

Agenda

Meeting: Finance Committee

Date: Wednesday 17 October 2018

Time: 10.00am

**Place: King's Cross/ St Pancras Room,
10th Floor, Palestra, 197
Blackfriars Road, London, SE1
8NJ**

Members

Ron Kalifa OBE (Chair)
Ben Story (Vice-Chair)
Heidi Alexander

Prof Greg Clark CBE
Anne McMeel
Dr Nina Skorupska CBE

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

This meeting will be open to the public, except for where exempt information is being discussed as noted on the agenda. There is access for disabled people and induction loops are available. A guide for the press and public on attending and reporting meetings of local government bodies, including the use of film, photography, social media and other means is available on www.london.gov.uk/sites/default/files/Openness-in-Meetings.pdf.

Further Information

If you have questions, would like further information about the meeting or require special facilities please contact: Jamie Mordue, Senior Committee Officer; Telephone: 020 7983 5537 JamieMordue@tfl.gov.uk.

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

Howard Carter, General Counsel
Tuesday 9 October 2018

**Agenda
Finance Committee
Wednesday 17 October 2018**

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 4 July and 27 September 2018 (Pages 1 - 12)

General Counsel

The Committee is asked to approve the minutes of the meetings of the Committee held on 4 July and 27 September 2018, and authorise the Chair to sign them.

4 Matters Arising and Actions List (Pages 13 - 16)

General Counsel

The Committee is asked to note the updated actions list and the supplementary information on Part 2 of the agenda

5 Use of Delegated Authority (Pages 17 - 62)

General Counsel

The Committee is asked to note the paper.

6 Finance Report (Pages 63 - 88)

Chief Finance Officer

The Committee is asked to note the Finance Report.

7 Treasury Activities (Pages 89 - 92)

Corporate Finance Director (Interim)

The Committee is asked to note the paper and supplementary information in part 2 of the agenda.

8 Strategic Risk Management Update (Pages 93 - 102)

General Counsel

The Committee is asked to note the paper.

9 Prudential Indicators - Outturn for the Year Ended 31 March 2018
(Pages 103 - 108)

Chief Finance Officer

The Committee is asked to note the paper.

10 Insurance Activities (Pages 109 - 110)

Corporate Finance Director (Interim)

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

11 Fare Collection Systems (Pages 111 - 112)

Chief Technology Officer and Director of Customer Experience

The Committee is asked to note the paper and the related paper in Part 2 of the agenda and to grant Financial and Procurement Authority.

12 Multi-lateral Interchange Fees (Pages 113 - 114)

General Counsel

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

13 Member Suggestions for Future Agenda Discussions (Pages 115 - 120)

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

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

Thursday 13 December 2018 at 10am.

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 paragraph 3 of Schedule 12A to the Local Government Act 1972 (as amended), in order to consider the following items of business.

17 Minutes of the Meeting of the Committee held on 27 September 2018 (Pages 121 - 124)

The Committee is asked to approve the exempt minutes of the meeting of the Committee held on 27 September 2018, and authorise the Chair to sign them.

18 Matters Arising and Actions List (Pages 125 - 128)

Exempt supplementary information relating to the item on Part 1 on the agenda.

19 Treasury Activities (Pages 129 - 132)

Corporate Finance Director (Interim)

Exempt supplementary information relating to the item on Part 1 on the agenda.

20 Strategic Risk Management Update (Pages 133 - 144)

Exempt supplementary information relating to the item on Part 1 on the agenda.

21 Insurance Activities (Pages 145 - 150)

Exempt supplementary information relating to the item on Part 1 on the agenda.

22 Fare Collection Systems (Pages 151 - 154)

Exempt supplementary information relating to the item on Part 1 on the agenda.

