

**Date: 13 March 2024**

**Item: Use of Delegated Authority**

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**This paper will be considered in public**

**1 Summary**

- 1.1 The use of delegated authority is a standing item on the agenda to inform the Committee of any use of delegated authority by the Committee, through Chair's Action or of Financial Authority (unbudgeted), Procurement or Land Authority (in respect of matters within the Committee's remit) granted by the Commissioner and the Chief Finance Officer in accordance with delegated authorities under TfL's Standing Orders since the last meeting of the Committee. The paper also provides information on Mayoral Directions to TfL within the Committee's remit.
- 1.2 Since the report to the meeting of the Committee on 22 November 2023, there has been:
- (a) one use of specific authority delegated by the Board in relation to approval of the 2024 TfL Business Plan;
  - (b) one use of Chair's Action in relation to the capital funding agreement with the Department for Transport (DfT);
  - (c) five grants of Procurement Authority in relation to: FM Mechanical and Electrical Maintenance (Rail) contracts; Through the Line Strategic Thinking contract; Collaborative Print Management contract: London Cable Car Operations and Maintenance Contract Re-procurement; and Vehicle licensing, inspection services and an end-to-end information technology system contract;
  - (d) one grant of unbudgeted Financial Authority in relation to urgent maintenance resources for Central line recovery and unbudgeted Financial Authority granted in relation to bus operating contracts; and
  - (e) one Mayoral Direction to TfL in relation to the March 2024 Fare Change (MD3221). The changes included freezing TfL-regulated fares set by the Mayor, which would be funded by increasing TfL's retained business rates income.
- 1.3 Similar papers are submitted to the Land and Property Committee and the Programmes and Investment Committee in respect of the use of Chair's Action, Authorities granted by the Commissioner and the Chief Finance Officer and any relevant Mayoral Directions that fall within the remit of those Committees.

## **2 Recommendation**

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

## **3 Use of Authority Delegated by the Board**

- 3.1 There has been one use of authority delegated by the Board.

### **2024 TfL Business Plan**

- 3.2 On 13 December 2023, the Board considered the draft 2024 TfL Business Plan, which assumed a Government capital funding settlement of £500m. As discussions with Government were ongoing, the Board delegated authority to the Committee to approve the Business Plan when the capital funding settlement was known.
- 3.3 The Government's capital funding settlement of £250m was announced on 18 December 2023. Following this, on the same day, public notice of a meeting of the Committee on 22 December 2023 was given and all Members of the Board were invited to attend. Significant work was undertaken to review the draft Business Plan to take account of the funding shortfall.
- 3.4 The 2024 TfL Business Plan was approved at the meeting of the Committee on 22 December 2023.

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

- 4.1 Under Standing Order 112, in situations of urgency, the Board delegates to each of the Chair and the Chairs of any Committee or Panel the exercise of any functions of TfL on its behalf, including the appointment of Members to Committees and Panels. Any use of Chair's Action is reported to the next ordinary meeting.
- 4.2 There has been one use of Chair's Action since the last report.
- 4.3 On 14 December 2023, Members were informed that TfL was on track to be operationally financially sustainable, with 2023/24 being the first year TfL will generate an operating surplus without Government support.
- 4.4 By growing its operating surplus, TfL can fund around three quarters of its capital investment programme for 2024/25 but it still needs Government funding so that projects critical to the city – like the new fleet of Piccadilly line trains, more than half of which are being built in Goole in Yorkshire – can be delivered.
- 4.5 At the meeting of the Board on 13 December 2023, Members were informed that discussions with Government on a capital funding settlement for 2024/25 were ongoing. On 14 December 2023, a paper was issued to Members advising them that the discussions had concluded, that a settlement of £250m was proposed and the related conditions. All Members were invited to attend a briefing on 15 December 2023 to discuss the proposals.

- 4.6 On 15 December 2023, following the consultation with available Members, the Chair of the Committee noted the paper and the exempt information and, subject to receipt of a signed letter from the Secretary of State in the terms described in the paper and exempt appendix, accepted the capital funding settlement of £250m with the DfT on those terms. The letter from the Secretary of State was subsequently received and the settlement was announced on 18 December 2023.
- 4.7 The use of Chair's Action was considered appropriate as a decision was needed urgently to ensure certainty over TfL's capital finances and ahead of the approval of the 2024 TfL Business Plan. The public paper relating to this request has been published on [tfl.gov.uk](https://tfl.gov.uk).

