from Black, Asian and minority ethnic groups is higher than the poverty rate for white people² and so taxi passengers and Taxicard members from Black, Asian and minority ethnic groups could be disproportionately impacted if the minimum fare or tariffs are increased 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.³ The 2021 Census data for England and Wales⁴ 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 the minimum fare or tariffs, despite taxi drivers' operating costs and average national earnings increasing, could have a negative impact on taxi drivers from Black, Asian and minority ethnic groups. This could also create a perception that being a taxi driver is not an attractive career and deter people from Black, Asian and minority ethnic groups from applying to become a taxi driver
- However, there could also be a negative impact if the minimum fare or tariffs are increased and this results in the number of taxi journeys or people using taxis declining, and taxi drivers' incomes declining

² Trust for London, London's Poverty Profile, 27 June 2023, <https://trustforlondon.org.uk/>

³ TfL licensing data

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>

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 minimum fare or tariffs are increased as the fares they pay would 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 poverty⁵ 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 of transport (e.g. buses, Tube) or not being able to consider walking or cycling as an alternative. If the minimum fare or tariffs are increased the fares they pay will increase
- The impact may be positive for female taxi passengers and Taxicard members if the minimum fare or 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 minimum fare or 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 the minimum fare or tariffs, despite taxi drivers' operating costs and average national earnings increasing, could have a negative impact on female taxi drivers. It could also create a perception that being a taxi driver is not an attractive career and 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 minimum fare or 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 there is no increase in the minimum fare or tariffs, or 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

⁵ Trust for London, London's Poverty Profile, 27 June 2023, <https://trustforlondon.org.uk/>

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 minimum fare or 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 minimum fare or tariffs are frozen and this makes them more likely to use taxis at night and instead of using an unlicensed vehicle or unbooked PHV, or choosing to walk when this is a less safe option
- 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 minimum fare or 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

- Not increasing the minimum fare or 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 minimum fare or 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 minimum fare or taxi fares. They may not be working, or if they are their income may be low, and they may be less able to afford 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. Local authorities who use taxis for special educational needs and disabilities (SEND) transport may also find it more difficult to continue to use taxis if fares increase
- Older taxi passengers and Taxicard members 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, 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 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 over 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 390 PHVs are designated wheelchair accessible vehicles, this is only 0.42 per cent of the total PHV fleet in London⁹
- Just under one third (29 per cent) of single pensioners and 13 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, require a door-to-door service, face barriers with using other forms of transport and not be 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 minimum fare or 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

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/>

- Older people may be negatively impacted if they are more likely to use taxis to travel to Heathrow Airport and the Heathrow drop off charge is increased as this will mean fares increase

Taxi drivers

- Just under 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 minimum fare or 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 minimum fare or 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 the minimum fare or tariffs 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 (29 per cent) of single pensioners and 13 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. **29 January 2025 update:** As of 13 January 2025 17 per cent of taxi drivers were 65 or older
- The number of younger taxi drivers is extremely low and not representative of the capital's population. Not increasing the minimum fare or tariffs, despite taxi drivers' operating costs and average national earnings increasing, could deter young people from applying to become a licensed taxi driver. 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

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 minimum fare or tariffs are increased as the fares they pay would 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

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 minimum fare or 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 minimum fare or 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 Londoners¹⁴
- Disabled taxi passengers and Taxicard members may also be disproportionately impacted if the minimum fare or 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 2022/23, 30 per cent of families that included a disabled person were in poverty compared to 22 per cent of those without a disabled household member¹⁵
- Disabled taxi passengers and Taxicard members may also be disproportionately impacted if the minimum fare or tariffs are increased as they may be more likely to require a door-to-door service or use the accessibility features in taxis than non-disabled taxi users
- Taxi passengers and Taxicard members who are wheelchair users may be disproportionately impacted if the minimum fare or 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 390 PHVs are designated wheelchair accessible vehicles, this is only 0.42 per cent of the total PHV fleet in London¹⁶
- Taxi passengers and Taxicard members who have an assistance dog may be disproportionately impacted if the minimum fare or 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

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/>

¹⁶ TfL licensing data

- Disabled taxi passengers and Taxicard members may be disproportionately impacted if the minimum fare or 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 minimum fare or tariffs as this would mean taxi fares increasing for journeys where the fare is still below the capped Taxicard fare level
- Taxicard members will be negatively impacted if taxi drivers are more reluctant to accept Taxicard fares. The risk of taxi drivers not accepting Taxicard capped fares could increase if taxi drivers feel the capped Taxicard fares are too low or they are not willing to accept less than the full metered fare. **29 January 2025 update:** If the taxi fares and tariffs are increased but the capped Taxicard fares remain the same this will increase the gap between general taxi fares and the capped Taxicard fares. This could result in taxi drivers being less willing to do Taxicard work and only doing other work as they will receive higher fares
- There could be a positive impact for disabled taxi passengers and Taxicard members if the minimum fare or 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
- Disabled people may be negatively impacted if they are more likely to use taxis to travel to Heathrow Airport and the Heathrow drop off charge is increased as this would mean fares increase

Taxi drivers

- Disabled taxi drivers may be disproportionately impacted if the minimum fare or tariffs are increased and 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 the minimum fare or 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 minimum fare or tariffs are increased and this results in the number of taxi journeys or people using taxis declining. **29 January 2025 update:** People may be deterred from applying to become a taxi driver if fares and tariffs are increased and the number of taxi journeys or people using taxis declines as they may feel that being a taxi driver is not a viable career or will provide a sufficient income

Sexual orientation

Taxi passengers and Taxicard members

- LGB Londoners are significantly more likely than heterosexual Londoners to have experienced incidents of unwanted sexual behaviour or hate crime while travelling on the capital's public transport network. Fears of intimidation and/or abuse are sometimes

mentioned by LGB Londoners as barriers for increased public transport use.¹⁷ LGB taxi passengers and Taxicard members may be disproportionately impacted if the minimum fare or tariffs are increased as they may 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 minimum fare or 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

- 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 the minimum fare or tariffs, despite taxi drivers' operating costs and average national earnings increasing, could deter LGB people from applying to become a licensed taxi driver
- 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 minimum fare or 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

¹⁷ TfL Travel in London: Understanding our diverse communities 2019, <http://content.tfl.gov.uk/travel-in-london-understanding-our-diverse-communities-2019.pdf>

Taxi drivers

- Taxi drivers who are pregnant or who have recently given birth may be disproportionately impacted if there is no increase to the minimum fare or 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
- Taxi drivers who are pregnant or who have recently given birth may also be disproportionately impacted if the minimum fare or 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

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, etc). They would experience a negative impact if the minimum fare or tariffs increase, and taxi fares increase. This could mean that they are not able to travel as often or are unable to make some journeys. 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).¹⁸ Over half (59 per cent) didn't know or preferred not to say but six per cent said it was lower than £21,750
- Some taxi drivers may be 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 the minimum fare or tariffs are increased and this results 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

¹⁸ Taxi and Private Hire Licensee CSS 2023/24, Kantar

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 minimum fare or tariffs are not increased, suburban taxi drivers cannot cover increased operating costs and so stop being a taxi driver
- **29 January 2025 update:** Taxi passengers and Taxicard members with no access to an income may experience a negative impact if they use taxis and the fares and tariffs are increased

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 there is no increase to the minimum fare or tariffs despite their operating costs increasing
- They could also be negatively impacted if the minimum fare or tariffs are increased and this results in fewer people using taxis and drivers' incomes reducing

People who share more than one protected or other characteristic

Some taxi passengers, Taxicard members and taxi drivers may share more than one protected or other characteristic, and the severity of the potential negative impacts identified may be greater 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 problems. 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.

27 December 2024 update

Wimbledon Tennis Championships fixed-fare, shared-taxi scheme

Following a review of the consultation responses and requests we are recommending three changes to the fixed-fare, shared-taxi scheme that operates during the Wimbledon Tennis Championships:

1. Increasing the fixed-fares for shared-taxis from the AELTC to central London by £1.50
2. Amending some of the authorised places where the fixed-fare, shared-taxi scheme operates from during the Wimbledon Tennis Championships

3. Extending one of the areas covered by the fixed-fare, shared-taxi scheme that operates during the Wimbledon Tennis Championships

Increasing the fixed-fares for shared-taxis from the AELTC to central London by £1.50 may have the following impacts:

- Taxi passengers and Taxicard members may be negatively impacted if they take shared taxis from the Wimbledon Tennis Championships to central London as the fares they pay will increase
- Taxi passengers who are older, disabled, pregnant or have recently given birth may be disproportionately impacted as they may be more reliant on taxis and if some of the fixed fares are increased they will have to pay more or may not be able to afford to travel by taxi
- Taxi passengers may experience a positive impact if the increase in the fixed fares means more taxi drivers use the taxi ranks and the supply of available taxis to central London increases
- All taxi drivers may experience a positive impact as the fares they receive may increase. However, they may experience a negative impact if the increase deters people from using shared taxis to travel from the Wimbledon Tennis Championships to central London

No negative or positive impacts have been identified for amending some of the authorised places where the fixed-fare, shared-taxi scheme operates from during the Wimbledon Tennis Championships.

Extending one of the areas covered by the fixed-fare, shared-taxi scheme that operates during the Wimbledon Tennis Championships may have a positive impact on taxi passengers and Taxicard members if they want to take a taxi to the area the fixed-fare, shared-taxi scheme will be extended to cover. They may be able to get a shared taxi to this area and pay a lower fare than if they took a non-shared/exclusively hired taxi.

TfL employees

- There could be a negative impact on some TfL staff if the minimum fare or tariffs are increased and TfL is less willing to pay for taxis for staff travel (e.g. at the start or end of shifts)
- **29 January 2025 update:** 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. TfL staff could also be at increased risk of abuse if there are problems
- No negative or positive impacts on TfL employees sharing one or more protected or other characteristics have been identified

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

| Item | Potential mitigations |
|--|--|
| <p>The minimum fare or taxi tariffs are increased</p> <ul style="list-style-type: none"> - This would mean taxi fares increase for Taxicard members and other taxi passengers - It would mean they have to pay higher fares - It could also mean they cannot travel as often or cannot make certain journeys - If some taxi passengers cannot travel as often or make certain journeys this could: <ul style="list-style-type: none"> o Increase the risk of them feeling isolated or being unable to get out o Mean they cannot access education or work o Mean they cannot attend medical or other appointments - There could also be an increased risk that some passengers consider using an unbooked PHV, unlicensed vehicle or choosing to walk when this is less safe instead of using a taxi - Although increasing the minimum fare or tariffs could mean taxi drivers' incomes increase, it could mean they decline if increased fares result in fewer people using taxis or the number of taxi journeys falling | <ul style="list-style-type: none"> - There are several public transport alternatives available if some people decide to stop using taxis as a result of taxi fares increasing - Walking and cycling may also be feasible options for some people who decide to stop using taxis as a result of taxi fares increasing and there are several schemes that aim to improve walking and cycling in the capital - 29 January 2025 update: Using e-scooters may also be a feasible option for some people who decide to stop using taxis as a result of taxi fares increasing - 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. 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 - 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 |

| Item | Potential mitigations |
|--|---|
| | <p>Elizabeth line. They may be able to use these services instead of a taxi for all or part of their journey</p> <ul style="list-style-type: none"> - 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 |
| <p>No change is made to the minimum fare or taxi tariffs</p> <ul style="list-style-type: none"> - This could mean that taxi drivers cannot cover their operating costs and stop being a taxi driver - This could mean people are deterred from applying to become a taxi driver - A reduction in the number of existing and newly licensed taxi drivers could reduce the availability of taxis for passengers or increase wait times | <ul style="list-style-type: none"> - We promote the Taxicard service to taxi drivers to try and increase the number of taxi drivers available to accept Taxicard jobs. This may also mitigate some of the potential negative impacts on taxi drivers as they will have the opportunity to access more work and increase their income - We plan to implement changes to 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 |
| <p>The Heathrow drop off charge increases</p> <ul style="list-style-type: none"> - Increasing the Heathrow drop off charge would make it more expensive for passengers to take a taxi to Heathrow Airport | <ul style="list-style-type: none"> - Blue Badge holders can apply for an exemption from the drop off charge Heathrow Airport charge. If they are granted an exemption then taxi drivers do not add the extra charge to the fare - To avoid paying the drop off charge passengers can be asked to be dropped off in the long stay car parks at the airport and then take the free bus to one of the terminals |
| <p>Making the consultation accessible and inclusive</p> <ul style="list-style-type: none"> - If the consultation is not accessible and inclusive then it may mean that some taxi passengers or taxi drivers are not able to respond and let us know their views | <ul style="list-style-type: none"> - 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 Easy Read version of the consultation document and questions will be provided |

| Item | Potential mitigations |
|---|--|
| | <ul style="list-style-type: none"> - A BSL video of the consultation will be provided - The consultation will be promoted to a wide range of groups, this includes: <ul style="list-style-type: none"> o Passenger groups o Accessibility and disability organisations o Older people's groups o Women's safety groups o LGBT+ groups - We will provide options (online survey, email, post, phone) for how people can submit a response <p>29 January 2025 update</p> <ul style="list-style-type: none"> - We also provide an option on the consultation webpage to translate the information into a different language. This can be done by simply selecting the required language from the list of languages available |
| <p>27 December 2024 update</p> <p>Wimbledon Tennis Championships fixed-fare, shared-taxi scheme</p> <p>Increasing the fixed-fares for shared-taxis from the AELTC to central London by £1.50</p> <ul style="list-style-type: none"> - The fares for passengers taking a shared taxi from the Wimbledon Tennis Championships to central London will increase | <ul style="list-style-type: none"> - Passengers can choose to take a non-shared/exclusively hired taxi, although this may be more expensive than a shared taxi - Passengers can choose to use an alternative mode of transport for all or part of their journey in order to reduce the taxi fare. For example they could take a shared taxi from the AELTC to Wimbledon or Southfields stations and then transfer to the Tube, rail or tram - Passengers can choose to use a PHV instead of a taxi as the fares for some PHV journeys may be less than a shared or non-shared/exclusively hired taxi |
| <p>29 January 2025 update</p> <ul style="list-style-type: none"> - The total number of licensed taxi drivers falls | <ul style="list-style-type: none"> - There are several public transport alternatives available if some people are unable to get a taxi due to the number of licened taxi drivers falling - Walking, cycling and using an e-scooter may also be feasible options for some people - 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 |

| Item | Potential mitigations |
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| | <ul style="list-style-type: none"> - Some people may be able to use a PHV instead of a taxi. 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 taxi passengers may have a Freedom Pass and be able to travel for free on the bus, tram, Tube, 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 |
| <p>29 January 2025 update</p> <ul style="list-style-type: none"> - Some passengers 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, as they may feel less safe using public transport - They may experience a negative impact if the minimum fare or tariffs are increased as the fares they pay would increase, or the number of licensed taxi drivers falls | <ul style="list-style-type: none"> - Some people may be able to use a PHV instead of a taxi. 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 |

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 in October 2024 |

| | 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 26 February 2024 |
| 2 | <p>Continue to review taxi fares and tariffs to see if changes can be made which achieve the balance of ensuring drivers can continue to cover their costs and maintain a certain income but also avoiding fares being excessively high or a barrier to people using taxis</p> <p>This will involve meetings with the trade associations and taxi booking companies plus research (Taxi and Private Hire Customer Satisfaction Surveys) amongst taxi users and taxi drivers</p> | 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 | <p>Promote the consultation to a wide range of stakeholders so their views can be taken into consideration. This will include:</p> <ul style="list-style-type: none"> Emailing details of the consultation to all licensed taxi drivers and taxi vehicle owners | TfL Licensing and Regulation | <p>Promotion of consultation – during consultation period</p> <p>Review of consultation responses – after close of consultation</p> |

| | Actions | Owner | Deadline |
|--|---|-------|----------|
| | <ul style="list-style-type: none"> • 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 (e.g. Age UK, Guide Dogs, RNIB, Transport for All, etc) | | |

5. Monitoring and evaluation

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

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| 1. | <p>How would you monitor and evaluate the success of the mitigating actions once your proposal has been implemented?</p> | <p>These will both be monitored through a combination of ways including:</p> <ul style="list-style-type: none"> • Stakeholder feedback • Asking taxi users about taxi fares in the annual user customer satisfaction survey • Asking taxi drivers about taxi fares in the annual licensee customer satisfaction survey |
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| 2. | How would you monitor the actual impact of your proposal or decision once your proposal has been implemented? | <p>27 December 2024 update</p> <p>Wimbledon Tennis Championships fixed-fare, shared-taxi scheme</p> <p>The fixed-fare, shared-taxi scheme that operates during the Wimbledon Tennis Championships will be monitored through on-street checks, feedback received from passengers, plus discussions with the taxi trade representatives and event organisers to see if the changes have increased the number of available taxis and reduced wait times for passengers wanting to travel to central London.</p> |
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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.

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| 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 other factors which make it reasonable for you to decide to continue with your work. | <ul style="list-style-type: none"> • We're planning to proceed with the consultation • Once the consultation ends, we will review and consider all the responses received and the impacts identified. These will inform our recommendations for any changes to taxi fares and tariffs • TfL's Finance Committee is authorised to approve proposed changes to 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 |

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| | | <p>Finance Committee. This is to allow time for the taximeters and fares information to be updated</p> <p>27 December 2024 update After reviewing all of the consultation responses and considering the issues raised and impacts identified we are planning to make the following recommendations to the Finance Committee:</p> <ul style="list-style-type: none">(a) Increase the minimum fare by 40 pence to £4.20(b) increase Tariffs 1, 2 and 3 by 5.05 per cent(c) Continue the arrangement to keep the Tariff 4 rates the same as the Tariff 2 rates(d) Reduce the Heathrow extra from £2.00 to £1.60(e) Increase the Heathrow drop off charge from £5.20 to £6.00(f) Increase the fixed-fares for shared-taxis from the AELTC to central London by £1.50(g) Amend some of the authorised places where the fixed-fare, shared-taxi scheme operates from during the Wimbledon Tennis Championships(h) Extend one of the areas covered by the fixed-fare, shared-taxi scheme that operates during the Wimbledon Tennis Championships <p>29 January 2025 update After reviewing all of the responses to the consultation and taking into consideration the issues raised, the positive and negative impacts identified, the equality issues and impacts, concerns about how respondents have identified themselves (e.g. taxi user, taxi driver, etc) and that some respondents (e.g. private hire operators, taxi booking companies) may have commercial interests and that these may influence</p> |
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| | | |
|--|--|--|
| | | <p>their responses, we are recommending increasing the minimum fare and tariffs for the following reasons:</p> <ul style="list-style-type: none">• The Cost Index shows there has been a relatively large increase in taxi drivers' operating costs (+4.17 per cent), with a particularly large increase in insurance costs• The Cost Index shows that there has been an increase in average national earnings (+3.31 per cent)• This recommendation reflects the change in both taxi drivers' operating costs and average national earnings• By spreading the increase across the minimum fare and Tariffs 1, 2 and 3 the increase to the tariffs is lower (5.05 per cent) than if we just increased Tariffs 1, 2 and 3 by the total Cost Index figure (7.48 per cent). The new rate per mile and rate per hour are also lower than if we just increased Tariffs 1, 2 and 3 by the total Cost Index figure (7.48 per cent)• It is important that taxi drivers are fairly paid to try and ensure that taxi driving remains a viable career, licensed taxi drivers do not stop being a taxi driver and people will consider applying to become a licensed taxi driver. If the number of licensed taxi drivers falls, then this could affect the supply of taxis and increase the risk that taxi users are unable to get a taxi or have to wait longer for a taxi. 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 applications to be a licensed taxi driver and the number of newly licensed taxi drivers is very low.¹⁹ Although there was an increase in the number of applications to become a taxi driver in 2023, the number is still significantly lower than the number received each year up until 2015. Increasing the minimum fare and tariffs to reflect |
|--|--|--|

¹⁹ Figures for the number of taxi driver licence applications and newly licensed taxi drivers are enclosed in Appendix 4

| | | |
|----------|---|--|
| | | <p>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</p> <ul style="list-style-type: none"> • The number of licensed taxi drivers has been falling since 2013/14 and is now at its lowest since 1978.²⁰ It is important to try and retain existing taxi drivers and increasing the minimum fare and tariffs to reflect the change in both taxi drivers' operating costs and average national earnings may help with this • The Tariff 4 rates were made the same as the Tariff 2 rates in the 2023/24 taxi fares and tariffs review. We didn't propose any changes to this arrangement this year and are recommending that it continues for the time being • When making this recommendation we have considered the potential impacts identified in our EQIA, the impacts on children and vulnerable adults, and also other impacts identified |
| 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. | |

²⁰ Licensed taxi driver numbers are enclosed in Appendix 4

7. Sign off

| | |
|---|--|
| EQIA author | |
| Name: | Darren Crowson |
| Title: | TfL Taxi and Private Hire Policy Manager |
| Date: | 20/09/2024 |
| Signature | |
| EQIA reviewer (superuser or D&I team) | |
| Name: | |
| Title: | |
| Date review completed: | |
| Signature | |
| D&I team representative | |
| Name: | |
| Title: | |
| Date: | |
| Signature | |
| EQIA signed off by (Senior accountable person) | |
| <p><i>The EQIA should be signed off by a senior accountable manager or senior project sponsor. They are ultimately responsible for ensuring that the EQIA requirements are taken onboard and delivered as part of the project deliverables and/or escalated to the decision-makers where necessary. By signing, they are confirming that the equality impacts have been identified, understood, and considered; those affected by the proposal/decision have been involved or consulted; and there are plans to mitigate any potential negative impact and monitor the actual impact of the proposal/decision after implementation.</i></p> | |
| Name: | Charlotte Reynolds |
| Title: | TfL Head of Taxi and Private Hire Policy |
| Date: | 10/09/2024 |
| Signature | |

8. Document history and version control

| Document history | Version | Date | Summary of changes |
|------------------|---------|------------|--|
| | 1.0 | 23/08/2024 | First draft |
| | 2.0 | 16/09/2024 | EQIA updated to reflect: <ul style="list-style-type: none">• CR comments• Change to fares and tariffs options |
| | 3.0 | 20/09/2024 | Form prepared for publication with consultation |
| | 4.0 | 27/12/2024 | Form updated following close of consultation and review of consultation responses |
| | 5.0 | 29/01/2025 | Form updated with additional comments |
| | 6.0 | 17/02/2025 | Form updated following review |

Appendix 6: EQIA evidence base

Taxi (Black Cab) Fares and Tariffs Review 2024/25

Equality impact assessment evidence base

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Taxi (Black Cab) Fares and Tariffs Review 2024/25 – Evidence Base

This document contains information to support the equality impact assessment for the 2024/25 taxi (black cab) fares and tariffs review.