23 Multi-lateral Interchange Fees (Pages 155 - 158)

Exempt supplementary information relating to the item on Part 1 on 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
11.00am, Wednesday 4 July 2018**

Members

Ron Kalifa OBE (Chair)
Ben Story (Vice-Chair)
Prof Greg Clark CBE
Michael Liebreich
Anne McMeel
Dr Nina Skorupska CBE

Executive Committee

Howard Carter	General Counsel
Graeme Craig	Director, Commercial Development
Simon Kilonback	Chief Finance Officer
Andrew Pollins	Transformation Director (for minute reference 31/07/18)

Staff

Sarah Bradley	Group Financial Controller
Emanuela Cernoia-Russo	Interim Corporate Finance Director
Tanya Coff	Finance Director, London Underground
Nicola Cox	Principal, Commercial Finance (for minute reference 32/07/18)
Patrick Doig	Finance Director, Surface Transport
Andrew Freeman	Head of Professional Services, Finance
Matt Griffin	Head of Digital (for minute reference 29/07/18)
Stephen Hatch	Financial Transaction Manager, Crossrail (for minute reference 26/07/18)
Tony King	Finance Director, Major Projects Directorate
Rhona McGregor	Head of Corporate Insurance (for minute reference 24/07/18s)
Helen Murphy	Director, Commercial Development (for minute reference 28/07/18)
Howard Smith	Director of Crossrail Operations (for minute reference 26/07/18)
Lucinda Turner	Director of Spatial Planning (for minute reference 25/07/18)
Shashi Verma	Director of Strategy and Chief Technology Officer (for minute reference 30/07/18)
Clive Walker	Director of Risk and Assurance
David Wylie	Chief Procurement Officer (for minute reference 27/07/18)
Ken Youngman	Divisional Finance Director, Commercial Development
Sue Riley	Secretariat

Also in attendance

Sir Terry Morgan, CBE,	Chair of Crossrail
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16/07/18 Apologies for Absence and Chair's Announcements

Apologies for absence had been received from Val Shawcross CBE.

The Chair thanked Michael Liebreich for his valuable contribution as a Board Member, as his term of office was due to expire in September 2018, and this was, therefore, his last meeting. Michael Liebreich thanked staff for their support during his tenure, particularly the Secretariat.

17/07/18 Declarations of Interests

Members confirmed that their declarations of interests, as provided to the Secretariat and published on tfl.gov.uk, were up to date and there were no other interests to declare that related specifically to items on the agenda.

18/07/18 Minutes of the Meeting of the Committee held on 5 March 2018

The minutes of the meeting held on 5 March 2018 were approved as a correct record and signed by the Chair.

19/07/18 Matters Arising and Actions List

The Committee noted the Actions List.

20/07/18 Use of Delegated Authority

Howard Carter introduced the paper, which set out the use of Chair's Action and 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 on 5 March 2018.

The Committee noted the paper.

21/07/18 Finance Report - Period 2, 2018/19

Simon Kilonback introduced the Finance Report for the period ending 26 May 2018.

Financial reporting was being reviewed with the aim of producing consistent financial information to both the Finance Committee and the Board.

Staff had used elasticity to model bus demand. Passenger change and demand responses had been more significant in period 2 than anticipated, with a higher level of modal switch from bus to tube, which had created a positive yield.

Members suggested that modal shift analysis could also include non-TfL transport modes such as Uber and Lyft, technology such as scooters, and walking and cycling data.

It was agreed that the Travel in London survey would be submitted to a future meeting of the Committee. **[Action: Vernon Everitt/Alex Williams]**

External data indicated that London's population growth was slowing and the impact of various economic and social trends on TfL's future forecasting would be discussed as part of the Business Planning process.

Passenger route data was also being integrated to help inform future planning. Bus routes were being examined in relation to the opening of the Elizabeth Line and potential new passenger traffic as well as increased outer London journeys. More granular data would be included in future reports. **[Action: Simon Kilonback]**

The Commissioner noted that the Mayor's TfL fare freeze had helped cushion the decline in passenger numbers overall.

Members were advised that the aim was to correlate the quarterly investment programme report with the quarterly finance reporting. Cash flow forecasts would continue to be included in future reporting.

