

Board



Date: 7 February 2024

Item: Report of the Meeting of the Finance Committee held on 22 December 2023

This paper will be considered in public

1 Summary

- 1.1 This paper provides a summary of the items considered by the Finance Committee at its meeting on 22 December 2023. The Chair agreed to the meeting being called with fewer than five clear days' public notice and to the acceptance of late papers, in accordance with Standing Orders 31 and 33 and Section 100B(4)(b) of the Local Government Act 1972, following confirmation of the capital funding settlement from the Government. Public notice was given on 18 December 2023.

2 Recommendation

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

3 Committee Agenda and Summary

- 3.1 The papers for the meeting of the Committee held on 22 December 2023 were published on 21 December 2023 and are available on the [TfL website](#) with a link to the video recording of the meeting on [TfL's YouTube channel](#).
- 3.2 The main matters considered by the Committee were:
- (a) Piccadilly Line Upgrade – Stage 1 Progress Update; and
 - (b) 2024 TfL Business Plan.
- 3.3 A summary of the items considered and decisions taken is provided below. The more detailed minutes of the meeting will be published ahead of the meeting of the Committee on 13 March 2024.

4 Issues Discussed

Piccadilly Line Upgrade – Stage 1 Progress Update

- 4.1 With the agreement of the Chair of the Programmes and Investment Committee, the item was included on the agenda for this Committee as it related to the Business Plan and, as discussions with Siemens Mobility

Limited had been ongoing, allowed the decision to be made in public rather than by Chair's Action.

- 4.2 The Committee noted the paper, which provided a progress update on the rolling stock, depot and infrastructure projects which made up the Piccadilly Line Upgrade (PLU) Programme. The Committee endorsed proceeding with finalising a Compensation Event and the proposal to reprofile payments, both under the Manufacture and Supply Agreement for the Deep Tube Upgrade Programme with Siemens Mobility Limited.
- 4.3 Despite the severe financial pressure and supply chain disruptions following the impact of the coronavirus pandemic, the first train arriving in London for testing remained on schedule for mid-2024, with introduction into service in 2025. Siemens Mobility Limited had requested settlement of a Compensation Event under the terms of the contract. The proposed extended rolling stock manufacturing and testing programme would provide value for money compared to alternative options, such as the significant storage of trains, and preserved the intended introduction of the service frequency increase to 27 trains per hour by May 2027.
- 4.4 The approach also benefitted TfL's revised Business Plan and the overarching Capital Programme by significantly rephasing the PLU cash profile, given the Government capital funding settlement announced on 18 December 2023 resulted in £250m less than assumed in the Business Plan.

2024 TfL Business Plan

- 4.5 The Board considered the draft 2024 TfL Business Plan on 13 December 2023. The draft Business Plan assumed £500m of Government capital funding in 2024/25. As discussions with the Government on a capital funding settlement were ongoing, the Board delegated authority to approve the Business Plan to the Committee. A capital funding settlement of £250m was confirmed on 18 December 2023.
- 4.6 TfL was grateful for the £250m funding from Government for 2024/25 but intense work had been undertaken to mitigate the £250m shortfall and present a Business Plan that enabled TfL to deliver its full Investment Programme and to prepare a balanced budget for consideration by the Board in March 2024.
- 4.7 The Committee approved the revised draft 2024 TfL Business Plan and authorised the Chief Finance Officer to make any minor presentational amendments to the Plan, before it was published as the final version on the TfL website.
- 4.8 The Committee also approved the change to the TfL Scorecard target for capital expenditure, required as a result of the Department for Transport inflation funding outcome for 2023/24, to align to the 2024 TfL Business Plan.
- 4.9 The Government recognised the need to provide ongoing investment for major capital projects for TfL, which was no different to other transport operators. Most of the £250m grant would be received this financial year and

committed TfL to deliver its current programme of planned capital works and enabled it to apply for other eligible funding streams in the future. TfL would need to demonstrate that it had achieved financial sustainability at the operating level at the end of the 2023/24 financial year, and to present a plan for how it would maintain and improve on that going forward.

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

List of appendices to this report:

None

List of Background Papers:

Papers submitted to the Finance Committee on 22 December 2023

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