Taxi users – London residents

In the Black Cabs and Minicabs Customer Satisfaction Survey (CSS) we ask Londoners for their views on taxi fares and about their use of taxis. We also ask demographic information and their:

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

The demographic information is shown below. Apart from ethnicity, the information is taken from the 2023/24.¹ The ethnicity information is taken from the 2019/20 survey.²

The most recent information is for taxi users who are London residents and does not include visitors to London who use taxis. Originally London residents and visitors to London took part in the survey. However, following a reduction in funding for the survey in 2017/18 the methodology changed and now only London residents participate.

At present information from the CSS is not available about taxi users who share more than one protected characteristic. The impacts on some taxi users may be greater if they share more than one protected characteristic (e.g. they are an older, disabled taxi user).

The impact may also be greater on taxi users who share one or more protected characteristic and have a low income.

¹ Black Cabs and Minicabs Customer Satisfaction Survey (CSS), Verian, 2023/24

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

| Year | CSS sample | Male | Female | Non binary* | Prefer to self describe** | Prefer not to say |
|---------|---|------|--------|-------------|---------------------------|-------------------|
| 2012/13 | London residents and visitors to London | 46% | 54% | -- | -- | 0% |
| 2013/14 | | 45% | 55% | -- | -- | 0% |
| 2014/15 | | 48% | 52% | -- | -- | 0% |
| 2015/16 | | 60% | 40% | -- | -- | 0% |
| 2016/17 | | 54% | 46% | -- | -- | 0% |
| 2016/17 | Londoners only | 55% | 45% | -- | -- | 0% |
| 2017/18 | | 52% | 48% | -- | -- | 0% |
| 2018/19 | | 59% | 41% | -- | -- | 0% |
| 2019/20 | | 54% | 46% | -- | -- | 0% |
| 2020/21 | | 48% | 51% | 1% | -- | 0% |
| 2021/22 | | 46% | 52% | 1% | -- | 1% |
| 2022/23 | | 42% | 57% | 1% | -- | 1% |
| 2023/24 | | 48% | 50% | 0% | 1% | 0% |

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

**Prefer to self describe added as a response option in 2023/24

| Year | CSS sample | 16-19 | 20-29 | 30-54 | 55-64 | 65+ |
|----------------|---|--------------|--------------|--------------|--------------|------------|
| 2012/13 | London residents and visitors to London | 3% | 19% | 56% | 13% | 8% |
| 2013/14 | | 2% | 18% | 58% | 13% | 10% |
| 2014/15 | | 3% | 21% | 54% | 13% | 9% |
| 2015/16 | | 2% | 19% | 57% | 12% | 10% |
| 2016/17 | | 0% | 16% | 55% | 12% | 12% |
| 2016/17 | Londoners only | 1% | 17% | 56% | 14% | 11% |
| 2017/18 | | 2% | 31% | 39% | 15% | 12% |
| 2018/19 | | 5% | 27% | 39% | 11% | 18% |
| 2019/20 | | 2% | 29% | 50% | 10% | 9% |
| 2020/21 | | 5% | 27% | 57% | 8% | 5% |
| 2021/22 | | 3% | 25% | 60% | 5% | 7% |
| 2022/23 | | 5% | 30% | 51% | 9% | 5% |
| 2023/24 | | 4% | 23% | 62% | 7% | 4% |

| Year | CSS sample | Have a long term physical or mental health impairment which limits daily activities or work | None | Prefer not to say |
|---------|---|---|------|-------------------|
| 2012/13 | London residents and visitors to London | 11% | 88% | 0% |
| 2013/14 | | 14% | 85% | 1% |
| 2014/15 | | 11% | 88% | 1% |
| 2015/16 | | 15% | 83% | 2% |
| 2016/17 | | 13% | 86% | 2% |
| 2016/17 | Londoners only | 16% | 81% | 3% |
| 2017/18 | | 23% | 75% | 2% |
| 2018/19 | | 22% | 76% | 2% |
| 2019/20 | | 30% | 67% | 3% |
| 2020/21 | | 20% | 75% | 5% |
| 2021/22 | | 18% | 78% | 4% |
| 2022/23 | | 22% | 72% | 4% |
| 2023/24 | | 20% | 78% | 2% |

Twenty per cent of taxi users who said they had a long term physical or mental health impairment which limits daily activities or work said they use a wheelchair.

| Ethnicity | % – 2019/20 |
|--|--------------------|
| White – British | 59.83% |
| White – Irish | 3.58% |
| White – other | 7.57% |
| Mixed Race – White and Black Caribbean | 1.51% |
| Mixed Race – White and African | 1.24% |
| Mixed Race – White and Asian | 1.93% |
| Any other mixed background | 0.96% |
| Black/Black British – Caribbean | 4.40% |
| Black/Black British – African | 2.75% |
| Black/Black British – other | 0.96% |
| Asian/Asian British – Indian | 4.81% |
| Asian/Asian British – Pakistani | 1.24% |
| Asian/Asian British – Bangladeshi | 2.48% |
| Asian/Asian British – Other | 1.65% |
| Chinese | 1.51% |
| Other | 1.10% |
| Prefer not to say/refused | 2.48% |

| Religion | % – 2022/23 |
|-------------------|--------------------|
| Christian | 42% |
| No religion | 33% |
| Muslim | 13% |
| Buddhist | 0% |
| Jewish | 1% |
| Hindu | 5% |
| Sikh | 1% |
| Other | 1% |
| Prefer not to say | 4% |

| Sexual orientation | % – 2023/24 |
|---------------------------|--------------------|
| Bisexual | 7% |
| Gay/lesbian | 3% |
| Heterosexual | 88% |
| Prefer to self describe | 0% |
| Prefer not to say | 2% |

| Identifying as transgender | % – 2022/23 |
|-----------------------------------|--------------------|
| Yes | 3% |
| No | 96% |
| Prefer not to say | 1% |

| Working status | % |
|---|----------|
| Working full time (30 hours or more per week) | 75% |
| Working part time (less than 30 hours per week) | 13% |
| Retired/not working with private pension or means | 1% |
| Retired with state benefit/state pension only | 1% |
| Student | 4% |
| Unemployed more than 6 months | 2% |
| Unemployed less than 6 months | 1% |
| Not working with state benefit only | 1% |
| Not working living on private means | 2% |
| Other | 0% |

| Annual household income | % |
|--------------------------------|----------|
| Up to £10,000 | 2% |
| £10,001 to £15,000 | 3% |
| £15,001 to £20,000 | 3% |
| £20,001 to £30,000 | 17% |
| £30,001 to £40,000 | 17% |
| £40,001 to £75,000 | 31% |
| Over £75,000 | 22% |
| Don't know | 1% |
| Prefer not to say | 4% |

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

Travel in London: Understanding our diverse communities

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

Profile of equality groups in London

The 2011 Census recorded that there are 8,173,941 people who usually live in London and:

- Black, Asian and minority ethnic Londoners make up 40 per cent of the population
- Half of Londoners are women (51 per cent)
- Thirty-two per cent of Londoners are under the age of 25 and 11 per cent are aged 65 or over
- Fourteen per cent of Londoners consider themselves to have a disability that effects their day-to-day activities 'a lot' or 'a little'

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

- Twenty-eight per cent of Londoners are living in a household with an annual income of less than £20,000
- London has a higher proportion of adults who identify as lesbian, gay or bisexual (LGB) than any other region of the UK. In London, 2.5 per cent of people consider themselves to be LGB. This is higher in inner London, where five per cent of people living in a couple in inner London are in a same-sex relationship

There are differences in the profile of Londoners who make up each equality group:

- Londoners living in a lower income household (less than £20,000 per year) and older Londoners (aged 65 or over) are more likely to be women
- Black, Asian and minority ethnic Londoners are more likely to be younger, while women and those living in lower income households are more likely to be older
- Men are more likely than women, and white Londoners are more likely than Black, Asian and minority ethnic Londoners to be working full-time, this may be linked in part to the different age profile of these equality groups

Inter-relatedness

Many of the groups in the report are interrelated and therefore some of the differences observed are affected by differences in their demographic profile. For example:

- People on low incomes are also more likely to be older people, 24 per cent of those on low income are also 65+ and therefore they are less likely to use technology but are more likely to own a Freedom Pass
- Black, Asian and minority ethnic Londoners are more likely to be younger, 33 per cent of Black, Asian and minority ethnic Londoners are also aged 24 and under, and are therefore more likely to use technology and to travel for education. They are less likely to own a Freedom Pass
- Disabled people are more likely to be older, 44 per cent of disabled people are also over 65 and are more likely to be on a low income, 61 per cent of disabled people are also on low income

The table below shows the overlap between groups. The bold numbers are where a group has a higher proportion compared to other groups. For instance, 23 per cent of older people (65+) are also Black, Asian and minority ethnic.

| | BAME | Older people | Younger people | People on low incomes | Disabled people | Women |
|-----------------------|------|--------------|----------------|-----------------------|-----------------|-------|
| BAME | | 23% | 46% | 44% | 32% | 38% |
| Older (65+) | 8% | | | 24% | 44% | 14% |
| Younger (24 & under) | 33% | | | 30% | 11% | 26% |
| Low income (<£20,000) | 33% | 54% | 32% | | 61% | 31% |
| Disabled | 8% | 32% | 4% | 20% | | 10% |
| Women | 51% | 55% | 49% | 55% | 56% | |

More likely than other groups to be...

- Younger
- Low income and disabled
- BAME
- BAME, older and disabled
- Low income and older

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

- Fifty-six per cent of disabled Londoners are women, compared with 50 per cent of non-disabled Londoners
- Forty-four per cent of disabled Londoners are aged 65 or over, compared with nine per cent of non-disabled Londoners
- Sixty-seven per cent of disabled Londoners are white, compared with 61 per cent of non-disabled Londoners
- Seventy-seven per cent of disabled Londoners are retired or not working compared with 20 per cent of non-disabled Londoners
- Thirty-four per cent of disabled Londoners have household income of less than £10,000 compared with 10 per cent of non-disabled Londoners

Frequency of taxi use (2016/17)

- 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, with the exception of PHVs and taxis, where disabled Londoners are slightly more likely to use them than non-disabled Londoners
- 24 per cent of disabled Londoners have used a taxi in the past year, compared with 28 per cent of non-disabled Londoners
- Wheelchair users are more likely to use a taxi at least once a week than all disabled Londoners or non-disabled Londoners

| | Disabled | Wheelchair user | Non-disabled |
|---------------------------------|-----------------|------------------------|---------------------|
| Base | (1,729) | (313) | (15,831) |
| At least once a week | 3% | 6% | 2% |
| At least once a fortnight | 2% | 2% | 2% |
| At least once a month | 3% | 4% | 5% |
| At least once a year | 16% | 15% | 20% |
| Not used in last 12 months | 31% | 29% | 21% |
| Never used | 45% | 43% | 51% |
| Net: Used in the last 12 months | 24% | 28% | 28% |

Excludes children aged under five

Taxicard journeys and members

London residents may be eligible for a Taxicard if they:

- Receive the higher rate mobility component of the Disability Living Allowance or the higher rate Attendance Allowance
- Are registered blind
- Receive the War Pension Mobility Component

If none of these apply, they may still be eligible if their GP endorses their application, although they may have to have a mobility assessment.

In February 2016⁴ a survey amongst Taxicard members was carried out. The survey was designed to understand declining usage and revealed the following information about Taxicard members and their travel habits.

| Use of other concessionary travel schemes in London by Taxicard members | |
|--|-------|
| TfL Dial a Ride | 19.8% |
| Blue Badge | 21.9% |
| Older person's Freedom Pass | 24.7% |
| Disabled person's Freedom Pass | 19.0% |
| Capital Call | 2.8% |
| Other | 0.5% |
| None | 27.5% |

| Other forms of transport used in London by Taxicard members | |
|--|-------|
| Tube | 8.7% |
| Bus | 40.4% |
| Rail | 11.8% |
| Community transport | 8.0% |
| Car passenger/driver | 52.7% |
| Minicab | 5.7% |
| NHS patient transport | 4.4% |
| Other taxi services | 3.1% |
| Other | 2.3% |

⁴ Taxicard Usage Review, February 2016, eo consulting

| Why members choose to use Taxicard instead of other transport | |
|--|-------|
| Mobility problems | 76.9% |
| Ease of use/flexibility | 49.9% |
| Affordable | 17.2% |
| No alternative option | 15.9% |
| Inadequate alternatives | 3.9% |
| Poor public transport | 0.5% |
| No car/can't drive | 2.3% |
| Other | 0.8% |

| Main purposes members used Taxicard trips for | |
|--|-------|
| Shopping | 55.5% |
| Recreational | 36.2% |
| Doctors appointment | 43.2% |
| Hospital appointment | 62.0% |
| Day centre | 3.9% |
| Visit family/friends | 36.2% |
| Other | 10.0% |

| For those who were taking fewer Taxicard trips the main reasons for this | |
|---|-------|
| The Taxicard service no longer meets my needs | 49.0% |
| It's too expensive | 17.5% |
| The meter reading is a different amount each time I board | 3.0% |
| I use other transport instead | 13.5% |
| I travel with another Taxicard member | 0% |

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

| | |
|--|-------|
| My borough has reduced the number of Taxicard trips I can have | 4.0% |
| Poorer reliability of the service | 24.0% |
| Driver behaviour is not as good | 4.5% |
| Other | 11.0% |

For those who said that the Taxicard service no longer meets their needs:

- 25 per cent said that this was due to a change in their personal circumstances
- 75 per cent said that this was because their mobility impairment has deteriorated, making it more difficult to travel

If Taxicard members used other types of transport instead of Taxicard, which types of transport they used

| | |
|---|-------|
| Mobility scooter | 15.8% |
| Patient transport services | 15.8% |
| Use public transport (bus/Tube) more | 42.1% |
| Travel more with family/friends in private cars | 21.1% |
| Use other door to door transport instead | 5.3% |

If Taxicard members were using the Taxicard scheme less did this mean they were not going out as much

| | |
|-----|-----|
| Yes | 53% |
| No | 47% |

If the subsidised fare from their borough allows Taxicard members to get to where they need to go

| | |
|-----|-----|
| Yes | 66% |
| No | 34% |

| If Taxicard members made the same regular trip did they find that the cost can vary a lot each time and if this deterred them from making Taxicard trips again | | |
|---|-----------------------|--|
| | Costs can vary | Members are deterred from making Taxicard trips again |
| Yes | 73% | 30% |
| No | 27% | 70% |

| What changes would encourage Taxicard members to make more Taxicard trips | |
|--|-------|
| Other | 5.4% |
| Nothing | 36.2% |
| Improvements in reliability | 19.0% |
| Drivers friendlier/more helpful | 3.3% |
| Use private hire vehicles (PHVs) | 0.3% |
| Greater availability | 9.3% |
| Fixed price trips | 4.4% |
| Double swiping | 6.7% |
| Travel further without paying more | 14.7% |
| A lower minimum charge | 12.3% |
| More trips | 22.1% |
| Personal budget | 0.5% |

The report on the 2016 survey also included information on the transport issues for disabled Londoners and the age profile for disabled Londoners and Taxicard members. This information is shown below.

| Transport issue | Disabled Londoners |
|------------------------------|---------------------------|
| Accessibility | 44% |
| Cost | 21% |
| Comfort | 20% |
| Availability and reliability | 16% |

| Age | All disabled Londoners | Taxicard members |
|----------|------------------------|------------------|
| Under 24 | 9% | 3% |
| 25-34 | 7% | 2% |
| 35-49 | 19% | 7% |
| 50-64 | 25% | 15% |
| 65-74 | 17% | 14% |
| 75-84 | 16% | 23% |
| 85+ | 8% | 34% |

Driving Change: Improving the Accessibility of Taxis and Private Hire Vehicles for Disabled People

In 2022 Leonard Cheshire published the Driving Change: Improving the Accessibility of Taxis and Private Hire Vehicles for Disabled People report. The report contained the results from research that “*examined barriers and facilitators for taxi and private hire vehicle (PHV) journeys among disabled people in Great Britain, including England, Scotland, and Wales.*”⁵

The research involved forming a steering group of disabled people, scoping review of existing research and applicable data, national survey of disabled people and focus group with disabled people.