The Chair welcomed the improved financial reporting and requested overall budget reporting within a 24 month forecast, as a future aim.

It was agreed that an update report on the progress of the delivery of financial reporting be submitted to future meetings. **[Action: Simon Kilonback]**

The Committee noted the report.

22/0718 Treasury Activities

Emanuela Cernoia-Russo introduced the paper and related supplemental information on Part 2 of the agenda, which set out an update on Treasury activities for the period from 1 April to 13 June 2018.

The objectives of the Treasury Management Strategy remained unchanged: enabling sufficient cash and liquidity facilities; enhancing TfL's credit rating; having regard to good prudential measures and implementation of adequate risk mitigation measures.

There had been no change to TfL's credit rating since the last meeting.

The Committee sought clarification on the amount of borrowing to be raised for 2018/19. The total amount, net of the debt tranches already drawn or fixed, was £922m. TfL Treasury currently expected to raise approximately £700m of this through long-term debt by the end of the financial year. The remaining balance of approximately £225m would be kept in rolling unhedged commercial paper (short-term floating rate debt). The total amount of commercial paper outstanding at year end 2019 was therefore expected to be approximately £600m, including £375m of commercial paper hedged with interest rate swaps and £225m of unhedged commercial paper. The mix of short and long term debt

would be re-assessed over the financial year to take into consideration market conditions and liquidity management requirements.

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

23/07/18 Insurance Programme Renewal - Update

Emanuela Cernoia-Russo and Rhona McGregor introduced the paper and related supplemental information on Part 2 of the agenda, which set out an update on the process of tendering for TfL's insurance broker and outlined the insurance programme renewal, completed in June 2018.

There had been significant market interest in TfL's insurance structure options. A detailed report on insurance renewal, including cyber security, would be submitted to the next meeting. **[Action: Emanuel Cernoia-Russo]**

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

24/07/18 Update on Income from Developers through Planning Obligations

Lucinda Turner introduced the paper, which set out an end of year update on the Mayor's Community Infrastructure Levy (MCIL), Borough CILs and section 106 funding contributing either to the funding of Crossrail or other TfL transport infrastructure.

The Committee noted the paper.

25/07/18 Crossrail Central Operating Section (CCOS) - Structure of Rail for London (Infrastructure) Limited's proprietary interest in the CCOS infrastructure

Howard Smith and Stephen Hatch introduced the paper on the proposed structure for Rail for London (Infrastructure) Limited's and London Underground Limited's proprietary interests in the Crossrail Central Operating Section infrastructure; why and by when such interests are required; and the rationale for the proposed structure.

It was confirmed that a benchmarking exercise and good practice models had been reviewed and considered as part of the recommended proposals, including access charges and competing service options.

The Committee noted the paper and approved the completion of the intra-Group lease arrangements that deliver Rail for London (Infrastructure) Limited's (RfL(I)'s) and London Underground Limited's (LUL's) proprietary interests in the Crossrail Central Operating Section (CCOS) infrastructure and authorised:

- (a) TfL to enter into an agreement for lease with Crossrail Limited (CRL) of the CCOS (excluding the South East Spur (SES));**

- (b) TfL to enter into an agreement for lease with RfL(I) of the SES;**
- (c) CRL to enter into an agreement for under lease with LUL of the CCOS platforms and related infrastructure at the five existing LUL stations served by the CCOS; and**
- (d) CRL to enter into an agreement for lease with RfL(I) of the remainder of the premises to be let to CRL under the agreement for lease mentioned in 2.1 (a) above.**

26/07/18 TfL Management of Risk of Insolvency of Major Suppliers

David Wylie introduced the paper, which set out the steps taken by TfL to provide assurance on the continued viability of suppliers and appropriate contingency measures in the event of a failure.

The Committee noted the paper.

27/07/18 TfL Consulting and International Operations

Graeme Craig, Helen Murphy and Ken Youngman introduced the paper and related supplemental information on Part 2 of the agenda, which set out TfL's response to the Mayor's request to develop new income streams by offering the organisation's consulting expertise on transport services, both at home and abroad.