## 5 Authority Approvals

- 5.1 Financial Authority is the authority to spend money, receive income, incur a financial liability or redistribute funds to relevant third parties in respect of their respective allocated budgets. Financial Authority is automatically granted to the extent that an activity or programme or project is 'budgeted'. This paper reports on any use of unbudgeted Financial Authority.
- 5.2 Procurement Authority is the authority to make a binding or contractual commitment with a supplier for the purchase of goods, services, land or works or to receive income arising from TfL Group activities in the areas of goods, services, land or works.
- 5.3 Land Authority is the authority to engage in a Land Transaction or to dispose of any assets. Use of Land Authority related to Places for London Limited will be reported to the Land and Property Committee.
- 5.4 The Board had delegated to the Committee approval of unlimited Financial Authority, Procurement Authority and Land Authority in relation to Transactions and Commercial Development opportunities. The approvals delegated to the Commissioner and the Chief Finance Officer are set out in the Table of Authorities in Standing Order 164.
- 5.5 Since the last report, the following uses of delegated authority within the remit of the Committee have been approved:

### Procurement Authority

- 5.6 **FM Mechanical and Electrical Maintenance (Rail):** The Commissioner granted Procurement Authority for the award of two contracts for the supply of maintenance services across London Underground covering Mechanical assets (£74,993,387) and Electrical assets (£70,793,333).
- 5.7 **Through the Line Strategic Thinking:** The Commissioner approved Procurement Authority of £14,179,093 (cumulative £31,779,093) for continued services from VCCP for Strategic, Creative and Production Services to the end of June 2025.

- 5.8 **Collaborative Print Management:** The Commissioner approved Procurement Authority of £7,017,036 cumulative (£26,548,582) for TfL and the Greater London Authority (GLA) Group for a six-month direct award to Corporate Document Services Limited for Collaborative Print Management services.
- 5.9 **London Cable Car Operations and Maintenance Contract Re-procurement:** The Commissioner approved Procurement Authority for the award of the contract. Details of the value and the successful bidder will be released once the procurement process has been completed.
- 5.10 **Vehicle licensing, inspection services and an end-to-end information technology system contract:** The Commissioner approved Procurement Authority of £4,076,629 (cumulative £91,116,229) for the extension of the vehicle licensing, inspection services and an end-to-end information technology system contract (RAM) to Taxi and Private Hire.

### **Unbudgeted Financial Authority**

- 5.11 **Urgent Resource for Central Line Recovery:** The Chief Finance Officer approved Financial Authority of £2,100,000 to recruit maintenance staff for the Central line fleet to address ongoing operational performance issues.
- 5.12 **Bus Contracts:** There has been a peak in tender prices for bus operating contracts, which were not anticipated when the 2023/24 Budget was set, largely driven by inflation and market conditions. Consequently, a number of bus operating contracts have required unbudgeted Financial Authority, which has been approved by the Chief Finance Officer. The total value of the unbudgeted Financial Authority is £43.7m per annum. This is an annualised figure, and the actual impact on the 2023/24 Budget was lower at £3.8m.
- 5.13 Appropriate adjustments have been made to the 2024/25 TfL Budget, elsewhere on the agenda for this meeting, to accommodate these issues in the next financial year.

## **6 Mayoral Directions to TfL**

- 6.1 The Greater London Authority Act 1999 (as amended) permits the Mayor to issue to TfL general directions as to the manner in which TfL is to exercise its functions or specific directions as to the exercise of its functions (or not to exercise a power specified in the direction). Directions are also often made in relation to the implementation of matters in respect of which the Mayor delegates statutory powers to TfL.
- 6.2 The Mayor makes Mayoral Directions through Mayoral Decisions. Papers for Mayoral Directions set out the financial and other implications. If those implications change over time, that will be reported to the GLA.
- 6.3 All Mayoral Decisions are issued in writing, with the information that is not exempt from publication included on the GLA's Decisions Database on its

website: <https://www.london.gov.uk/about-us/governance-and-spending/good-governance/decisions?order=DESC>.

- 6.4 Mayoral Directions fall into three broad categories: those addressing technical issues relating to statutory powers; those related to commercial development activities; and those related to projects and programmes. Mayoral Directions relating to TfL are reported to the Board's Committees for discussion as soon as possible after they are received by TfL or published. Regular reports will list the relevant Directions for as long as they are applicable.
- 6.5 Annually the Audit and Assurance Committee considers the list as part of its consideration of the annual audit plan to ensure that appropriate audit resource is applied to assurance on TfL's work in implementing Mayoral Directions. This will also be kept under review at each quarterly meeting of that Committee.
- 6.6 A summary of current Mayoral Directions to TfL is maintained on the [How we are governed](#) page on our website, with links to the relevant Mayoral Decisions. That page will be updated as and when further Directions are made.
- 6.7 Mayoral Directions to TfL addressing technical issues with our statutory powers are reported to this Committee.
- 6.8 There has been one Direction issued to TfL since the last report. The March 2024 fare change was verbally reported to the meeting of the Board on 7 February.

#### **March 2024 fare change (MD3221, 19 January 2024)**

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

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

#### **List of appendices to this report:**

None

#### **List of Background Papers:**

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

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