The research looked at the barriers and facilitators of accessible taxi and PHV journeys within the UK and identified 15 key thematic findings:

1. Overall unavailability of accessible taxis/PHVs
2. Disability stigma and negative attitudes from taxi/PHV drivers
3. Lack of taxi/PHV company awareness about disability needs
4. Direct discrimination and unequal treatment
5. Stress, anxiety, frustration, and poor mental health
6. Lack of accessibility of reporting mechanisms
7. Lack of effectiveness of reporting mechanisms
8. Digital exclusion due to technology with low accessibility

⁵ Leonard Cheshire, Driving Change: Improving the Accessibility of Taxis and Private Hire Vehicles for Disabled People, <https://www.leonardcheshire.org/sites/default/files/2023-01/Driving-Change.pdf>

9. Legislative gaps and loopholes
10. Lack of coordination with the green agenda and the built environment
11. Additional costs
12. Taxis provide door-to-door transport and facilitates independence
13. Drivers as helpful and accommodating
14. Long-term relationships with a taxi/PHV company
15. Importance of Disability Awareness Training

Under additional costs it was noted that “*Existing evidence shows that wheelchair accessible taxi and PHVs incur additional financial and time costs for both disabled users and service providers. For disabled people, the cost of taxi fares is commonly brought up as a barrier to taking taxis.*”

The report contains the following key recommendations:

Incentives

1. Financial incentive schemes should be introduced for taxi/PHV companies to cover some of the upfront costs of purchasing sector-compliant (e.g., electric) Wheelchair Accessible Vehicles (WAVs) back to the trade and to ensure costs associated with dead mileage are not passed onto the consumer.
 - Incentive schemes should be targeted to areas of the UK where there is a significant unmet need for WAVs (e.g. rural areas)

Training

2. Disability awareness training should be mandatory across the UK for all new taxi/PHV staff (i.e. both operators and drivers) and existing staff should receive refresher training at regular intervals.
 - Training should be differentiated by disability type and cover the needs of customers with different disability types. Training should also cover taxi/PHV provider obligations under the Taxi and Private Hire Vehicles (Disabled Persons) 2022 Act
 - Drivers should be provided with supporting resources that they can refer to when undertaking professional duties (e.g. good practice toolkit)
 - Disability awareness training programmes should be evaluated, and further research undertaken to identify particularly effective approaches

Regulatory – Taxi and PHV Sector

3. The taxi/PHV sector should commit to developing a ‘Disability Confident’ Scheme, that enables disabled people to immediately identify which taxi/PHV firms are compliant with the Taxis and Private Hire Vehicles (Disabled Persons) Act (2022) whereby employers can display public facing badges, in response to meeting certain requirements. This may provide disabled people who have had negative experiences with the confidence to return to the sector.

- The scheme should include a “voluntary disability reporting requirement”, placing the obligation on taxi/PHV providers to monitor and achieve a certain level of customer satisfaction among disabled customers, to remain a member of the scheme
- Rollout of the scheme should be accompanied by a campaign to galvanize disabled customers to provide business to scheme members and encourage taxi/PHV companies to sign-up

4. Taxi/PHV companies should retain, wherever possible, multiple methods of booking (e.g., via an app, via talking to a human operator) and paying for taxi/PHVs (e.g. via card linked to an app, via cash), to increase accessibility for different groups of all disabled customers

Regulatory – Governments

5. Regulatory bodies, including the Department for Transport and local authorities, should conduct a policy review to ascertain and address policy gaps in the provision of accessible taxi/PHV transportation. Consideration should also be given to how to reduce disability discrimination via supportive policies in the ride-hailing sector

6. National guidance setting out the dimensions and specifications of a standard wheelchair, should be harmonised to account for the varying dimensions of powered and manual wheelchairs, and routinely updated

Disability and mobility data for Londoners

The Office for Disability Issues⁶ has published information about disability and mobility data for Londoners and this is shown in the table below.

| % of all working-age (16-64) | London |
|---|---------------|
| % with mobility difficulties | 6% |
| % use special equipment to help be mobile | 2% |
| % with a mobility impairment | 4% |
| % who currently have ‘DDA’ Disability | 15% |
| | |

⁶ Disability and Mobility, London, 2014, <https://data.london.gov.uk/dataset/disability-and-mobility-london>

| | |
|---|---------------|
| % of all working-age (16-64) | London |
| % of all adults (16+) | London |
| % with mobility difficulties | 11% |
| % use special equipment to help be mobile | 5% |
| % with a mobility impairment | 7% |
| % who currently have 'DDA' Disability | 21% |

Just over one fifth (21 per cent) of all Londoners aged 16 or more had a 'DDA' disability. The definition of 'DDA disability' under the Equality Act 2010 shows a person has a disability if:

- They have a physical or mental impairment
- The impairment has a substantial and long-term adverse effect on their ability to perform normal day-to-day activities

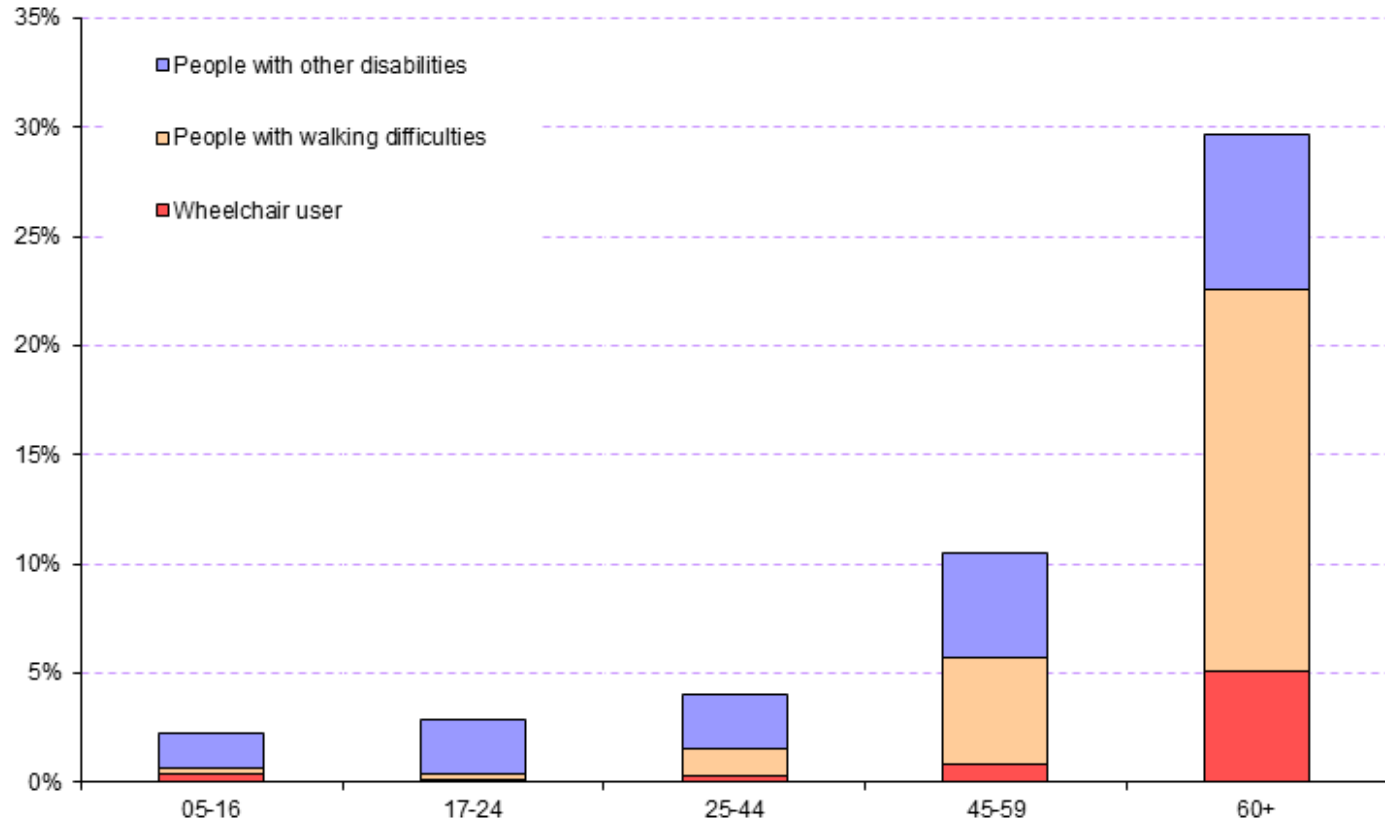
For the purposes of the Act, these words have the following meanings:

- 'Substantial' means more than minor or trivial
- 'Long-term' means that the effect of the impairment has lasted or is likely to last for at least twelve months (there are special rules covering recurring or fluctuating conditions)
- 'Normal day-to-day activities' include everyday things like eating, washing, walking and going shopping

There are additional provisions relating to people with progressive conditions. People with HIV, cancer or multiple sclerosis are protected by the Act from the point of diagnosis. People with some visual impairments are automatically deemed to be disabled.

The London Assembly has published a report titled 'Transport Committee Accessibility of the transport network'⁷ and this contains information about Londoners who are wheelchair users, have walking difficulties or other disabilities. Significantly more Londoners aged 60 or more are wheelchair users, have walking difficulties or have other disabilities compared to younger Londoners.

⁷ Transport Committee Accessibility of the transport network, London Assembly, November 2010 <https://data.london.gov.uk/dataset/londoners-reduced-mobility>



Income and poverty amongst Londoners

Information about income and poverty amongst Londoners has been published by the Trust for London⁸. Some of the findings are listed below:

- Twenty-four per cent of Londoners are living in poverty
- Thirty-four per cent of Londoners living in non-white households are living in poverty
- Forty seven per cent of single parents households in London are living in poverty
- Families made up of a single adult with children are the most likely to be in poverty. In London 47 per cent of these family types are counted as being in poverty, with 44 per cent in the rest of England. Other single person household types follow next, with couple households showing lower poverty rates. Couples pensioners and couples without children are the least likely to be in poverty – 13 per cent and 14 per cent, respectively, of this family type were in poverty in London for 2022/23
- In the last 10 years, the proportion of children in poverty in London has decreased by 5 percentage points - from 37 per cent to 32 per cent. The poverty rate among working-age adults has also decreased (from 27 per cent to 22 per cent), while for pensioners it has stayed the same (19 per cent)
- Poverty rates after housing costs were highest among children and young people in 2022/23, in both London and the rest of England:
 - In London 140,000 children aged four and under live in households in poverty
 - A third (33 per cent) of children aged 5-9 are in households in poverty
 - Over a third of 10-19 year olds live in households that are in poverty (35 per cent of those aged 10-14 and 37 per cent of those aged 15-19)
- In contrast, 15 per cent of Londoners aged 30-34 live in households that are in poverty - the lowest rate for any age group.
- Poverty rates in London are higher than those in the rest of England for people of most age groups, except for children aged 0-4 and adults aged 30-34, 35-39 and 60-64
- 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 2022/23, 30 per cent of families that included a disabled person were in poverty compared to 22 per cent of those without a disabled household member. This gap has increased in the last 10 years - from 5 to 8 percentage points
- Poverty rates are highest among the Bangladeshi minority ethnic group with 63 per cent being counted as in-poverty. This is followed by the “any other Asian background” group for whom the poverty rate is 41 per cent

⁸ Trust for London, London's Poverty Profile, 20 August 2024, <https://trustforlondon.org.uk/data/>

- Poverty rates for minority ethnic groups follow the same order in both London and the rest of England. The groups least likely to be in-poverty in London are “Mixed/Multiple Ethnic” (24 per cent) and “White” (17 per cent)
- More Londoners living in poverty are in working households than in workless households. This has been consistently the case for the last decade. In 2022/23 some 930,000 people in poverty are living in working households. By contrast, 380,000 people in poverty are living in working-age workless households
- 480,000 children in poverty live in households where someone is in work, whereas 180,000 live in workless households
- 200,000 pensioners in London are in poverty
- Poverty rates vary significantly across different demographic groups in London. The highest poverty rates are experienced by workless families (50 per cent) and households comprised of single people with children (47 per cent). Black and minority ethnic groups are far more likely to be in poverty (34 per cent) than white people (17 per cent), and single pensioners also see a higher than average poverty rate at 29 per cent
- Generally speaking all the groups included here have seen declining poverty rates since 2019/20 apart from couples and singles without children

UK LGBT survey

In July 2017 the Government launched a nationwide lesbian, gay, bisexual and transgender (LGBT) survey⁹. Findings included:

- More than two thirds of LGBT respondents said they had avoided holding hands with a same-sex partner for fear of a negative reaction from others
- At least two in five respondents had experienced an incident because they were LGBT, such as verbal harassment or physical violence, in the 12 months preceding the survey. However, more than nine in 10 of the most serious incidents went unreported, often because respondents thought ‘it happens all the time’
- Existing evidence suggests that LGBT people are at greater risk than the general population of being victims of crime
- The National Institute of Economic and Social Research (NIESR) review found that underreporting of hate crime is a particularly common issue. They also found that LGBT people can be unwilling to use relevant services for fear of homophobic, transphobic or biphobic responses from staff and service users or because they do not think the response will meet their needs
- Data from the Crime Survey for England and Wales (CSEW) being published alongside this report for the first time revealed that gay, lesbian and bisexual people are more likely than heterosexual people to be victims of all CSEW crime

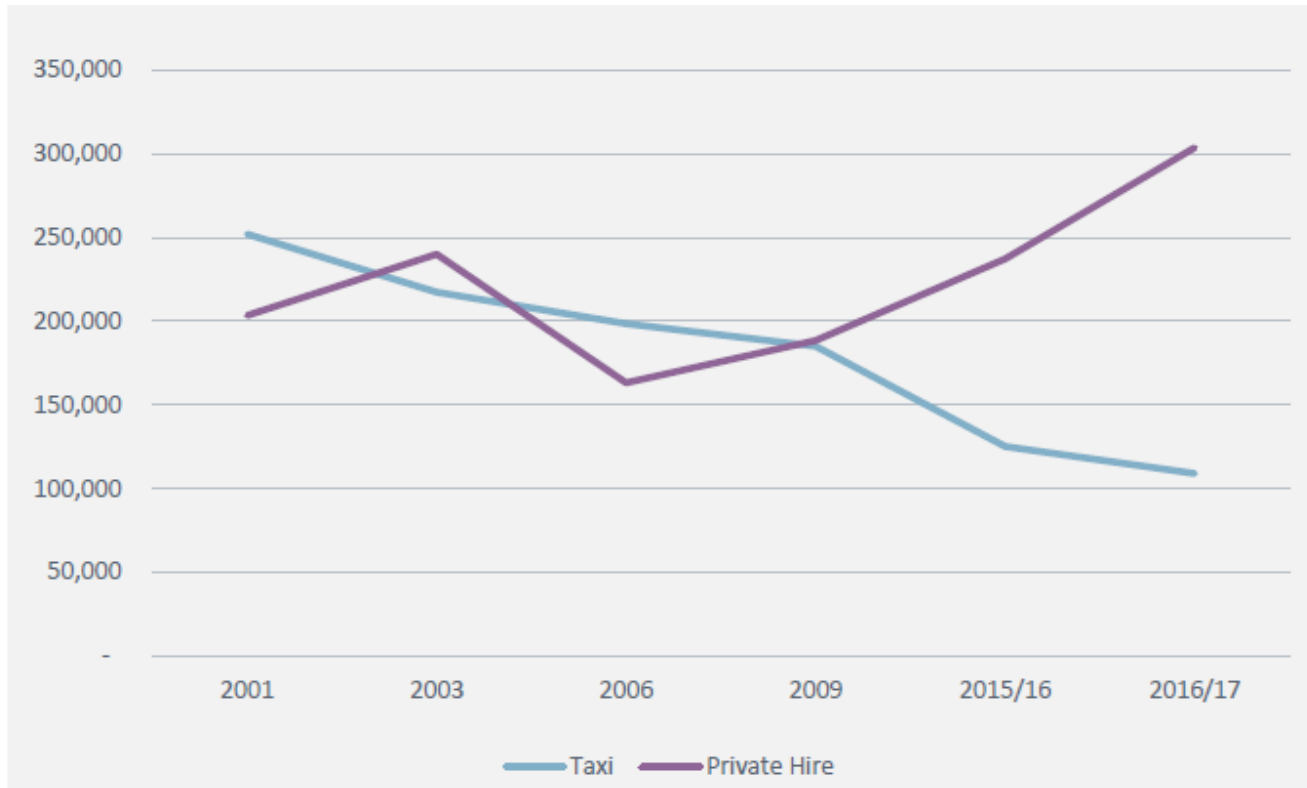
⁹ Government Equalities Office, National LGBT Survey: Summary report, 7 February 2019, <https://www.gov.uk/government/publications/national-lgbt-survey-summary-report/national-lgbt-survey-summary-report>

- One respondent (a gay man, aged 45-54, from London) said *“I still wouldn’t walk down my street holding hands for fear of attack, or kiss on public transport. Simple things that heterosexual people take for granted.”*
- In total, 40 per cent of respondents had experienced an incident in the 12 months preceding the survey committed by someone they did not live with and because they were LGBT
- Around a quarter (26 per cent) had experienced verbal harassment, insults or other hurtful comments, 14 per cent had experienced disclosure of their LGBT status without permission, six per cent had been threatened with physical or sexual harassment or violence, two per cent had experienced physical violence and two per cent had experienced sexual violence

Taxi and Private Hire Driver Diary Survey

- The Taxi and Private Hire Driver Survey¹⁰ has shown that there has previously been a decline in the daily number of taxi journeys
- There were estimated to be approximately 109,000 passenger-carrying taxi journeys per day in London with an average journey length of 2.6 miles
- Although the majority of taxis can carry six passengers there were one or two passengers in a typical hiring
- In 2009 there were around 185,000 taxi journeys in a typical day but in 2016/17 this figure had declined to around 109,000. A chart showing the trend in number of taxi and private hire (minicab and executive/chauffeur services) journeys in London is below

¹⁰ Taxi and Private Hire Driver Diary Survey 2016/17, Steer Davies Gleave, October 2017, <http://content.tfl.gov.uk/driver-diaries.pdf>



- The table below shows the distribution of taxi journeys by time band
- Two thirds of journeys (68.6 per cent) started during the daytime on weekdays (Monday to Friday)

| Time band | All London | Suburban | All |
|---|------------|----------|-------|
| Monday–Friday (06.00-19.59) daytime | 69.4% | 61.6% | 68.6% |
| Saturday and Sunday (06.00-19.59) daytime | 11.2% | 9.0% | 11.0% |
| Monday–Thursday (20.00-21.59) evening | 6.2% | 6.1% | 6.2% |
| Friday (20.00-21.59) evening | 1.1% | 2.4% | 1.2% |
| Saturday and Sunday (20.00-21.59) evening | 0.7% | 0.5% | 0.7% |
| Monday–Thursday (22.00-05.59) night | 7.2% | 10.1% | 7.5% |
| Friday (22.00-05.59) night | 2.1% | 4.3% | 2.3% |
| Saturday (22.00-05.59) night | 1.5% | 3.8% | 1.8% |
| Sunday (22.00-05.59) night | 0.6% | 2.4% | 0.8% |
| Sample | 5,383 | 635 | 6,018 |

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

Travel in London report

The latest Travel in London¹¹ report provides information on journeys in London including the following:

- The last 18 months have seen a continued recovery of travel demand in London from the unprecedented lows of the coronavirus pandemic. Overall travel demand, however, remains short of pre-pandemic levels, particularly on public transport
- By October 2023, road traffic volumes had recovered to around 92 per cent of the pre-pandemic levels, but public transport demand has been slower to return. As at October 2023, representative London Underground and bus demand were both around 84 per cent of pre-pandemic levels
- In 2022 there were an estimated 24.7 million daily trips on an average day, an increase of 14 per cent on 2021. The year was mostly free of mandated pandemic-related restrictions, except for the first quarter which was still impacted by some restrictions associated with the Omicron variant

¹¹ Travel in London Reports, TfL, December 2023, <https://tfl.gov.uk/corporate/publications-and-reports/travel-in-london-reports>

- Daily journey stages in London in 2022 were 28.0 million, up from 24.0 million in 2021 (17 per cent increase) but remain 12 per cent lower than the pre-pandemic level in 2019
- In 2022, the active, efficient and sustainable mode share increased by 4.5 percentage points, relative to 2021, to 62.3 per cent, and has improved further during 2023. This was mainly due to the strong recovery in public transport trips throughout 2022. However, it remained lower than the 2019 pre-pandemic value of 63.6 per cent
- Both walk and cycle mode shares remain higher than before the pandemic, with 27 per cent of all trips in 2022 being walk trips. Cycle mode share increased to 4.5 per cent in 2022, up from 3.6 per cent in 2016, albeit in the context of lower overall travel
- Despite the recovery in public transport demand in 2022, it is now clear that the pandemic legacy of lower overall demand for public transport is affecting progress towards the mayor's aim for 80 per cent of all trips in London to be made by active, efficient and sustainable modes by 2041
- The latest Census of Population was conducted across the UK in March 2021, during the latter stages of pandemic restrictions. The population in London was estimated at 8.8 million. Although this was an increase of 7.7 per cent compared with 2011 (8.2 million), the rate of increase over the preceding decade was slower than 2001-2011 (14 per cent), and two per cent lower than contemporary mid-year estimates. However, it is also possible that the later stages of the pandemic affected this estimate (March 2021)
- London's economic recovery post-pandemic has been strong – at the end of 2022 London's Gross Value Added (GVA) was four per cent higher than in 2019. However, inflationary pressures and the resulting cost-of-living crisis may dampen growth in the medium term
- In August 2023, a fifth of Londoners were reported to be struggling financially, this increases to 30 per cent of Londoners aged 25 to 34. Low-income Londoners are facing the largest squeeze on their finances – with 45 per cent of low-income households (<£20,000) reporting struggling financially

