

**Board**



**Date: 23 March 2022**

**Item: Matters Arising, Actions List and Use of Delegated Authority**

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## **This paper will be considered in public**

### **1 Summary**

- 1.1 This paper informs the Board of any use of Chair's Action or authority delegated by the Board, any Mayoral Directions to TfL and progress against actions agreed at previous meetings, since the last meeting of the Board on 2 February 2022.
- 1.2 There has been no use of Chair's Action.
- 1.3 There have been three uses of Chair's Action by the Chair of the Finance Committee, in consultation with available Members of the Board, in relation to TfL's funding arrangements.
- 1.4 There have been three uses of specific authority delegated by the Board to the Finance Committee in relation to the approval of: the Treasury Management Strategy 2022/23; the Treasury Management and Derivative Investments Policies; and the Investment Management Strategy 2022/23 - Non-Financial Assets.
- 1.5 There has been one Mayoral Direction to TfL in relation to March 2022 fare changes (MD2937, 14 February 2022).
- 1.6 Appendix 1 sets out the progress against actions agreed at previous meetings.

### **2 Recommendation**

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

### **3 Use of Chair's Action**

- 3.1 Under Standing Order 113, in situations of urgency, the Board delegates to each of the Chair and the Chairs of any Committee or Panel the exercise of any functions of TfL on its behalf. Any use of Chair's Action is reported to the next ordinary meeting. The Board on occasion will also make specific delegations to its Committees which, when exercised, are reported to the next ordinary meeting of the Board, as well as the next meeting of the relevant Committee.
- 3.2 There has been no use of Chair's Action since the last meeting.

## **4 Use of Delegated Authority**

- 4.1 There have been six uses of authority relating to matters reserved to the Board.

### **Funding Packages**

- 4.2 At the meeting of the Board on 2 February 2022, Members were updated on the progress of discussions with Government on securing a long-term funding settlement for TfL, given the impact of the coronavirus pandemic on TfL's finances. At that point, the third extraordinary funding and financing package (the Third Funding Package) which initially covered the funding period 1 June to 11 December 2021 had twice been extended to 4 February 2022: on 11 December 2021 an extension was agreed until 18 December 2021; and on 17 December 2021, a further extension was agreed until 4 February 2022.
- 4.3 Two further extensions to the Third Funding Package were agreed by the Chair of the Finance Committee following consultation with available Board Members:
- (a) on 4 February 2022 a two-week extension was agreed to 18 February 2022; and
  - (b) on 19 February 2022 a one-week extension was agreed to 25 February 2022.
- 4.4 On 25 February 2022, the Chair of the Finance Committee, following consultation with available Board Members, approved the Fourth Funding Package to cover the funding period 26 February to 24 June 2022. This package provides certainty in relation to income, in addition to the Extraordinary Support Grant of £200m. It also includes a number of conditions, which includes the continuation and further development of initiatives commenced under previous funding agreements with the Department for Transport.
- 4.5 The use of Chair's Actions to approve the funding arrangements have been published on [tfl.gov.uk](https://tfl.gov.uk) and reported to the meeting of the Finance Committee on 9 March 2022.

### **Use of specific authority delegated to the Finance Committee**

- 4.6 On 29 July 2020, the Board delegated to the Finance Committee approval of the following strategies and policies:
- (a) the Treasury Management Strategy including the Investment Strategy, the Borrowing Strategy, the Liquidity Strategy, the Risk Management Strategy and the Counterparty Exposure Limits;
  - (b) any changes to the Treasury Management Strategy during any year;
  - (c) the Treasury Management Policies; and

(d) the TfL Group Policy Relating to the Use of Derivative Investments.

4.7 On 16 March 2021, the Board delegated to the Finance Committee approval of the Investment Management Strategy – Non-Financial Assets for 2021/22 and future years.

4.8 On 9 March 2022, the Finance Committee exercised the use of delegated authority to approve:

(a) the Treasury Management Strategy 2022/23, comprising the Investment Strategy, the Borrowing Strategy, the Liquidity Strategy, the Risk Management Strategy and the Counterparty Exposure Limits;

(b) the Treasury Management and Derivative Investments Policies; and

(c) the Investment Management Strategy 2022/23 - Non-Financial Assets.

4.9 A report of the meeting of the Finance Committee held on 9 March 2022 is provided elsewhere on the agenda for this meeting.

## **5 Actions List**

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

## **6 Mayoral Directions to TfL**

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

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

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

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

- 6.5 Annually the Audit and Assurance Committee considers the list as part of its consideration of the annual audit plan to ensure that appropriate audit resource is applied to assurance on TfL's work in implementing Mayoral Directions. This will also be kept under review at each quarterly meeting of that Committee.
- 6.6 A summary of current Mayoral Directions to TfL is maintained on the "How we are governed" page on our website, with links to the relevant Mayoral Decisions: <https://tfl.gov.uk/corporate/about-tfl/how-we-work/how-we-are-governed>.
- 6.7 There has been one Direction issued to TfL since the last meeting.

### **March 2022 Fares Changes (MD2937, 14 February 2022)**

- 6.8 Since May 2020, there have been a series of funding agreements with Government to ensure TfL can continue to deliver an effective and efficient transport service to Londoners throughout the coronavirus pandemic and beyond. A long-term objective of the funding agreements is that TfL obtains financial sustainability as soon as possible, with a target date of April 2023.
- 6.9 Further to a funding agreement with Government dated 1 June 2021, and an extension and amendments to that June 2021 agreement made on 17 December 2021, the Mayor committed to implementing an overall increase on fares of Retail Price Index (RPI) +1 per cent.
- 6.10 On 14 February 2022, the Mayor approved a Fares Revision to deliver this commitment. The changes are required so that TfL can reach financial sustainability in line with the long-term objective of the funding agreements, while ensuring the increase in fares is as affordable as possible for Londoners. The fares increases were implemented from 1 March 2022.
- 6.11 A summary of the fares revision is:
- (a) bus and tram single fares to increase by 10p to £1.65; and the daily bus and tram cap to be raised to £4.95. The Bus & Tram Pass season price is increased to £23.30 for a 7 Day ticket. The free Hopper transfer will remain in place, permitting multiple free bus and tram transfers within an hour;
  - (b) on the Tube in Zones 1-6, and on other rail services in London where Tube fares apply, pay-as-you-go (PAYG) fares will typically increase by between 10p and 30p;
  - (c) Travelcard prices and the associated PAYG caps will increase in line with RPI from 1 March. These increases reflect national government rail fares policy, over which the Mayor has no control. As a result, Travelcard season ticket prices and the associated all-day PAYG caps increase by 3.8 per cent overall;

- (d) fares on TfL services for journeys from outside London are subject to guidance from the Department for Transport, with the same fares applying on Train Operating Company and TfL services.

6.12 This Mayoral Direction was reported to the meeting of the Finance Committee on 9 March 2022.

**List of appendices to this report:**

Appendix 1: Actions List

**List of Background Papers:**

Minutes from previous meetings.

Funding Settlement Chair's Actions papers issued on 4, 19 and 24 February 2022

Greater London Authority Decision Making Database

Contact Officer: Howard Carter, General Counsel  
Email: [HowardCarter@tfl.gov.uk](mailto:HowardCarter@tfl.gov.uk)