

**Board**

**Date: 5 February 2025**

**Item: Report of the Meeting of the Finance Committee held on  
18 December 2024**

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**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 18 December 2024.

## **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 18 December 2024 were published on 10 December 2024 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) Use of Delegated Authority;
  - (b) Finance Report – Period 8, 2024/25;
  - (c) TfL Scorecard and Implications of the Cyber Security Incident;
  - (d) Communications, CCTV, Access Control and Security Systems Maintenance and Upgrade Services Contract;
  - (e) Track Labour Framework Contract Extension;
  - (f) Forthcoming Key Procurement Activities; and
  - (g) Risk and Assurance Report Quarter 2 2024/25.
- 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 26 February 2025.

## **4 Issues Discussed**

### **Use of Delegated Authority**

- 4.1 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 approving Procurement Authority to enable an extension to TfL's current contract for the supply of physical security services across the pan-TfL estate, and one to approve authorities in relation to the TfL Pension Fund.
- 4.2 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.
- 4.3 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.
- 4.4 There had been two Mayoral directions issued to TfL. One in relation to providing further financial support for Seven Sisters Market traders (previously reported to the Board and other relevant Committees) and one to implement the March 2025 fare changes, from 2 March 2025, for TfL fares under the Mayor's control (reported elsewhere on the agenda for this meeting).

### **Finance Report – Period 8, 2024/25**

- 4.5 The Committee noted TfL's financial results to the end of Period 8 of 2024/25, the year-to-date ending 9 November 2024. The meeting of the Board, on 4 December 2024, had considered a similar paper, covering the results to the end of Period 7 of 2024/25, the year-to-date ending 12 October 2024.
- 4.6 TfL had made its draft budget submission into the Greater London Authority (GLA) Group consolidated budget process, which 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.
- 4.7 TfL had also 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.

- 4.8 TfL had worked 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. As reported above, approvals were granted by Chair's Action in relation to the Pension Fund.
- 4.9 Members noted that TfL was reviewing a draft report produced by the GLA Economics team, which analysed data, trends and relationships across housing pressures, spend activities and employment patterns. An analysis would be submitted to the Committee once finalised.

#### **TfL Scorecard and Implications of the Cyber Security Incident**

- 4.10 The Committee noted the item, which provided an update on the TfL Scorecard and the implications of the cyber security incident and recovery, which 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. 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.
- 4.11 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.

#### **Communications, CCTV, Access Control and Security Systems Maintenance and Upgrade Services Contract;**

- 4.12 The Committee approved additional Procurement Authority for the provision of maintenance and upgrade services for Communications, CCTV, Access Control and Security Systems across the TfL estate. As requested by the Committee, Procurement Authority for the upgrades and renewals component were submitted for approval annually to ensure that the costs could be included in TfL's annual prioritisation process. No changes were proposed to the terms of the contract or its duration.

## **Track Labour Framework Contract Extension**

- 4.13 The Committee approved 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 Procurement Authority was required 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.
- 4.14 The planned implementation date for the Procurement Act 2023 was February 2025. An update would be provided to the Committee on how TfL was implementing the Act.

## **Forthcoming Key Procurement Activities**

- 4.15 The Committee noted the 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 by way of Chair's Action between this meeting and the next planned meeting in February 2025. It also highlighted significant forthcoming procurements that required approval at officer level during that period.
- 4.16 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.

## **Risk and Assurance Report Quarter 2 2024/25**

- 4.17 The Committee noted 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). The item 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).
- 4.18 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.

- 4.19 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.

**List of appendices to this report:**

None

**List of Background Papers:**

Papers submitted to the meeting of the Finance Committee on 18 December 2024

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