Estimated daily trips

- The table below shows the estimated daily trips (millions) in Greater London by main mode of travel, seven day-week average, 2000-2022
- Between 2000 and 2019, total trips in London increased by 21 per cent overall
- From 2015 onwards there was a general slowing down of travel demand growth in London, with a net increase in trips of just 0.7 per cent between 2015 and 2019 compared with an estimated population increase of three per cent over the same period. This suggests that the pre-pandemic trend was for people to make fewer trips per day, on average, mirroring the trend seen amongst travel by London residents only from our London Travel Demand Survey
- In 2022 there were an estimated 24.7 million trips on an average day (seven-day week), an increase of 14 per cent on 2021

| Year | NR/ LO | LU | Bus/ tram | Taxi/ PHV | Car driver | Car passenger | Motor- cycle | Cycle | Walk | All |
|-----------------------------|-----------|-------|--------------|--------------|---------------|------------------|-----------------|-------|-------|--------|
| (2000) | (1.7) | (2.0) | (2.4) | (0.3) | (6.8) | (3.6) | (0.2) | (0.3) | (5.5) | (22.7) |
| 2013 | 2.7 | 2.5 | 4.1 | 0.3 | 5.8 | 3.6 | 0.2 | 0.5 | 6.3 | 26.1 |
| 2014 | 2.8 | 2.6 | 4.1 | 0.3 | 5.9 | 3.7 | 0.2 | 0.6 | 6.4 | 26.6 |
| 2015 | 3.0 | 2.8 | 3.8 | 0.3 | 5.9 | 3.6 | 0.2 | 1.0 | 6.5 | 27.2 |
| 2016 | 3.0 | 2.8 | 3.7 | 0.4 | 5.8 | 3.6 | 0.2 | 1.0 | 6.62 | 27.2 |
| 2017 | 2.9 | 2.8 | 3.8 | 0.4 | 5.8 | 3.7 | 0.2 | 1.0 | 6.6 | 27.2 |
| 2018 | 3.0 | 2.8 | 3.7 | 0.4 | 5.8 | 3.6 | 0.2 | 1.0 | 6.7 | 27.2 |
| 2019 | 3.1 | 2.9 | 3.7 | 0.4 | 5.8 | 3.6 | 0.2 | 1.0 | 6.8 | 27.4 |
| 2020 | 1.2 | 1.2 | 2.0 | 0.2 | 4.7 | 2.9 | 0.2 | 1.3 | 6.8 | 20.5 |
| 2021 | 1.3 | 1.4 | 2.3 | 0.2 | 5.3 | 3.3 | 0.3 | 0.9 | 6.6 | 21.6 |
| 2022 | 2.3 | 2.2 | 3.1 | 0.2 | 5.4 | 3.3 | 0.3 | 1.1 | 6.7 | 24.7 |
| Change 2000-2022 (%) | 35.9 | 11.4 | 27.3 | -21.7 | -20.0 | -7.5 | 59.8 | 305.8 | 23.4 | 9.0 |
| Change 2012-2022 (%) | -12.2 | -7.4 | -24.2 | -31.3 | -7.2 | -8.6 | 73.4 | 123.0 | 7.5 | -4.2 |
| Change 2021-2022 (%) | 72.0 | 58.5 | 33.1 | 3.8 | 2.0 | 0.0 | 15.5 | 29.2 | 1.5 | 14.0 |

Estimated daily average number of journey stages

- The table below shows the estimated daily journey stages (millions) in Greater London by mode, seven day-week average, 2000-2022
- Journey stages are the component parts of trips by a single mode. Daily journey stages in London in 2022 were 28.0 million, up from 24.0 million in 2021 (an increase of 17 per cent) but remaining 12 per cent lower than the pre-pandemic level in 2019
- Until 2019 there was a steady increase in journey stages, with a 26 per cent increase from 2000

| Year | NR/LO | LU | DLR | Bus/tram | Taxi/PHV | Car driver | Car passenger | Motor-cycle | Cycle | Walk | All |
|-----------------------------|-------|-------|-------|----------|----------|------------|---------------|-------------|-------|-------|--------|
| (2000) | (1.8) | (2.6) | (0.1) | (3.7) | (0.4) | (7.0) | (3.8) | (0.2) | (0.3) | (5.5) | (25.3) |
| 2013 | 3.1 | 3.4 | 0.3 | 6.5 | 0.4 | 6.0 | 3.8 | 0.2 | 0.6 | 6.3 | 30.6 |
| 2014 | 3.2 | 3.5 | 0.3 | 6.67 | 0.4 | 6.1 | 3.9 | 0.2 | 0.6 | 6.4 | 31.3 |
| 2015 | 3.4 | 3.7 | 0.3 | 6.5 | 0.4 | 6.0 | 3.9 | 0.2 | 1.1 | 6.5 | 32.1 |
| 2016 | 3.4 | 3.7 | 0.3 | 6.2 | 0.4 | 6.0 | 3.8 | 0.2 | 1.1 | 6.6 | 31.8 |
| 2017 | 3.3 | 3.7 | 0.3 | 6.2 | 0.5 | 6.0 | 3.9 | 0.2 | 1.1 | 6.6 | 31.9 |
| 2018 | 3.4 | 3.7 | 0.3 | 6.1 | 0.4 | 6.0 | 3.8 | 0.2 | 1.1 | 6.7 | 31.8 |
| 2019 | 3.5 | 3.8 | 0.3 | 6.0 | 0.4 | 6.0 | 3.8 | 0.2 | 1.1 | 6.8 | 31.9 |
| 2020 | 1.4 | 1.4 | 0.2 | 3.2 | 0.2 | 4.8 | 3.1 | 0.2 | 1.3 | 6.8 | 22.6 |
| 2021 | 1.5 | 1.7 | 0.2 | 3.6 | 0.3 | 5.4 | 3.5 | 0.3 | 0.9 | 6.6 | 24.0 |
| 2022 | 2.6 | 2.7 | 0.2 | 4.8 | 0.3 | 5.6 | 3.5 | 0.3 | 1.2 | 6.7 | 28.0 |
| Change 2000-2022 (%) | 43.2 | 3.7 | 141.6 | 30.6 | -29.0 | -19.8 | -7.5 | 59.0 | 202.6 | 23.4 | 10.6 |
| Change 2012-2022 (%) | -10.0 | -17.8 | -6.8 | -25.1 | -34.6 | -7.2 | -8.9 | 73.4 | 48.9 | 7.5 | -7.3 |
| Change 2021-2022 (%) | 70.8 | 63.8 | 31.6 | 34.1 | -1.1 | 3.4 | 0.6 | 15.5 | 29.2 | 1.5 | 16.9 |

The 2019 Travel in London report¹² included some information about car ownership:

- Single pensioners are more likely to own a car than other single adults, but less likely than couples
- Between the ages of 20 and 70, car ownership is higher among older age groups. Levels of car ownership are highest among 50-59 year olds, while the lowest levels are seen among London residents aged 20-29
- Above age 70, car ownership starts to decline considerably, perhaps caused by a declining ability to drive or retirement reducing the need to
- Most Londoners aged 17-19 live in a household with a car, which is likely to reflect the fact they are more likely to live with parents who own a car than 20-29 year olds

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

Use of wheelchair accessible taxis

The DfT commissioned research on accessible travel, with a particular focus on wheelchair accessible taxis and PHV services.¹³

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

- Thirty-one per cent of adults in Great Britain reported a physical or mental health condition and two per cent said they used a wheelchair to assist them when travelling
- The proportion of people who reported travelling by wheelchair accessible taxis and PHVs was low – one per cent of adults in Britain said they personally travelled by these modes once a week or more in the past six months; two per cent did this once a month or more in the past six months
- The main reason for travelling by wheelchair accessible taxis and PHVs was for medical, hospital or dental appointments (39 per cent); 32 per cent reported travelling for leisure and social reasons
- When considering their transport choices, qualitative participants expressed a strong preference for travelling by wheelchair accessible taxis and wheelchair accessible PHVs rather than any other mode of transport. When services were available, they felt they were more reliable and involved less hassle than other modes of transport and reduced participants' dependency on friends and family. They also provided participants with a door-to-door service, and a more comfortable option for travel, allowing them to remain seated in the wheelchair while travelling
- Participants emphasised the importance of drivers being trained to provide appropriate assistance – this included asking for consent before touching a person's wheelchair, helping people going up the ramp, and checking in regularly throughout the journey
- In the best cases, drivers provided their customers with one-to-one support, including helping them up the ramp, anchoring the wheelchair to the floor, and securing the seatbelt for the customer. Although participants looked for affordable rides, there was acknowledgement that travelling by wheelchair accessible taxis and wheelchair accessible PHVs was a different, more comprehensive service than regular taxis
- Participants also tended to request vehicles with a ramp, as this adaptation allowed the person in a wheelchair to get into the vehicle while physically remaining in the wheelchair. Wheelchair accessible taxis and wheelchair accessible PHVs equipped with ramps, were typically preferred over taxi services which only had facilities for the wheelchair to be folded into the boot. In these cases, participants were more concerned for their comfort, safety, damage to the wheelchair, and whether the wheelchair could fit into the boot

¹³ Wheelchair accessible travel – taxi and private hire services, Ipsos MORI, December 2021, <https://www.gov.uk/government/publications/wheelchair-accessible-travel-taxi-and-private-hire-services>

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

Designated wheelchair accessible taxis and PHVs in London

All licensed taxis (black cabs) in London are designated wheelchair accessible vehicles

In the Taxi and Private Hire Licensee CSS¹⁴ we ask taxi drivers how often they use the wheelchair ramp. The results are shown below.

| Year | Daily | Weekly | Monthly | Six monthly | Annually | Less often | Never | Don't know |
|----------------|-------|--------|---------|-------------|----------|------------|-------|------------|
| 2019/20 | 9% | 29% | 33% | 14% | 4% | 7% | 1% | 5% |
| 2020/21 | 10% | 32% | 27% | 14% | 4% | 5% | 2% | 7% |
| 2021/22 | 11% | 32% | 26% | 14% | 5% | 5% | 1% | 7% |
| 2022/23 | 10% | 32% | 31% | 12% | 3% | 3% | 2% | 6% |
| 2023/24 | 11% | 32% | 30% | 11% | 3% | 4% | 1% | 9% |

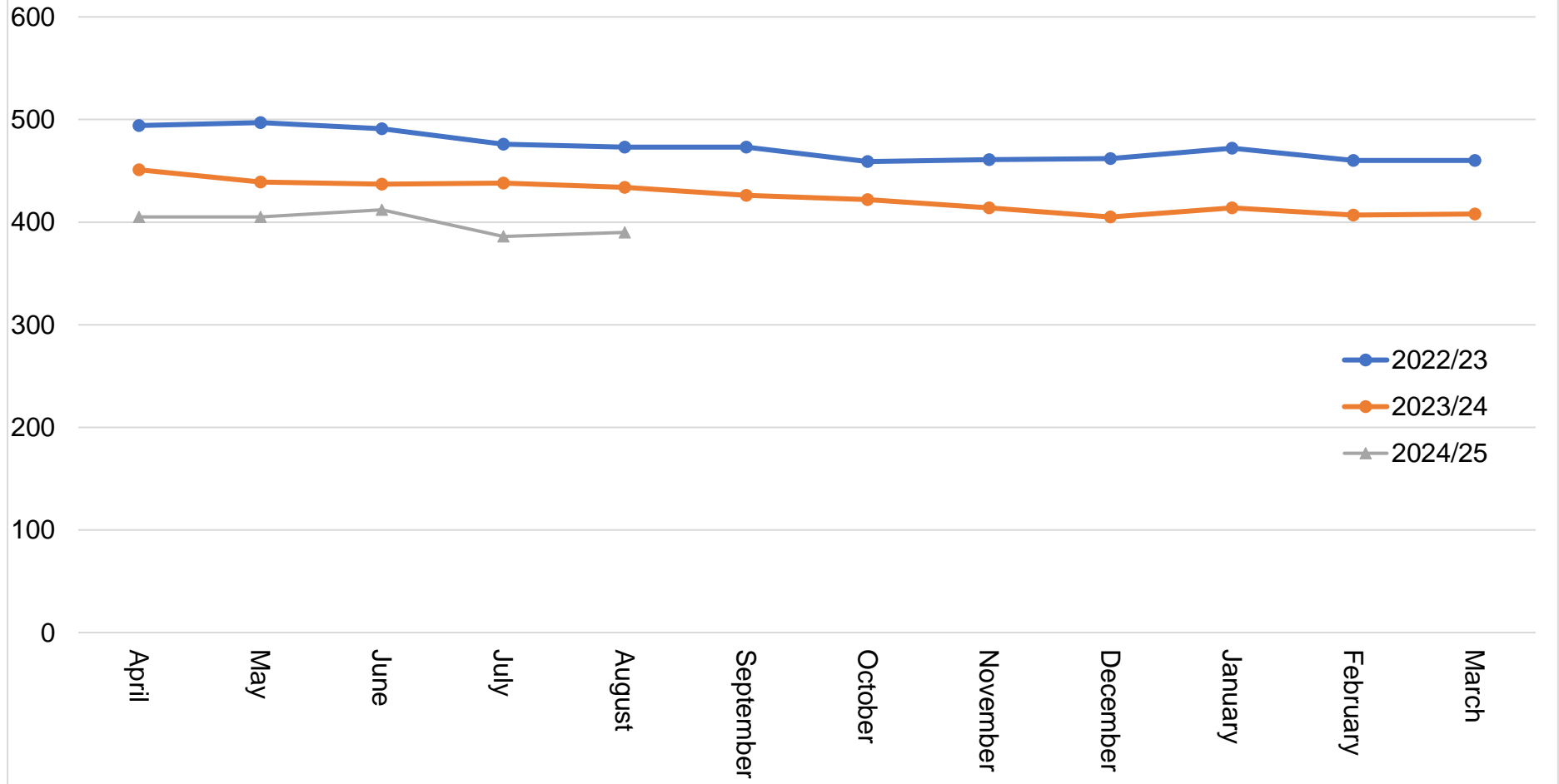
The number of designated wheelchair accessible PHVs has been slowly falling over the last three years.

As of 5 August 2024 there were 390 licensed PHVs that are designated wheelchair accessible vehicles, this is 0.42 per cent of the total licensed PHV fleet in London.¹⁵

¹⁴ Taxi and Private Hire Licensee CSS 2023/24, Verian

¹⁵ TfL licensing data

Designated Wheelchair Accessible PHVs



In the Taxi and Private Hire Licensee CSS¹⁶ we ask PHV operators if they have any wheelchair accessible vehicles. The results are shown below.

| Year | No | No, but we subcontract bookings for wheelchair accessible vehicles to another operator | Yes – the drivers own them | Yes – we own them |
|---------|-----|--|----------------------------|-------------------|
| 2020/21 | 65% | 22% | 8% | 7% |
| 2021/22 | 75% | 20% | 2% | 3% |
| 2022/23 | 71% | 14% | 12% | 5% |
| 2023/24 | 63% | 19% | 14% | 7% |

Carers in London

The 2018 London Assembly report ‘Who Cares? Helping London’s Unpaid Carers’¹⁷ included figures on the estimated number of Londoners who provide care. The findings included:

- 8.5 per cent of Londoners spend at least one hour a week caring for someone between the ages of 25 and 64, around a third more women than men provide unpaid care
- Overall, in London 9.8 per cent of women are carers and 7.4 per cent of men
- This begins to change for older people, with the gender gap narrowing for those aged over 74. Here we see 12 per cent of men aged over 85 providing care, compared to five per cent of women in that age group
- As Black, Asian and minority ethnic people in the UK are on average younger than white people, a lower proportion give unpaid care. That said, research indicates that controlling for age, Black, Asian and minority ethnic families are more likely to care for older or disabled family members

Visitors to London

Information specifically about the diversity of visitors to London who use taxis is not held however, some general information about visitors to London is available.

- In 2018 London was the most visited area in the UK by overseas residents with 19.1 million visiting London¹⁸

¹⁶ Taxi and Private Hire Licensee CSS 2023/24, Verian

¹⁷ Who cares? Helping London’s Unpaid Carers, London Assembly, https://www.london.gov.uk/sites/default/files/who_cares_-_helping_londons_unpaid_carers_by_dr_onkar_sahota_am.pdf

¹⁸ Tourism: Statistics and policy, House of Commons Library, 24 September 2019,

- There were 11.9 million visits to London in 2018 by domestic tourists¹⁹
- The tables below show the gender and age profile for visitors to London for 2018²⁰

| Gender | Percentage |
|--------|------------|
| Male | 56% |
| Female | 44% |

| Age (years) | Percentage |
|-------------|------------|
| 0-15 | 2% |
| 16-24 | 14% |
| 25-34 | 24% |
| 35-44 | 23% |
| 45-54 | 19% |
| 55-64 | 12% |
| 65+ | 6% |

Licensed taxi drivers

The tables below contain information on licensed taxi drivers.²¹

| | Taxi Drivers | % |
|--------------|--------------|----------------|
| All London | 15671 | 90.01% |
| Suburban | 1740 | 9.99% |
| Total | 17411 | 100.00% |

<https://researchbriefings.files.parliament.uk/documents/SN06022/SN06022.pdf>

¹⁹ Tourism: Statistics and policy, House of Commons Library, 24 September 2019,

<https://researchbriefings.files.parliament.uk/documents/SN06022/SN06022.pdf>

²⁰ Visit Britain, 13 March 2020

²¹ TfL licensing data

| | Taxi Drivers | % |
|--------------|---------------------|----------------|
| Under 21 | 0 | 0.00% |
| 21-30 | 96 | 0.55% |
| 31-40 | 1261 | 7.24% |
| 41-50 | 3523 | 20.23% |
| 51-60 | 7275 | 41.78% |
| 61-70 | 4301 | 24.70% |
| 71+ | 820 | 4.71% |
| Not known | 135 | 0.78% |
| Total | 17411 | 100.00% |
| | | |
| 65+ | 2577 | 14.80% |

| Gender | Taxi Drivers | % |
|---------------|---------------------|----------------|
| Male | 17006 | 97.67% |
| Female | 401 | 2.30% |
| Not known | 4 | 0.02% |
| Total | 17411 | 100.00% |

| Disability | Taxi Drivers | % |
|-------------------|---------------------|----------------|
| Yes | 4 | 0.02% |
| No | 2999 | 17.22% |
| Not known | 14408 | 82.75% |
| Total | 17411 | 100.00% |

| Faith | Taxi Drivers | % |
|--------------|---------------------|----------------|
| Yes | 1986 | 11.41% |
| No | 205 | 1.18% |
| Not known | 15220 | 87.42% |
| Total | 17411 | 100.00% |

| Ethnicity - All | Taxi Drivers | % |
|--------------------------------------|---------------------|----------------|
| Asian or Asian British | 0 | 0.00% |
| Asian or Asian British (Bangladeshi) | 328 | 1.88% |
| Asian or Asian British (Indian) | 119 | 0.68% |
| Asian or Asian British (Other) | 304 | 1.75% |
| Asian or Asian British (Pakistani) | 214 | 1.23% |
| Black | 0 | 0.00% |
| Black or Black British (African) | 957 | 5.50% |
| Black or Black British (Caribbean) | 363 | 2.08% |
| Black or Black British (Other) | 143 | 0.82% |
| Mixed | 0 | 0.00% |
| Mixed (Other) | 92 | 0.53% |
| Mixed (White and Asian) | 50 | 0.29% |
| Mixed (White and Black African) | 74 | 0.43% |
| Mixed (White and Black Caribbean) | 90 | 0.52% |
| White | 0 | 0.00% |
| White British | 10659 | 61.22% |
| White Irish | 164 | 0.94% |
| White Other | 604 | 3.47% |
| Chinese or other ethnic group | 232 | 1.33% |
| Not known | 3018 | 17.33% |
| Total | 17411 | 100.00% |

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

Information on taxi drivers' incomes and if they have caring responsibilities is below.²²

| Have caring responsibilities | Taxi Drivers |
|------------------------------|--------------|
| Yes | 15% |
| No | 76% |
| Prefer not to say | 9% |

| Household's combined yearly income (gross income before taxes are deducted) | Taxi Drivers |
|---|--------------|
| Up to £17,399 | 3% |
| £17,400 - £21,749 | 3% |
| £21,750 - £26,099 | 4% |
| £26,100 - £30,499 | 4% |
| £30,500 - £47,849 | 14% |
| £47,850+ | 12% |
| Don't know/prefer not to say | 59% |

Information on taxi drivers' sexual orientation²³ and if they identify as transgender²⁴ is below.

| Sexual orientation | Taxi Drivers |
|-----------------------|--------------|
| Bisexual | 2% |
| Gay/lesbian | 1% |
| Heterosexual/straight | 88% |
| Other | 1% |
| Prefer not to say | 8% |

²² Taxi and Private Hire Licensee CSS 2023/24, Verian

²³ Taxi and Private Hire Licensee CSS 2023/24, Verian

²⁴ Taxi and Private Hire Licensee CSS 2022/23, Kantar

| If taxi drivers identify as transgender | Taxi Drivers |
|---|--------------|
| Yes | 1% |
| No | 85% |
| Prefer not to say | 14% |

Use of smartphones and other devices

In recent years there has been a significant increase in the use of smartphones and other devices. There has also been a significant growth in the use of apps by the public to access taxi and PHV services and in the amount of work drivers receive from app based services.

Research from the Department for Transport (DfT)²⁵ found that older people are less likely to use a smartphone and that:

- Just under a third (30 per cent) of people aged 55-64 didn't use a smartphone
- Over half (55 per cent) of 65-74 year olds do not use a smartphone
- Only 17 per cent of those aged 75+ use a smartphone

Ofcom has also commissioned research looking at the use of mobile phones by different groups, including older people and disabled people.²⁶ The findings in Ofcom's report include:

- *“The way older consumers (aged 75+) are using telephones is changing. Landline ownership fell significantly in 2018 and has coincided with a rise in the number of people aged 75+ living in mobile-only households (up to 6%). Smartphone take-up continues to increase among this age group; just under one in five now personally use one. However, they are less likely to consider this their most important device for connecting to the internet, tending to prefer larger devices for internet access. While their broadband ownership has increased in the last few years, it remains significantly behind that of other age groups – just under half of older (75+) consumers do not have home broadband.*
- *People who are financially vulnerable are less likely to have each of the main communication services, and if they do have broadband it's less likely to be superfast. People classified as 'most financially vulnerable' are less likely to have a landline, mobile, fixed broadband and/or pay TV and are more likely than average to live in a mobile-only household (28% vs. 21%).*

²⁵ Department for Transport's (DfT's) Transport and transport technology: Public attitudes tracker, October 2018
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/786654/future-of-mobility-strategy.pdf

²⁶ Access and Inclusion 2018 Consumers' experiences in communications markets, Ofcom, 14 January 2019,
https://www.ofcom.org.uk/data/assets/pdf_file/0018/132912/Access-and-Inclusion-report-2018.pdf

One per cent of households in this group say they have neither a landline nor a mobile in their household. Three in ten of the ‘most financially vulnerable’ group live in households without any internet access and 8% have access only via a mobile.

- Disabled people are generally less likely than non-disabled people to personally use most communications services and devices. Overall, the largest disparities are found in smartphone ownership in households (where 53% of disabled people have a smartphone in their household compared to 81% non-disabled people) and in internet use (67% of disabled people use the internet compared to 92% of non-disabled people)
- However, there are differences by disability type. People with a learning disability display similarities in their use of communications services to non-disabled people. They are more likely than those with other disability types to have a smartphone in their household (70%) and access to the internet (86%). While age and socio-economic group explain some of the lower ownership/use, disability also has an impact. Those with a visual impairment are the most likely group to say their use of communication services or devices is limited by their disability”

The table below shows access to and personal use of communications devices and services for disabled and non-disabled people.

| | Household Ownership | | Personal Use | |
|--|---------------------|----------|--------------|----------|
| | Non-Disabled | Disabled | Non-Disabled | Disabled |
| Landline | 66% | 74%** | 56% | 66%** |
| Any mobile | 91% | 80%* | 86% | 71%* |
| Simple mobile | 22% | 36%** | 18% | 31%** |
| Smartphone | 81% | 53%* | 75% | 45%* |
| Any computer (PC/laptop/tablet) | 85% | 64%* | 77% | 54%* |
| Tablet | 63% | 44%* | 52% | 34%* |
| Games Console | 38% | 23%* | 24% | 13%* |
| Smart TV | 48% | 30%* | 43% | 26%* |
| Internet¹ | NA | NA | 92% | 67%* |

**Indicates that a disability group is significantly higher than non-disabled consumers while * indicates that a disability group is significantly lower than non-disabled consumers (significance tested to 95%)

¹Internet relates to personal use anywhere (i.e. both in and outside the home). The survey does not capture whether respondents have internet access at home.

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Appendix 7: Assessment of other impacts and factors to consider

Information on other impacts and factors to consider was published as part of the taxi fares and tariffs consultation.

The document that was published is available here:

<https://haveyoursay.tfl.gov.uk/36361/widgets/106528/documents/70504>

Following the close of the consultation and a review of all of the consultation responses the assessment of other impacts and factors to consider has been updated.

The document now covers the recommended changes to the fixed-fare, shared-taxi scheme that operates during Wimbledon tennis Championships.

The dates when the document was updated have been included to make it clear what information was included in the document published with the consultation and what has been added after the consultation closed.

Impact assessments and other factors to consider

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

Impact assessments

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 the minimum fare or tariffs
- No change to the minimum fare and tariffs (i.e. fares are frozen)
- Reducing the Heathrow extra
- Reducing, increasing, freezing or removing the Heathrow drop off charge

27 December 2024 – Wimbledon Tennis Championships fixed-fare, shared-taxi scheme

Following a review of the consultation responses and requests we are recommending changes to the fixed-fare, shared-taxi scheme that operates during the Wimbledon Tennis Championships and have assessed the impacts of:

- Increasing the fixed-fares for shared-taxis from the All England Lawn Tennis Club (AELTC) to central London by £1.50
- Amending some of the authorised places where the fixed-fare, shared-taxi scheme operates from during the Wimbledon Tennis Championships
- Extending one of the areas covered by the fixed-fare, shared-taxi scheme that operates during the Wimbledon Tennis Championships

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 |
|--------------------------------------|--|---|
| <p>Taxi fares and tariffs</p> | <p>Increasing the minimum fare or tariffs</p> <ul style="list-style-type: none"> • Increasing the minimum fare or tariffs would mean taxi fares increase and this could mean some passengers are more likely to use an unlicensed vehicle or unbooked PHV, or choosing to walk when this is a less safe option (e.g. at night) • 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 minimum fare or tariffs increase and some taxi drivers' can earn the same money but work fewer hours this could have a negative impact on passengers as this could reduce the supply of available taxis and passengers may have to wait longer to get a taxi or be unable to find an available taxi when they want to travel • If any increase is lower than the total Cost Index figure then this could mean some taxi drivers choose to stop working as a taxi driver and this could also 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 | <p>Increasing the minimum fare or tariffs</p> <ul style="list-style-type: none"> • Taxi drivers may experience a positive impact, with their health and wellbeing positively affected, as increasing the minimum fare or tariffs may help them cover increased operating costs • Increasing the minimum fare or tariffs could also mean taxi drivers' incomes increase and they can work fewer hours • Taxi passengers and Taxicard members may experience a positive impact if increasing the minimum fare or tariffs means that taxi drivers continue to work or the number of people applying to become a taxi driver increases. This could help ensure that more taxis are available when people want to travel or wait times are reduced |

| Item | Potential negative impacts | Potential positive impacts |
|-------------------------------|--|--|
| | <ul style="list-style-type: none"> • Taxi drivers may also experience a negative impact if any increase is lower than the total Cost Index figure as this could mean they have to work longer hours to maintain or increase their income • 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 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 | |
| Taxi fares and tariffs | <p>No change to the minimum fare and tariffs</p> <ul style="list-style-type: none"> • Not increasing the tariffs despite taxi 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 | <p>No change to the minimum fare and tariffs</p> <ul style="list-style-type: none"> • Not increasing the minimum fare or 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 minimum fare or 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 |

| Item | Potential negative impacts | Potential positive impacts |
|--|--|--|
| | <p>reliant on them (e.g. disabled people, older people, etc.) may be disproportionately negatively impacted</p> <ul style="list-style-type: none"> • 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 | <p>unbooked PHV, or choosing to walk when this is a less safe option</p> <ul style="list-style-type: none"> • 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 |
| Reducing the Heathrow extra | <ul style="list-style-type: none"> • Reducing the Heathrow extra could have a negative impact on taxi drivers as at present the extra (£2.00) is covering the more than 50% of the fee taxi 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 could 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 | <ul style="list-style-type: none"> • Reducing the Heathrow extra could 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 |
| Reducing, increasing, removing or freezing the Heathrow drop off charge | <ul style="list-style-type: none"> • Reducing, freezing or removing the Heathrow drop off charge could have a negative impact on taxi drivers as they would still have to pay the terminal drop off charge (TDOC) to Heathrow Airport Limited (HAL) and this is due to increase to £6.00 from 1 January 2025 • Reducing, freezing or removing the Heathrow drop off charge could have a negative impact on | <ul style="list-style-type: none"> • Reducing, freezing or removing the Heathrow drop off charge could have a positive impact on passengers as fares for taxis to the airport would decrease • Increasing the Heathrow drop off charge could have a positive Impact on taxi drivers as this would cover the TDOC they have to pay to HAL |

| Item | Potential negative impacts | Potential positive impacts |
|---|---|--|
| | <p>passengers if taxi drivers are less likely to accept fares to the airport</p> <ul style="list-style-type: none"> Reducing, freezing or removing the Heathrow drop off charge could have a negative impact on passengers if taxi drivers are more likely to drop off passengers in places where it is not safe in order to avoid paying the TDOC, instead of dropping them off at a terminal Increasing the Heathrow drop off charge could have a negative impact on passengers as fares for taxis to the airport would increase | |
| <p>27 December 2024 update</p> <p>Changes to the fixed-fare, shared-taxi scheme that operates during the Wimbledon Tennis Championships</p> | <ul style="list-style-type: none"> Increasing some of the fixed-fares for shared-taxis could have a negative impact as fares would increase and this could mean some passengers are more likely to use an unlicensed vehicle or unbooked PHV, or choosing to walk when this is a less safe option (e.g. at night) No negative impacts from amending some of the authorised places where the fixed-fare, shared-taxi scheme operates from during the Wimbledon Tennis Championships have been identified No negative impacts from extending one of the areas covered by the fixed-fare, shared-taxi scheme that operates during the Wimbledon Tennis Championships have been identified | <ul style="list-style-type: none"> Increasing some of the fixed-fares for shared-taxis could have a positive impact as it could mean that more taxi drivers are doing these journeys and the supply of available taxis increases No positive impacts from amending some of the authorised places where the fixed-fare, shared-taxi scheme operates from during the Wimbledon Tennis Championships have been identified Extending one of the areas covered by the fixed-fare, shared-taxi scheme that operates during the Wimbledon Tennis Championships could have a positive impact as it could mean more people are able to use a shared taxi to travel to central London |

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.¹

Taxicard members will be affected if taxi drivers are less willing to accept Taxicard jobs because they dislike the capped fares being charged and the difference between these and the metered fares increases. Following the introduction of the capped fares some Taxicard jobs were not being accepted as taxi drivers considered the capped fares too low. Changes were made to the fares

¹ London Councils press release, 14 December 2018, <https://www.londoncouncils.gov.uk/node/34901>

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 passengers paying more.

| Item | Potential negative impacts | Potential positive impacts |
|-------------------------------|--|---|
| Taxi fares and tariffs | <p>Increasing the minimum fare or tariffs</p> <ul style="list-style-type: none"> • Taxi passengers and Taxicard members would experience a negative impact if the minimum fare or tariffs are increased as this will mean the fares they pay will increase • Taxi drivers may experience a negative impact if the minimum fare or tariffs are increased as this will mean fares increase and there could be a decline in taxi journeys or fewer people using taxis • Increasing the minimum fare or tariffs but not including the increase in average national earnings could potentially mean a real terms reduction in taxi drivers' incomes | <p>Increasing the minimum fare or tariffs</p> <ul style="list-style-type: none"> • Taxi drivers may experience a positive impact if increasing the minimum fare or tariffs results in their incomes increasing • Taxi drivers will experience a positive impact if the minimum fare or tariffs are increased as this may help them cover increased operating costs • Other modes and transport providers may experience a positive impact if the minimum fare or tariffs are increased and the increase in taxi fares means some passengers switch from taxis to other forms of transport |
| Taxi fares and tariffs | <p>No change to the minimum fare and tariffs</p> <ul style="list-style-type: none"> • Taxi drivers may experience a negative impact if no change is made to the minimum fare and tariffs and they cannot cover increased operating costs | <p>No change to the minimum fare and tariffs</p> <ul style="list-style-type: none"> • Taxi passengers and Taxicard members may experience a positive impact if there is no change to the minimum fare and tariffs as the fares will not increase |

| Item | Potential negative impacts | Potential positive impacts |
|---|--|--|
| | <ul style="list-style-type: none"> The Cost Index shows that taxi drivers' operating costs and average national earnings have increased and so freezing the minimum fare and tariffs could potentially mean a real terms reduction in taxis drivers' incomes | <ul style="list-style-type: none"> Taxi drivers may experience a positive impact if there is no change to the minimum fare and 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 minimum fare and tariffs as the taximeters would not have to be updated |
| Reducing the Heathrow extra | <ul style="list-style-type: none"> 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 the taxi ranks at the airport would be lower | <ul style="list-style-type: none"> 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 |
| Reducing, increasing, removing or freezing the Heathrow drop off charge | <ul style="list-style-type: none"> Reducing, freezing or removing the Heathrow drop off charge could have a negative impact on taxi drivers as they would still have to pay the full TDOC to HAL Increasing the Heathrow drop off charge could have a negative impact on passengers as fares for taxis to the airport would increase | <ul style="list-style-type: none"> Reducing, freezing or removing the Heathrow drop off charge could have a positive impact on passengers as fares for taxis to the airport would decrease Increasing the Heathrow drop off charge could have a positive Impact on taxi drivers as this would cover the TDOC they have to pay to HAL |
| 27 December 2024 update Changes to the fixed-fare, shared-taxi scheme that operates during the Wimbledon | <ul style="list-style-type: none"> Increasing some of the fixed-fares for shared-taxis could have a negative impact on passengers as fares would increase. It could also have a negative impact on taxi drivers if the increase in the fixed fares deters some people from using taxis No negative impacts from amending some of the authorised places where the fixed-fare, shared-taxi scheme operates from during the Wimbledon Tennis Championships have been identified | <ul style="list-style-type: none"> Increasing some of the fixed-fares for shared-taxis could have a positive impact as it could mean that taxi drivers' incomes increase No positive impacts from amending some of the authorised places where the fixed-fare, shared-taxi scheme operates from during the Wimbledon Tennis Championships have been identified Extending one of the areas covered by the fixed-fare, shared-taxi scheme that operates |

| Item | Potential negative impacts | Potential positive impacts |
|-----------------------------|--|--|
| Tennis Championships | <ul style="list-style-type: none"> No negative impacts from extending one of the areas covered by the fixed-fare, shared-taxi scheme that operates during the Wimbledon Tennis Championships have been identified | during the Wimbledon Tennis Championships could have a positive impact as it could mean more people use a shared taxi to travel to central London and taxi drivers' incomes increase |

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 over 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 (NO₂) and particulate matter (PM) exacerbate poor health conditions and shorten the lives of Londoners. Taxi drivers, taxi passengers 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.²

As of 25 August 2024 there were:

| | Licensed taxis³ | Percentage of fleet |
|--------------------|-----------------------------------|----------------------------|
| ZEC taxis | 8,603 | 58.86% |
| Total taxis | 14,615 | 100.00% |

Costs for the ZEC taxis plus charging/electricity costs are included in the Cost Index.

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.⁴ The results are shown below.

² Emissions standards for taxis, <https://tfl.gov.uk/info-for/taxis-and-private-hire/emissions-standards-for-taxis>

³ TfL licensing data

⁴ Taxi and Private Hire Licensee Customer Satisfaction Survey (CSS), Verian, 2023/24

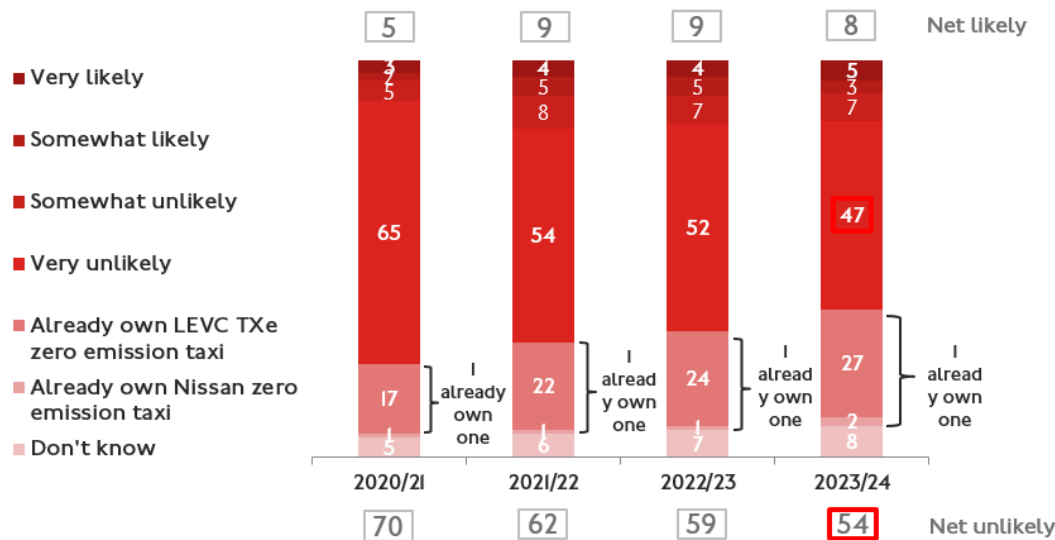
Repayment and upfront costs are the top reasons given by taxi drivers for not purchasing a ZEC taxi in the next 12 months. Cost could be an issue for more taxi drivers if:

- 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

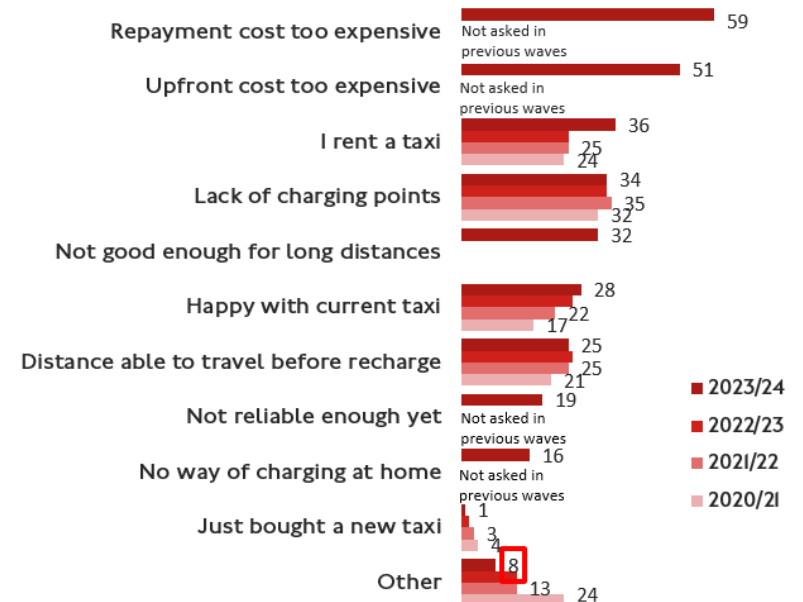
Cost could be less of an issue if:

- 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

Likelihood to purchase an electric/zero emission capable taxi – Taxi Drivers (%)



Reasons unlikely to purchase an electric vehicle (%)



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.*”⁵ 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 | <p>Increasing the minimum fare or tariffs</p> <ul style="list-style-type: none"> Increasing the minimum fare or 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 passengers and the public may experience a negative impact if diesel taxis are licensed and operated for longer | <p>Increasing the minimum fare or tariffs</p> <ul style="list-style-type: none"> Increasing the minimum fare or tariffs could mean 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 passengers and the public may experience a positive impact if diesel taxis are replaced more quickly Increasing the minimum fare or tariffs could mean that fewer people use taxis 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 “<i>reduce Londoners’ dependency on cars in favour of active, efficient and sustainable modes</i> |

⁵ MTS 2018, Policy 1, <https://www.london.gov.uk/sites/default/files/mayors-transport-strategy-2018.pdf>

| Item | Potential negative impacts | Potential positive impacts |
|------------------------------------|--|---|
| | | <i>of travel, with the central aim for 80 per cent of all trips in London to be made on foot, by cycle or using public transport by 2041” although taxi drivers will experience a negative impact if people switch from using taxis to other modes as drivers’ incomes will reduce</i> |
| Taxi fares and tariffs | <p>No change to the minimum fare and tariffs</p> <ul style="list-style-type: none"> Freezing the minimum fare and 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 | <p>No change to the minimum fare and tariffs</p> <ul style="list-style-type: none"> Freezing the minimum fare and 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 passengers, Taxicard members and the public may experience a positive impact if diesel taxis are replaced more quickly 58.86% 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 |
| Reducing the Heathrow extra | <ul style="list-style-type: none"> 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 | <ul style="list-style-type: none"> 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 passengers, Taxicard members and the public |

| Item | Potential negative impacts | Potential positive impacts |
|--|---|--|
| | <p>negative impact in terms of the MTS policy to <i>“reduce Londoners’ dependency on cars in favour of active, efficient and sustainable modes of travel, with the central aim for 80 per cent of all trips in London to be made on foot, by cycle or using public transport by 2041”</i> although taxi drivers will experience a positive impact if people switch to using taxis as drivers’ incomes will increase</p> | <p>may experience a positive impact if diesel taxis are replaced more quickly</p> |
| <p>Reducing, increasing, removing or freezing the Heathrow drop off charge</p> | <ul style="list-style-type: none"> • Reducing, freezing or removing the Heathrow drop off charge could have a negative impact if people use taxis for journeys to the airport instead of using modes with lower levels of harmful emissions • Increasing the Heathrow drop off charge could have a negative impact if people use taxis for journeys to 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 <i>“reduce Londoners’ dependency on cars in favour of active, efficient and sustainable modes of travel, with the central aim for 80 per cent of all trips in London to be made on foot, by cycle or using public transport by 2041”</i> although taxi drivers will experience a positive impact if people switch to using taxis as drivers’ incomes will increase | <ul style="list-style-type: none"> • Reducing, freezing or removing the Heathrow drop off charge could have a positive impact if people continue to use taxis for journeys to 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 passengers, Taxicard members and the public may experience a positive impact if diesel taxis are replaced more quickly |
| <p>27 December 2024 update</p> <p>Changes to the fixed-fare, shared-taxi scheme that</p> | <ul style="list-style-type: none"> • 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 • No negative impacts from amending some of the authorised places where the fixed-fare, shared-taxi | <ul style="list-style-type: none"> • 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 |

| Item | Potential negative impacts | Potential positive impacts |
|---|---|---|
| operates during the Wimbledon Tennis Championships | <p>scheme operates from during the Wimbledon Tennis Championships have been identified</p> <ul style="list-style-type: none"> No negative impacts from extending one of the areas covered by the fixed-fare, shared-taxi scheme that operates during the Wimbledon Tennis Championships have been identified | <ul style="list-style-type: none"> No positive impacts from amending some of the authorised places where the fixed-fare, shared-taxi scheme operates from during the Wimbledon Tennis Championships have been identified Extending one of the areas covered by the fixed-fare, shared-taxi scheme that operates during the Wimbledon Tennis Championships could have a positive impact as it could mean more people are able to use a shared taxi to travel to central London instead of a mode of transport that produces a higher level of emissions compared to a taxi |

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 Standards⁶ and the focus of these is on protecting children and vulnerable adults.

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.

⁶ DfT statutory taxi and PHV standards, July 2020, <https://www.gov.uk/government/publications/statutory-taxi-and-private-hire-vehicle-standards>

| 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. | <ul style="list-style-type: none"> • 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. | <ul style="list-style-type: none"> • Taxi fares and tariffs are normally reviewed annually • The consultation is part of the 2024/25 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 |
| 3.10 | Local authorities should ensure they have an effective 'whistleblowing' policy and that all staff are aware of it. | None |

| Paragraph in DfT's Statutory Standards | Statutory Standard | Impacts identified |
|--|--|---|
| 3.12 | Licensing authorities should consult on proposed changes in licensing rules that may have significant impacts on passengers and/or the trade. | <ul style="list-style-type: none"> • 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 | <ul style="list-style-type: none"> • The consultation will be 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 |

| Paragraph in DfT's Statutory Standards | Statutory Standard | Impacts identified |
|--|---|--------------------|
| 4.22 | All licensing authorities must keep a complete and accurate record as to the reasons for refusal, suspension or revocation of a licence in order that this might be shared if requested and appropriate to do so. | None |
| 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 |

| Paragraph in DfT's Statutory Standards | Statutory Standard | Impacts identified |
|--|---|--------------------|
| 4.31 | An effective partnership in which operators can share concerns [with the licensing authority] regarding drivers is also encouraged. | None |
| 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 |

| Paragraph in DfT's Statutory Standards | Statutory Standard | Impacts identified |
|--|--|--------------------|
| 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 justice, understanding the risks of CSAE, disability and equality awareness and the making of difficult and potentially controversial decisions. | None |
| 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 |

| Paragraph in DfT's Statutory Standards | Statutory Standard | Impacts identified |
|--|---|--------------------|
| 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 |
| 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 |

| Paragraph in DfT's Statutory Standards | Statutory Standard | Impacts identified |
|--|---|--------------------|
| 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 | |
| 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 | None |

| Paragraph in DfT's Statutory Standards | Statutory Standard | Impacts identified |
|--|--|--------------------|
| | require an appropriately strong justification and must be kept under regular review. | |
| 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 the DBS and that a check is undertaken annually. | None |
| 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 |

| Paragraph in DfT's Statutory Standards | Statutory Standard | Impacts identified |
|--|--|--------------------|
| 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 convictions while they are employed in this role. | None |
| 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: <ul style="list-style-type: none"> • Name of the passenger • Time of the request • Pick-up point • Destination | None |

| Paragraph in DfT's Statutory Standards | Statutory Standard | Impacts identified |
|--|---|--|
| | <ul style="list-style-type: none"> • Name of the driver • Driver's licence number • Vehicle registration number of the vehicle • Name of any individual that responded to the booking request • Name of any individual that dispatched the vehicle | |
| 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 the informed consent of the booker. | None |
| 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. | <ul style="list-style-type: none"> • 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 |

| Paragraph in DfT's Statutory Standards | Statutory Standard | Impacts identified |
|--|--|---|
| | | <p>27 December 2024</p> <ul style="list-style-type: none"> Information about the fixed-fare, shared-taxi scheme will be published before the start of the 2025 Wimbledon Tennis Championships |
| 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, or the supply of taxis declines.

| Item | Potential negative impacts | Potential positive impacts |
|-------------------------------|---|---|
| Taxi fares and tariffs | <p>Increasing the minimum fare or tariffs</p> <ul style="list-style-type: none"> Increasing the minimum fare or 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 minimum fare or 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 minimum fare or tariffs could mean some children or vulnerable adults being unable to access education, medical treatment or other activities | <p>Increasing the minimum fare or tariffs</p> <ul style="list-style-type: none"> Increasing the minimum fare or tariffs could help taxi drivers cover increased operating costs and mean that they continue to work as taxi drivers or that more people consider applying to become a licensed taxi driver. This could increase the supply of available taxis or reduce wait times and some children and vulnerable adults will experience a positive impact. This could also mean they are less likely to choose to use an unlicensed vehicle or unbooked PHV, or walk when this is a less safe option Increasing the supply of available taxis could mean some children or vulnerable adults are able to access education, medical treatment or other activities |
| Taxi fares and tariffs | <p>No change to the minimum fare and tariffs</p> <ul style="list-style-type: none"> If there is no change to the minimum fare and 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 | <p>No change to the minimum fare and tariffs</p> <ul style="list-style-type: none"> If there is no change to the minimum fare and 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 |

| Item | Potential negative impacts | Potential positive impacts |
|--|--|---|
| | <ul style="list-style-type: none"> No change to the minimum fare and 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 | <ul style="list-style-type: none"> No change to the minimum fare and 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 |
| Reducing the Heathrow extra | <ul style="list-style-type: none"> Reducing the Heathrow extra could mean some children and vulnerable adults experience a negative impact if they use taxis to travel from Heathrow airport but the number of taxi drivers working at the airport reduces | <ul style="list-style-type: none"> Reducing the Heathrow extra could mean some children and vulnerable adults experience a positive impact if they use taxis to travel from Heathrow airport as the fares will decrease |
| Reducing, increasing, freezing or removing the Heathrow drop off charge | <ul style="list-style-type: none"> Increasing the Heathrow drop off charge could mean some children and vulnerable adults experience a negative impact if they use taxis to travel to Heathrow airport as the fares will increase | <ul style="list-style-type: none"> Reducing, freezing or removing the Heathrow drop off charge could mean some children and vulnerable adults experience a positive impact if they use taxis to travel to Heathrow airport as the fares will decrease |
| 27 December 2024 update Changes to the fixed-fare, shared-taxi scheme that operates | <ul style="list-style-type: none"> 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-fare, shared-taxi scheme as the fares will increase No negative impacts from amending some of the authorised places where the fixed-fare, shared-taxi | <ul style="list-style-type: none"> Increasing some of the fares for the fixed-fare, shared taxi scheme could mean some children and vulnerable adults experience a positive impact as the number of taxi drivers participating in the scheme and available taxis may increase No positive impacts from amending some of the authorised places where the fixed-fare, shared- |

| Item | Potential negative impacts | Potential positive impacts |
|--|--|--|
| during the Wimbledon Tennis Championships | scheme operates from during the Wimbledon Tennis Championships have been identified <ul style="list-style-type: none"> • No negative impacts from extending one of the areas covered by the fixed-fare, shared-taxi scheme that operates during the Wimbledon Tennis Championships have been identified | taxi scheme operates from during the Wimbledon Tennis Championships have been identified <ul style="list-style-type: none"> • Extending one of the areas covered by the fixed-fare, shared-taxi scheme that operates during the Wimbledon Tennis Championships could have a positive impact as it could mean some children and vulnerable adults are able to use a shared taxi to travel to this part of central London |

Equality impacts

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

Other issues and factors to consider

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

The issue of competition has been given greater consideration in recent taxi fares and tariffs reviews. It has been suggested that when reviewing taxi fares and tariffs we should consider the competitiveness of taxi services in London. However, some stakeholders have questioned this 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 sometimes 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)
 - App based PHV 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 our annual taxi and minicab customer satisfaction survey taxi and minicab passengers are also asked to rate the value for money of their most recent taxi or minicab journey. The results are reported on a scale of zero (very poor/extremely dissatisfied) to 100 (excellent/extremely satisfied) and are shown below.⁷ A score of between 70 and 79 would normally be interpreted as something being rated as ‘fairly good’.

| Year | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|------|------|------|------|------|------|------|------|
| Taxi passengers rating of value for money of taxis | 76 | 76 | 79 | 76 | 71 | 73 | 72 | 73 |
| Minicab passengers rating of value for money of minicabs | 81 | 82 | 80 | 76 | 74 | 74 | 71 | 73 |

It has previously 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 retail price index (RPI) figure in the previous year, although the most recent average increase was capped at 4.9 per cent. This was significantly lower than the July RPI figure of 9 per cent.⁸ London

⁷ Black Cabs and Minicabs Customer Satisfaction Survey (CSS), Verian, 2023/24

⁸ Significant intervention to cap rail fares comes as government delivers target to halve inflation, 22 December 2023, <https://www.gov.uk/government/news/significant-intervention-to-cap-rail-fares-comes-as-government-delivers-target-to-halve-inflation>

and south east fares increased by 5.0 per cent. Most TfL fares have been frozen, with Tavelcards and fare caps increasing by 4.9 per cent.⁹

27 December 2024 update: Tube and rail fares will rise by an average of 4.6 per cent from 2 March 2025, with bus and tram fares frozen.¹⁰

Licensee numbers

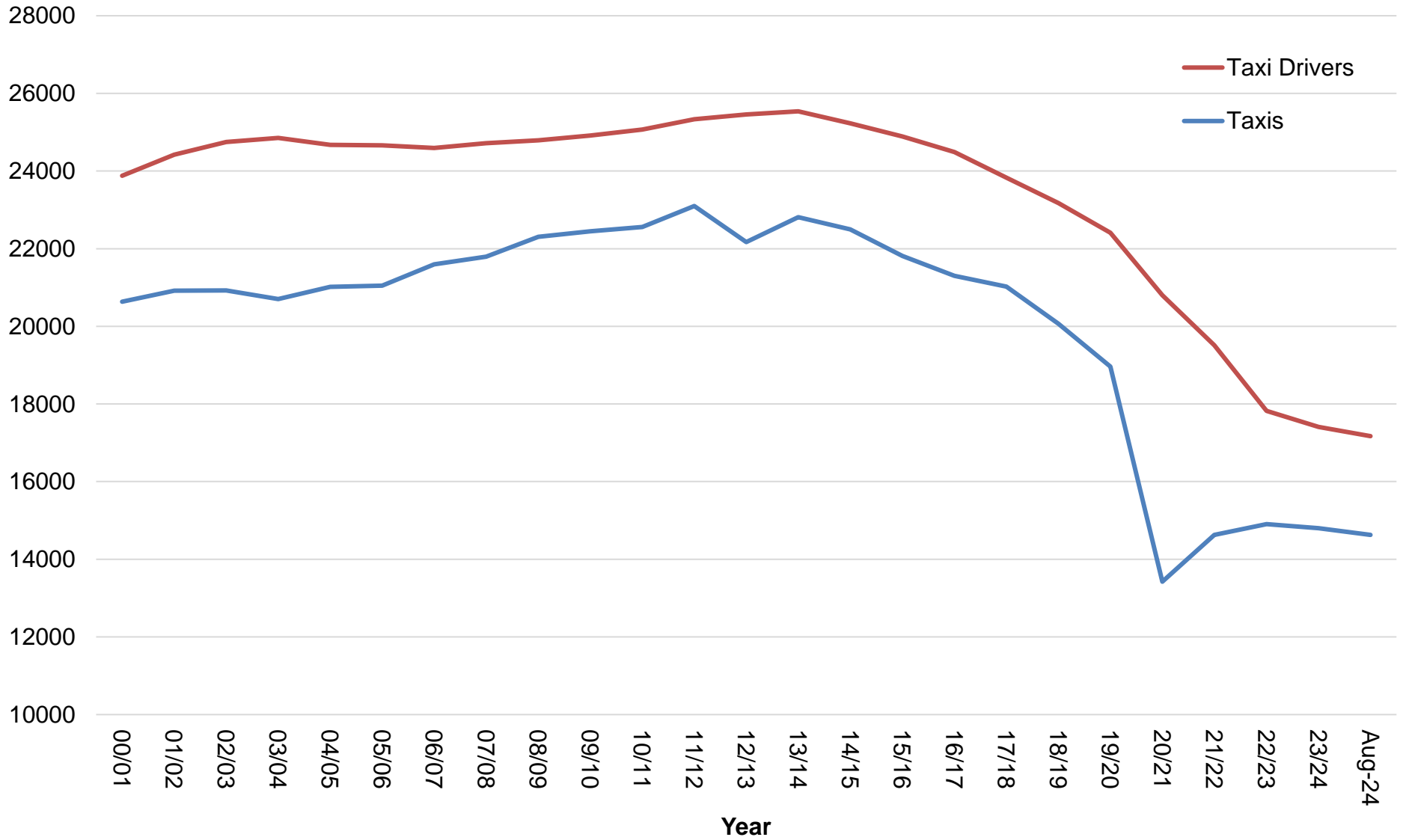
The number of licensed taxis and taxi drivers had been falling for several years and the rate of decline accelerated during the coronavirus pandemic.¹¹

⁹ TfL, Fares from 3 March 2024, Tube fares up 4.6% in 2025 while bus fares frozen, 13 December 2024, <https://tfl.gov.uk/campaign/new-fares>

¹⁰ <https://www.bbc.co.uk/news/articles/c62wz7v0qnwo>

¹¹ TfL licensing data

Licensed Taxis and Taxi Drivers



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.¹²

| | 15 March 2020 | 04 August 2024 | Difference | % |
|----------------------|----------------------|-----------------------|-------------------|----------|
| Taxis | 18961 | 14634 | -4327 | -22.82% |
| Taxi drivers | 22409 | 17153 | -5256 | -23.45% |
| PHV Operators | 2124 | 1775 | -349 | -16.43% |
| PHV Drivers | 111590 | 107980 | -3610 | -3.24% |
| PHVs | 95955 | 93795 | -2160 | -2.25% |

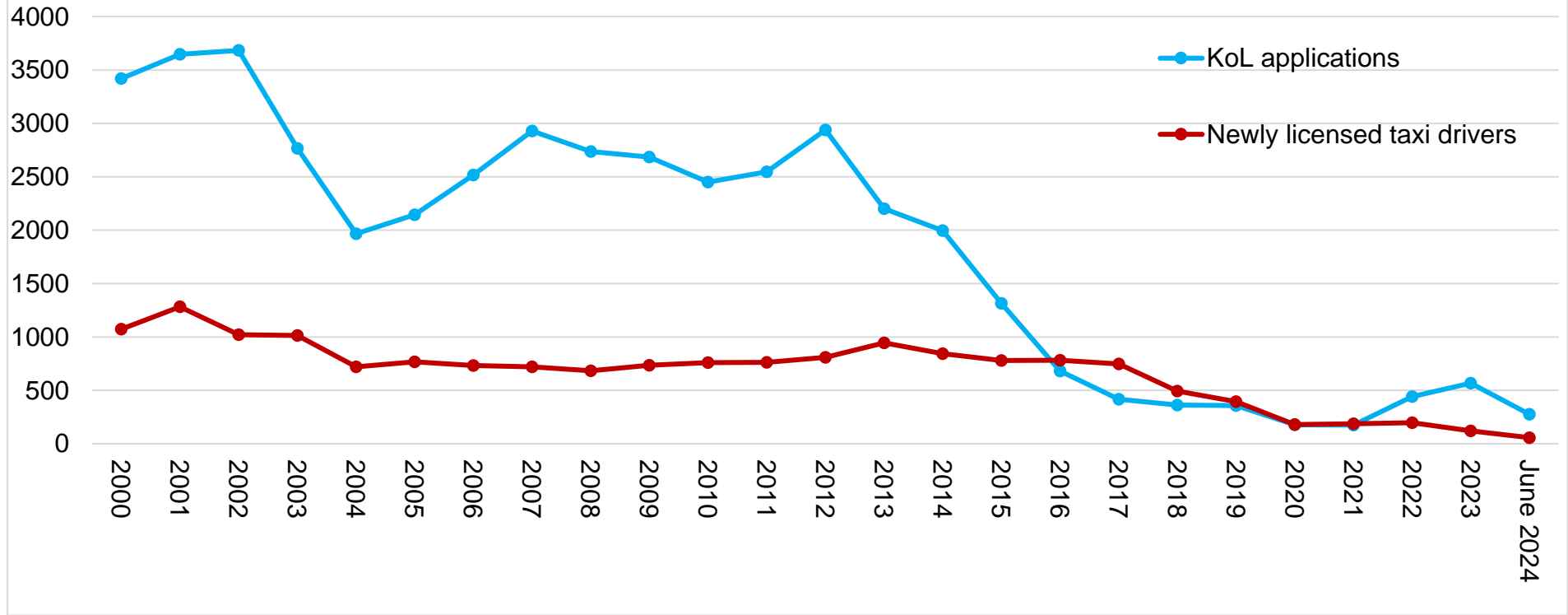
Concerns continue to be raised about the decline in the number of licensed taxis and taxi drivers, and also the number of people applying to become a licensed taxi driver and the number of newly licensed taxi drivers.

There has been a steep decline in the number of people applying to become a licensed taxi driver since 2012, although the number of people applying did increase in 2022 and 2023. 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.

¹² TfL licensing data

Knowledge of London (KoL) applications and newly licensed taxi drivers



Taxi journeys

When reviewing taxi fares and tariffs, we consider the impact of potential changes on both taxi passengers 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 2009¹³ there were around 185,000 taxi journeys in a typical day but in 2016/17¹⁴ this figure had fallen to around 109,000.

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

In our annual survey amongst taxi and minicab passengers¹⁵ we asked taxi passengers which method of getting a taxi they used most recently. In the most recent survey 27 per cent of taxi passengers had used a taxi app most recently.

| Year | Percentage who hired a taxi using a taxi mobile phone app |
|------|---|
| 2014 | 8% |
| 2015 | 14% |
| 2016 | 16% |
| 2017 | 19% |
| 2018 | 19% |
| 2019 | 22% |
| 2020 | 26% |
| 2021 | 29% |
| 2022 | 22% |
| 2023 | 27% |

¹³ Taxi & PHV Driver Diary Survey, GfK NOP, 2009

¹⁴ Taxi and Private Hire Driver Diary Survey 2016/17, Steer Davies Gleave, October 2017, <https://content.tfl.gov.uk/driver-diaries.pdf>

¹⁵ Black Cabs and Minicabs CSS, Verian, 2023/24

How taxi drivers work

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.

We ask taxi drivers what proportion of their time is spent working from ranks, on-street, radio circuits and booking apps in an average week and the results are shown below.¹⁶

| Type of work | Proportion of work done using ranks, on-street, radio circuits and booking apps |
|-----------------|---|
| Booking apps | 19% |
| Radio circuit | 4% |
| On-street | 42% |
| From taxi ranks | 35% |

The survey also showed that:

- Three per cent of taxi drivers were on a radio circuit only
- Forty-nine per cent of taxi drivers were on a booking app only
- Eight per cent of taxi drivers were on both a radio circuit and booking app
- Thirty-nine per cent did not use a radio circuit or booking app
- Of the drivers who were on an app, 32 per cent said they were only on one app with 67 per cent saying they use more than one app

Potential mitigations

Listed below are ways some of the negative impacts identified might be mitigated.

¹⁶ Taxi and Private Hire Licensee CSS, Verian, 2023/24

| Impacts | Mitigations |
|--|---|
| <p>Negative impacts from increasing the minimum fare, tariffs and taxi fares</p> | <ul style="list-style-type: none"> • Some people may be able to use a PHV instead of a taxi and information about licensed PHV operators in London, including services offered, areas covered, times of operation and contact details, is available on our website¹⁷ • 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 at certain times • 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 some of the fares for these services increased in March 2024¹⁸ • 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 lines¹⁹ • 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 Gate²⁰ • Research has previously shown that the average duration of a taxi journey is 19 minutes and the average distance is 2.6 miles.²¹ 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 journey²² |

¹⁷ TfL Findaride service, <https://tfl.gov.uk/forms/12389.aspx>

¹⁸ TfL fares increase, <https://tfl.gov.uk/campaign/new-fares>

¹⁹ TfL The Night Tube, <https://tfl.gov.uk/campaign/tube-improvements/what-we-are-doing/night-tube#on-this-page-0>

²⁰ TfL London Overground Night Service, <https://tfl.gov.uk/modes/london-overground/london-overground-night-service>

²¹ Taxi and Private Hire Driver Diary Survey 2016/17, Steer Davies Gleave, October 2017

²² 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>

| | |
|--|--|
| | <ul style="list-style-type: none"> • E-scooters are being trialled in several London boroughs and some people may be able to use an e-scooter for all or part of their journey instead of using a taxi²³ • Information about some walking routes in London has been published on our website²⁴ and is also available in an app²⁵. Some people may be able to walk for all or part of their journey instead of using a taxi • The TfL Go app²⁶ may help people plan journeys in London and use other modes of transport instead of a taxi. The app allows people to: <ul style="list-style-type: none"> ○ 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 ramps or platform humps are available to help ensure a full step-free route from the street to the train²⁷ • We advise the public of safer options when travelling late at night and to not use an unlicensed vehicle or unbooked PHV. We are committed to tackling illegal activities and keeping passengers safe. This includes working closely with our police partners and local authorities, using different operational tactics to support passengers and drivers, promoting the safety of women, girls, and vulnerable people at night, and reducing the chances of being approached by unlicensed drivers or taking unbooked journeys |
|--|--|

²³ TfL Electric scooters, <https://tfl.gov.uk/modes/driving/electric-scooter-rental-trial>

²⁴ TfL Walking, <https://tfl.gov.uk/modes/walking/>

²⁵ TfL and Go Jaunty partnership, <https://www.gojaunty.com/tfl-partnership>

²⁶ TfL Go app, https://tfl.gov.uk/maps/_tfl-go

²⁷ TfL step-free access, <https://tfl.gov.uk/travel-information/improvements-and-projects/step-free-access>

| | |
|---|--|
| | <ul style="list-style-type: none"> 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). 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 journeys²⁸ |
| Negative impacts on passengers if the number of available taxis decreases or wait times increase | <ul style="list-style-type: none"> 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 but at the same time not lowering the standards applicants must meet in order to be 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 | <ul style="list-style-type: none"> Capped fares have been introduced for Taxicard members and these help partly mitigate the impact on them from increases to the 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 The Dial-a-Ride service now operates between 07:00-23:00 |
| Negative impacts on taxi drivers if fares increase and demand for taxis falls | <ul style="list-style-type: none"> 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 impacts on taxi passengers if fares to or from Heathrow Airport increase | <ul style="list-style-type: none"> Some passengers may be able to take the Tube, Elizabeth line or Heathrow Express to or from the airport instead of a taxi and so would not have to pay any increased extra charges Passengers can avoid paying the drop off charge by asking to be dropped off in the long stay car parks at the airport and then taking the free bus to the terminals |
| Negative impacts on taxi drivers if fares to or from Heathrow | <ul style="list-style-type: none"> Taxi drivers can choose not to charge the Heathrow extra or the drop off charge if they think this is deterring people from taking a taxi to or from the airport |

²⁸ The Mayor's Transport Strategy, <https://tfl.gov.uk/corporate/about-tfl/the-mayors-transport-strategy>

| | |
|--|--|
| <p>Airport increase and demand for taxis falls</p> | |
| <p>Negative environmental impacts if taxi drivers are deterred from purchasing a new ZEC taxi or delay a decision to replace their diesel taxi</p> | <ul style="list-style-type: none"> • 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 |
| <p>Negative impacts from increasing some of the fixed fares for the shared taxis</p> | <ul style="list-style-type: none"> • Passengers can choose to take a non-shared/exclusively hired taxi, although this may be more expensive than a shared taxi • Passengers can choose to use an alternative mode of transport for part of their journey in order to reduce the taxi fare. For example they could take a shared taxi from the AELTC to Wimbledon or Southfields stations and then transfer to the Tube, rail or tram • Passengers can choose to use an alternative mode of transport for all of their journey |

Appendix 8: Wimbledon Tennis Championships fixed-fare, shared-taxi scheme

The table below shows the current text for the Wimbledon Tennis Championships fixed-fare, shared-taxi scheme, and the proposed changes which are:

- Increasing all of the fixed fares from the All England Lawn Tennis Club (AELTC) to central London by £1.50
- Expanding one of the destination areas
- Updating some of the authorised places so as they remain appropriate while the area around the AELTC is developed and the position of the taxi ranks changes
- Updating some of the destinations so as they remain appropriate while the area around the AELTC is developed and the position of the taxi ranks changes
- The text highlighted in yellow is the text used in the current sharing order and which we are proposing to change
- The column called 'Proposed changes' lists the changes to the highlighted text

| Authorised place | Destination(s) | Tariff/Fare | Proposed changes |
|---|---|---|--|
| Taxi rank at Wimbledon Station, London SW19 | Outside Gate 4 of the All England Lawn Tennis and Croquet Club, London SW19 | Tariff 1: £3.50 Tariff 2: £3.50 Tariff 3: £3.50 | Destination Change destination to: Designated taxi drop off area at the All England Lawn Tennis Club, London SW19 |
| Taxi boarding point on Augustus Road, London SW19 | Outside Gate 4 of the All England Lawn Tennis and Croquet Club, London SW19 | Tariff 1: £3.50 Tariff 2: £3.50 Tariff 3: £3.50 | Destination Change destination to: Designated taxi drop off area at the All England Lawn Tennis Club, London SW19 |
| Taxi rank (eastern side of the All England Lawn Tennis and Croquet Club), London SW19 | Wimbledon Station, London SW19; Southfields Station, London SW18 | Tariff 1: £3.50 Tariff 2: £3.50 Tariff 3: £3.50 | Authorised place Change authorised place to: Designated taxi ranks at the All England Lawn Tennis Club, London SW19 |

| Authorised place | Destination(s) | Tariff/Fare | Proposed changes |
|--|---|--|---|
| Taxi boarding point outside Gate 12 of the All England Lawn Tennis and Croquet Club, London SW19 | Wimbledon Station, London SW19 | Tariff 1: £3.50 Tariff 2: £3.50 Tariff 3: £3.50 | <p>Authorised place</p> <p>Change authorised place to:</p> <p>Designated taxi ranks at the All England Lawn Tennis Club, London SW19</p> |
| Taxi rank (eastern side of the All England Lawn Tennis and Croquet Club), London SW19 | Addresses in the Borough of Hammersmith and Fulham on and south of Hammersmith Bridge Road, Hammersmith Broadway and Hammersmith Road | <p>Tariff 1: £8.00</p> <p>Tariff 2: £8.00</p> <p>Tariff 3: £8.00</p> | <p>Authorised place</p> <p>Change authorised place to:</p> <p>Designated taxi ranks at the All England Lawn Tennis Club, London SW19</p> <p>Fixed fare</p> <p>Increase fixed fares to: £9.50</p> |
| Taxi rank (eastern side of the All England Lawn Tennis and Croquet Club), London SW19 | Addresses in Postal Districts SW4, SW8 and SW11; addresses on Clapham Road, Harleyford Street, Kennington Oval and Harleyford Road | <p>Tariff 1: £9.00</p> <p>Tariff 2: £9.00</p> <p>Tariff 3: £9.00</p> | <p>Authorised place</p> <p>Change authorised place to:</p> <p>Designated taxi ranks at the All England Lawn Tennis Club, London SW19</p> <p>Fixed fare</p> <p>Increase fixed fares to: £10:50</p> |

| Authorised place | Destination(s) | Tariff/Fare | Proposed changes |
|--|--|---|---|
| <p>Taxi rank (eastern side of the All England Lawn Tennis and Croquet Club), London SW19</p> | <p>Addresses in the Royal Borough of Kensington and Chelsea in the area bounded by Cromwell Road, Brompton Road, Sloane Street, Sloane Square, Lower Sloane Street and Chelsea Bridge Road inclusive</p> | <p>Tariff 1: £10.00 Tariff 2: £10.00 Tariff 3: £10.00</p> | <p>Authorised place Change authorised place to: Designated taxi ranks at the All England Lawn Tennis Club, London SW19 Fixed fare Increase fixed fares to: £11.50</p> |
| <p>Taxi rank (eastern side of the All England Lawn Tennis and Croquet Club), London SW19</p> | <p>Addresses in Postal District SW1 east of Sloane St, Sloane Square, Lower Sloane Street and Chelsea Bridge Road</p> | <p>Tariff 1: £11.50 Tariff 2: £11.50 Tariff 3: £11.50</p> | <p>Authorised place Change authorised place to: Designated taxi ranks at the All England Lawn Tennis Club, London SW19 Fixed fare Increase fixed fares to: £13.00</p> |
| <p>Taxi rank (eastern side of the All England Lawn Tennis and Croquet Club), London SW19</p> | <p>Addresses in the area bounded by Warwick Road north of Cromwell Road, Russell Road, Russell Gardens Mews, Holland Road, Holland Park Avenue, Notting Hill Gate, Pembridge Road, Pembridge Villas, Westbourne Grove, Bishops Bridge Road, Bishops Bridge Harrow Road, Edgware Road, Marble Arch, Park Lane and Knightsbridge inclusive and Brompton Road and Cromwell Road exclusive</p> | <p>Tariff 1: £13.00 Tariff 2: £13.00 Tariff 3: £13.00</p> | <p>Authorised place Change authorised place to: Designated taxi ranks at the All England Lawn Tennis Club, London SW19 Fixed fare Increase fixed fares to: £14.50</p> |

| Authorised place | Destination(s) | Tariff/Fare | Proposed changes |
|--|---|---|--|
| <p>Taxi rank (eastern side of the All England Lawn Tennis and Croquet Club), London SW19</p> | <p>Addresses in Postal District W1; addresses in the area bounded by Edgware Road, Church St NW8, Lisson Grove, Rossmore Road, Park Road, Allsop Place, York Terrace, Upper Harley Street, Marylebone Road, Euston Road, Tottenham Court Road inclusive</p> | <p>Tariff 1: £13.00 Tariff 2: £13.00 Tariff 3: £13.00</p> | <p>Authorised place Change authorised place to: Designated taxi ranks at the All England Lawn Tennis Club, London SW19</p> <p>Fixed fare Increase fixed fares to: £14.50</p> |
| <p>Taxi rank (eastern side of the All England Lawn Tennis and Croquet Club), London SW19</p> | <p>Addresses in Postal District WC2; Waterloo Station; addresses in the area bounded by the River Thames, Waterloo Bridge, Waterloo Road, Baylis Road, Lower Marsh, Westminster Bridge Road and Westminster Bridge inclusive</p> | <p>Tariff 1: £13.00 Tariff 2: £13.00 Tariff 3: £13.00</p> | <p>Authorised place Change authorised place to: Designated taxi ranks at the All England Lawn Tennis Club, London SW19</p> <p>Destination Change destination to: Addresses in Postal District WC2; Waterloo Station; addresses in the area bounded by the River Thames, Blackfriars Bridge, Blackfriars Road, The Cut, Baylis Road, Lower Marsh, Westminster Bridge Road and Westminster Bridge inclusive</p> <p>Fixed fare Increase fixed fares to: £14.50</p> |

| Authorised place | Destination(s) | Tariff/Fare | Proposed changes |
|--|--|---|--|
| <p>Taxi rank (eastern side of the All England Lawn Tennis and Croquet Club), London SW19</p> | <p>Addresses in Postal District WC1; addresses on Euston Road East of Tottenham Court Road; Euston, Kings Cross and St Pancras Stations</p> | <p>Tariff 1: £15.00 Tariff 2: £15.00 Tariff 3: £15.00</p> | <p>Authorised place Change authorised place to: Designated taxi ranks at the All England Lawn Tennis Club, London SW19</p> <p>Fixed fare Increase fixed fares to: £16.50</p> |
| <p>Taxi rank (eastern side of the All England Lawn Tennis and Croquet Club), London SW19</p> | <p>Addresses in postal districts EC1, EC2, EC3 and EC4; addresses in the area bounded by London Bridge, Duke Street Hill, Tooley Street, Bermondsey Street, Thomas Street, Bedale Street, Borough High Street, Southwark Street, Blackfriars Bridge and the River Thames inclusive</p> | <p>Tariff 1: £15.00 Tariff 2: £15.00 Tariff 3: £15.00</p> | <p>Authorised place Change authorised place to: Designated taxi ranks at the All England Lawn Tennis Club, London SW19</p> <p>Fixed fare Increase fixed fares to: £16.50</p> |

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Finance Committee

Date: 26 February 2025



Item: **Bicycle Management and Supply Contract Extension**

This paper will be considered in public

1 Summary

- 1.1 This paper seeks approval of authorities to enable an extension of up to eight months of the Bicycle Management and Supply (BMS) contract currently held with Serco Limited, from 1 November 2025.
- 1.2 A paper is included on Part 2 of the agenda which contains supplementary information that is exempt from publication by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972 in that it contains information relating to the financial or 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 and:**
 - (a) **approve Procurement Authority, at the sums and total set out in the related paper on Part 2 of the agenda, for the extension up to 30 June 2026 of the Bicycle Management and Supply contract, as described in this paper and the related paper on Part 2 of the agenda;**
 - (b) **note that extension of the Bicycle Management and Supply contract to 31 March 2026 will need to be provided for in the next TfL Budget and is included in the draft currently in preparation; and**
 - (c) **note that, if extension of the Bicycle Management and Supply contract is required beyond 31 March 2026, unbudgeted Financial Authority will be required and that will be sought at Officer level, in accordance with Standing Orders.**

3 Background

- 3.1 The BMS contract delivers the operational management and supply of bicycle assets for the London Cycle Hire Scheme (LCHS).

- 3.2 The current expiry date for the BMS contract is 31 October 2025; it can be extended up to 31 October 2027, with the option exercisable by TfL until 1 May 2025.
- 3.3 The replacement contract is currently being procured and will amalgamate the above activities with revenue collection and on-street asset responsibilities. Due to the complexities of bringing these activities into one contract, and the dependency on the separation of revenue collection from the wider revenue collection contract, a robust transition period is needed by the future operator.
- 3.4 Tender documents for the future contract advised bidders of an Operational Commencement (OC) date of 1 August 2025, giving a transition period of seven months, largely driven by the necessary separation from the revenue collection contract which is detailed further in the related paper on Part 2 of the agenda. Following bidder engagement, we are proposing to exercise the available contract option to extend the OC date to 31 March 2026 and this paper requests Procurement Authority to enable the extension of the current BMS contract to this date, as well as a further period of extension to 30 June 2026 should that be necessary.

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: Rachael McLean, Chief Finance Officer
Email: RachelMcLean@tfl.gov.uk

Finance Committee



Date: 26 February 2025

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 for which approvals are anticipated to be required from the Committee over the six-month period from 1 March 2025 to 31 August 2025 above £100m. 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 supplementary information that is exempt from publication by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972 in that it contains information relating to the financial or 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 function within TfL continues working to improve its forward planning, including the consolidation of multiple data sources related to contract renewals and new procurements. This ongoing effort is enabling us to establish a pipeline of activities for the next two years.
- 3.3 Our 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 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, covering those contracts with an estimated value of £1m or over. The pipeline for strategy approvals and contract awards covers 330 contracts with an estimated total value of £22bn. This is broken down as follows:

| Commodity | No | Estimated Value £m |
|-------------------------------|------------|--------------------|
| Construction | 55 | 5,367 |
| Corporate Services | 21 | 3,326 |
| Outsourced Transport Services | 10 | 2,111 |
| IT Services | 20 | 1,787 |
| Utilities | 4 | 1,592 |
| Facilities Management | 15 | 1,522 |
| IT Infrastructure | 27 | 988 |
| Lifts and Escalators | 13 | 868 |
| Rolling Stock | 5 | 867 |
| Road User Services | 2 | 902 |
| Rail Systems | 7 | 762 |
| Fleet | 60 | 510 |
| Power & Cooling | 12 | 492 |
| IT Software | 33 | 453 |
| Track | 16 | 243 |
| Signalling Installations | 2 | 116 |
| Signalling Maintenance | 10 | 115 |
| Rail Collaboration | 9 | 113 |
| Commercial Development | 5 | 63 |
| Buses | 2 | 31 |
| Streets and Traffic | 1 | 2 |
| Warehousing | 1 | 1 |
| Total | 330 | 22,231 |

- 4.2 The table below displays the breakdown of the 330 contracts by value band. It also includes the 469 contracts with a value below £1m to provide a complete view of the pipeline of 799 contracts over the next two years.

| Value Band £m | No of Entries | % of Entries | Estimated Value £m | % Estimated Value |
|------------------|------------------|-----------------|--------------------|-------------------|
| Below 1 | 469 | 59% | 133 | 1% |
| 1 up to 25 | 232 | 29% | 1,174 | 5% |
| 25 up to 100 | 56 | 7% | 2,054 | 12% |
| 100m+ | 42 | 5% | 19,004 | 82% |
| Total | 799 | 100% | 22,365 | 100% |

5 Planned Procurement Approvals

- 5.1 There are two approvals anticipated to be sought by way of Chair's Action ahead of the next planned meeting of the Committee in July 2025.
- 5.2 We are currently forecasting that four operational contract awards will require approval from the Committee at meetings in the next six months.
- 5.3 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. We are currently forecasting that no contract awards will require approval from the Programmes and Investment Committee in the next six months.
- 5.4 Further details of the forthcoming key procurement activities within the next six months are provided within the related paper on Part 2 of the agenda.

6 Procurement Act 2023

- 6.1 As introduced in the paper to the Committee in July 2024, we are preparing for the introduction of the new Procurement Act 2023 (the Act) which was delayed from 26 October 2024 to 24 February 2025. Since the update, implementation activities have continued, including working closely with SAP Ariba to implement systems process changes, updating governance templates, and developing additional documents to guide our colleagues, and developing a supplier performance strategy to consider our approach to adopting the Act's requirements on publishing contract key performance indicators on supplier performance.
- 6.2 Readiness activities have focused on procurement activity which will need to be compliant from 24 February 2025, whereas contract management activities in relation to the Act will not be required until the first contract is awarded. A key area of focus has been the upskilling of Procurement and Commercial teams and building awareness in the wider business, to ensure TfL benefits from the opportunities the new legislation presents.
- 6.3 As part of the enhanced transparency obligations under the Act, we are required to publish an annual pipeline notice of projects over £2m to the market by 26 May 2025. Further information is expected from the Cabinet Office in April, and the Committee will be kept updated.

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

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Email: RachelMcLean@tfl.gov.uk

Finance Committee

Date: 26 February 2025

Item: Risk and Assurance Report Quarter 3 2024/25

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 03 (ER03) – ‘Environment including climate adaptation’, Enterprise Risk 05 (ER05) – ‘Supply chain disruption and ineffective procurement and contract management’, Enterprise Risk 07 (ER07) – ‘Financial resilience’ and Enterprise Risk 09 (ER09) – ‘Changes in customer demand’.
- 1.2 This report also summarises the findings from the assurance activity associated with these risks, based on third line assurance work by the Internal Audit team. The report covers Quarter 3 of 2024/25 (15 September to 7 December 2024) (Q3).
- 1.3 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 financial or business affairs of TfL and information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime. 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 TfL Enterprise Risks

- 3.1 Risk review workshops have been undertaken for ER03, ER05, ER07 and ER09. The updates have been discussed with the relevant Chief Officers. ER03 and ER09 are scheduled to be reviewed by the TfL Executive Committee on 10 April 2025 and papers will be submitted to this Committee on 14 July 2025.

4 Annual Audit Plans

- 4.1 The rolling Internal Audit plan contains a series of third line audits that address all TfL Enterprise Risks. The annual Quality, Safety and Security Assurance audit plan contains a series of second line reviews that include ER03 and ER05. The Internal Audit plan for the second half of 2024/25 was approved by the Audit and Assurance Committee on 18 September 2024 and will be updated as appropriate to facilitate any additional audits that might be required as a result of

the cyber incident. Audit planning for 2025/26 has commenced in consultation with key stakeholders in TfL.

5 Work of Note for Quarter 3

Internal Audit

- 5.1 Audit reports issued are given a conclusion of 'well controlled', 'adequately controlled', 'requires improvement' or 'poorly controlled'. Individual findings within audit reports are rated as high, medium, or low priority. A memo, rather than an audit report, is usually issued for real-time reviews and provides more flexibility in how information is reported.
- 5.2 Internal Audit issued four reports in Q3. Two had a 'requires improvement' rating against ER03: 'Carbon Management – Standards and Plans' and 'Carbon Reduction Management – Governance and Responsibilities'. The other two reports were issued against ER07: 'Revenue Controls in London River Services' was rated as 'requires improvement' and 'Supplier Bank Accounts' was rated as 'adequately controlled'.
- 5.3 Two memos were issued in Q3, both of which were against ER07: 'Supplier Payments Workaround Process' and 'Grant Certification Review – Network North Funding'.
- 5.4 No audits were issued against ER09 in Q3.
- 5.5 Appendix 1 provides further details of these audits and memos.

Counter-Fraud and Corruption

- 5.6 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). Themes identified during procurement related investigations and control environment improvements (implemented or recommended) in Q3, are set out in the paper on Part 2 of the agenda. Individual cases are part of the wider fraud reporting that is submitted to the Audit and Assurance Committee.

6 Cancelled and Deferred Work

- 6.1 No audits were cancelled or deferred in Q3 against ER03, ER05, ER07 and ER09.

7 Performance and Trends

- 7.1 Performance data is provided in 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 There were 26 ER03, ER05, ER07 and ER09 audits completed in the last four quarters, which is three more than were delivered in the previous four quarters. The number of 'requires improvement' conclusions has increased from 10 to 13 and 'poorly controlled' has increased from one to two. This is a trend across all Enterprise Risks as we continue to undertake audits on high-risk areas of the business. The number of memos issued has increased from five to seven over the past four quarters. The number of audits rated as 'adequately controlled' or 'well controlled' has decreased from seven to four.
- 7.3 Work continues on the management of actions. For ER03, ER05 and ER07 at the end of Q3 there were 104 open audit actions, 12 of which were overdue: one by less than 30 days, two by 31-60 days and nine by 61-100 days. There were no open audit actions for ER09. All overdue actions are regularly discussed with Chief Officers and there is a focus on ensuring more actions are closed on time.

List of appendices to this report:

Appendix 1: Internal Audits Completed in Quarter 3 2024/25

Appendix 2: Internal Audit Summary Quarter 3 2024/25

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 – Internal Audits Completed in Quarter 3 2024/25

ER03 Environment including climate adaptation

| Chief Officer | Ref | Audit Title | Objectives | Conclusion | Summary of Findings |
|--|--------|---|---|----------------------|---|
| Chief Safety Health and Environment Officer | 24 005 | Carbon Management - standards and plans | Provide assurance on the adequacy and effectiveness of pan-TfL governance and controls for carbon management. | Requires Improvement | Carbon reduction plans in operations and maintenance are incomplete and vary in detail and quality. Resourcing challenges have made it difficult to refine and accelerate carbon reduction plans, and ensure we remain on target to meet 2030 and 2050 reduction targets. |
| Chief Safety Health and Environment Officer | 24 035 | Carbon Reduction Management-governance and responsibilities | Provide assurance on the adequacy and effectiveness of pan-TfL governance and controls for carbon management. | Requires Improvement | The Operations Environment Plan does not provide sufficient guidance and plans to build the knowledge and competency that teams require to understand their area carbon emissions, and to identify and implement carbon reduction initiatives. This information is necessary to inform decisions that align with TfL's net zero goals and to embed carbon reduction into day to day controls of operations and maintenance. |

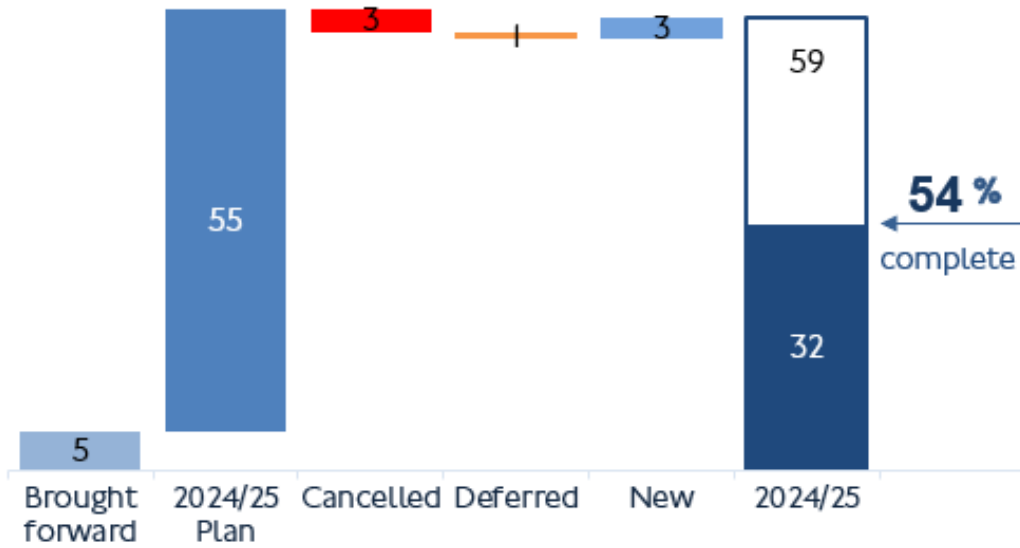
Page 307

ER07 Financial Resilience

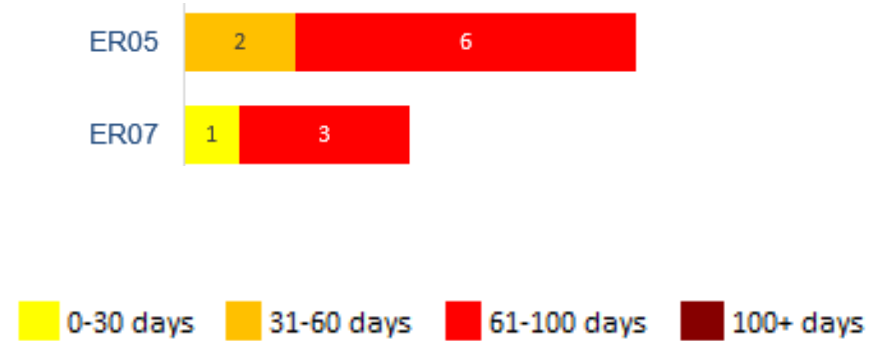
| Chief Officer | Ref | Engagement Name | Objectives | Conclusion | Summary of Findings |
|------------------------------|----------|--|---|------------|--|
| Chief Finance Officer | 24 057 U | Supplier payments workaround process | Provide assurance on the adequacy and effectiveness of key controls implemented during the cyber incident in relation to supplier payments. | Memo | There were robust controls over the supplier payments workaround arrangements. These can be enhanced further should they be required to be deployed in future. |
| Chief Finance Officer | 24 056 U | Grant certification review - Network north funding | Provide assurance that all funding conditions related to the Local Transport Capital Block Funding (Pothole Fund) Specific Grant | Memo | Having carried out appropriate investigations and checks, in our opinion, in all significant respects, the conditions attached to the Local Transport Capital Block Funding (Pothole Fund) Specific Grant Determination (2023/24): No.31/6680 have been met. |

| Chief Officer | Ref | Engagement Name | Objectives | Conclusion | Summary of Findings |
|--------------------------------|--------|---|--|-----------------------|---|
| | | | Determination (2023/24): No.31/6680 have been reasonably met by TfL. | | |
| Chief Operating Officer | 24 023 | Revenue Controls in London River Services | Provide assurance on the adequacy and effectiveness of key controls for the financial management of River Operators' accounts. | Requires Improvement | Based on the details provided by the operators and how their sales systems work, there is no evidence to suggest that TfL is not receiving the agreed revenue share. An area for improvement includes asking operators for information in line with the requirements of the contract, such as passenger numbers every period. |
| Chief People Officer | 24 027 | Supplier Bank Accounts | Provide assurance on the adequacy and effectiveness of key controls for supplier bank accounts. | Adequately Controlled | We found that the majority of controls over supplier bank accounts were adequately designed and operating effectively. |

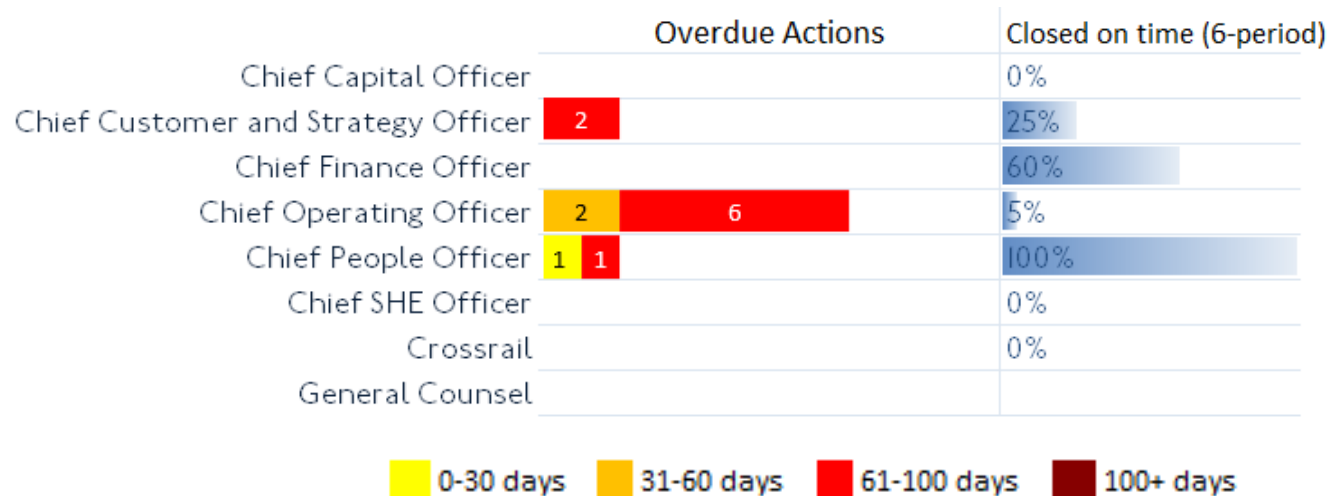
All Audit Progress against 2024/25 Plan



Action Management (ER03, ER05, ER07 and ER09) - By Enterprise Risk by Overdue Days



Action Management (ER03, ER05, ER07 and ER09) - By Chief Officer by Overdue Days



Audit Conclusion Comparison by Chief Officer Team (over 4 quarters)

| | Q4 22/23 - Q3 23/24 | Total | Q4 23/24 - Q3 24/25 | Total |
|-------------------------------------|--|-------|---|-------|
| Chief Customer and Strategy Officer | 3 (Requires Improvement), 1 (Not Rated) | 4 | 1 (Poorly Controlled), 3 (Requires Improvement), 3 (Not Rated) | 7 |
| Chief Finance Officer | 3 (Requires Improvement), 4 (Adequately Controlled), 3 (Well Controlled) | 10 | 1 (Poorly Controlled), 2 (Requires Improvement), 1 (Adequately Controlled), 3 (Not Rated) | 7 |
| Chief Operating Officer | 1 (Poorly Controlled), 3 (Requires Improvement), 1 (Adequately Controlled) | 5 | 5 (Requires Improvement), 1 (Not Rated) | 6 |
| Chief People Officer | 1 (Requires Improvement), 2 (Adequately Controlled) | 3 | 1 (Requires Improvement), 3 (Adequately Controlled) | 4 |
| Chief SHE Officer | 1 (Not Rated) | 1 | 2 (Requires Improvement) | 2 |

Audit Conclusion Comparison by Enterprise Risk (over 4 quarters)

| | Q4 22/23 - Q3 23/24 | Total | Q4 23/24 - Q3 24/25 | Total |
|--|---|-------|--|-------|
| ER03 Environment including climate adaptation | 3 (Requires Improvement), 1 (Not Rated) | 4 | 4 (Requires Improvement), 1 (Not Rated) | 5 |
| ER05 Supply Chain disruption and ineffective procurement and contract management | 1 (Adequately Controlled), 1 (Adequately Controlled), 2 (Not Rated) | 4 | 3 (Requires Improvement), 2 (Not Rated) | 5 |
| ER07 Financial resilience | 1 (Poorly Controlled), 6 (Requires Improvement), 6 (Adequately Controlled), 2 (Not Rated) | 15 | 2 (Poorly Controlled), 6 (Requires Improvement), 3 (Adequately Controlled), 1 (Adequately Controlled), 4 (Not Rated) | 16 |

■ Poorly Controlled
 ■ Requires Improvement
 ■ Adequately Controlled
 ■ Well Controlled
 ■ Not Rated

Finance Committee



Date: 26 February 2025

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.

2 Recommendation

- 2.1 **The Committee is asked to note the forward plan and is invited to raise any suggestions for future discussion items.**

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;
 - (e) Annual updates on Enterprise Risks that fall within the remit of the Committee; and
 - (f) 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, General Counsel
Email: AndreaClarke@tfl.gov.uk

Finance Committee Forward Plan 2025/26

Appendix 1

Membership: Anne McMeel (Chair), Deborah Harris-Ugbomah (Vice-Chair), Zoë Billingham CBE, Prof Greg Clark CBE, Seb Dance and Anurag Gupta

Government Observer: Samantha Collins-Hill

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), DR&A (Director of Risk and Assurance), GC (General Counsel)

| Standing Items | | |
|--|------|---------|
| Use of Delegated Authority | GC | To note |
| Finance Report | CFO | To note |
| Forthcoming Key Procurement Activities | CFO | To note |
| Risk and Assurance Quarterly Report | DR&A | To note |

An additional Finance Committee meeting may be scheduled for March 2025 if any approvals are needed prior to the July 2025 meeting.

| 14 July 2025 | | |
|--|-------|------------|
| Update on Third-Party Funding Secured Through Spatial Planning | CCSO | To note |
| Enterprise Risk Update – Environment including Climate Adaptation (ER03) | CSHEO | To note |
| Enterprise Risk Update – Changes in Customer Demand (ER09) | CCSO | To note |
| London Overground Concession Procurement Programme | CFO | To note |
| London Overground Infrastructure Maintenance Contract | CFO | To approve |
| Proteus Revenue Collection Services Contract | CFO | To approve |
| Track Works and Resources | CFO | To approve |

As at 18 February 2025

Finance Committee Forward Plan 2025/26

| | | |
|---|-----|------------|
| Escalator Management Contract | CFO | To approve |
| Changes to Fees and Charges | CFO | To approve |
| Taxi and Private Hire Licence Fees: Annual Review | COO | To approve |
| Car Park Tariffs | CFO | To approve |

2 October 2025

| | | |
|---|-----|------------|
| Treasury Activities | CFO | To note |
| Prudential Indicators Outturn | CFO | To note |
| Enterprise Risk Update – Supply Chain Disruption and Ineffective Procurement and Contract Management (ER05) - TBC | CFO | To note |
| Enterprise Risk Update – Financial Resilience (ER07) - TBC | CFO | To note |
| London Overground Concession Contract | CFO | To approve |
| Facilities Management Cleaning and Associated Services Contract | CFO | To approve |
| TfL Civils Corrective Works | CFO | To approve |

17 December 2025

| | | |
|--|-----|------------|
| Physical Security Guarding and Other Services | CFO | To approve |
| Solar Private Wire (Single Supplier Framework) | CFO | To approve |

25 February 2026

| | | |
|---|-----|-------------------------------------|
| Treasury Activities, Policies and Strategy | CFO | To approve (delegated by the Board) |
| Investment Management Strategy 2026/27 – Non-Financial Assets | DCF | To approve |
| Taxi Fares and Tariffs Update | COO | To approve |

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