While the Committee welcomed the opportunities that consulting offered TfL as an organisation, the risks needed to be mitigated. The Commissioner said that there would be no detrimental impact on the delivery of TfL's core services or resources.

It was agreed that the strategy should include talent retention and improvement as part of the benefits to the organisation. **[Action: Helen Murphy]**

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

28/07/18 Telecommunications Commercialisation Project Update

Graeme Craig, Matt Griffin and Ken Youngman introduced the paper and related supplemental information on Part 2 of the agenda. The paper set out TfL's approach to delivering a range of telecommunications improvements, in line with the Mayor's Transport Strategy.

Coverage targets were based on industry standards. Members were keen to reiterate that there should be no disruption to passengers during the project delivery.

Responses to the procurement process would be included in the development of the Business Plan.

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

29/07/18 Connect PFI Transition

Shashi Verma introduced the paper and related supplemental information on Part 2 of the agenda. The paper provided an update on the status of the work being undertaken to provide for continuity of telecommunication services following the expiry of the Connect Private Finance Initiative Contract. The Committee noted that decisions on this matter would be sought through Chair's Action ahead of the next meeting of the Committee.

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

30/07/18 Transformation Programme Update

Andrew Pollins presented the paper updating the Committee with progress on the Transformation programme.

The Committee noted the paper.

31/07/18 Actuarial Valuation of the TfL Pension Fund

Simon Kilonback and Nicola Cox introduced the paper and related supplemental information on Part 2 of the agenda. The paper provided an update on the triennial actuarial valuation of the TfL Pension Scheme as at 31 March 2018 and sought approval to certain provisions in response to that valuation.

The Committee noted the paper and the related paper on Part 2 of the agenda and gave authority for certain commitments to the TfL Pension Scheme, as described in the paper on Part 2 of the agenda.

32/07/18 Members' Suggestions for Future Discussion Items

Howard Carter introduced the current forward programme. A number of issues may require Chair's Action during the summer recess. All Members would be consulted following the usual process.

The Committee noted the forward programme.

33/07/18 Any Other Business the Chair Considers Urgent

There was no urgent business.

34/07/18 Date of Next Meeting

The next meeting would be held on Wednesday 17 October 2018 at 10.00am

35/07/18 Exclusion of the Press and Public

The Committee agreed to exclude the press and public from the meeting, in accordance with paragraph 3 of Schedule 12A to the Local Government Act 1972 (as amended), when it considered the exempt information in relation to the items on: Treasury Activities; Insurance Programme renewal; TfL Consulting and International Operations; Telecommunications Commercialisation Project Update; Connect PFI Transition and Actuarial Valuation of the TfL Pension Fund.

36/07/18 Close of Meeting

The meeting closed at 1.15pm.

Chair: _____

Date: _____

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Transport for London

Minutes of the Extraordinary Finance Committee

Conference Rooms 1 and 2, Ground Floor, Palestra,
197 Blackfriars Road, London, SE1 8NJ
12.30pm, Thursday 27 September 2018

Members

Ron Kalifa OBE (Chair)
Ben Story (Vice-Chair)
Heidi Alexander
Prof Greg Clark CBE (by phone)
Dr Nina Skorupska CBE

Board Members also in attendance

Kay Carberry CBE
Bronwen Handyside
Val Shawcross CBE

Executive Committee

Mike Brown MVO	Commissioner
Howard Carter	General Counsel
Simon Kilonback	Chief Finance Officer

Staff

David Hughes	Director of Strategy & Network Development, London Underground
Shamus Kenny	Head of Secretariat
Jamie Mordue	Secretariat
Dili Origbo	Head of Internal Audit

37/09/18 Apologies for Absence and Chair's Announcements

Apologies for absence had been received from Anne McMeel, Nelson Ogunshakin, Mee Ling Ng, Alice Maynard and Lynn Sloman.

In accordance with Standing Order 33 and with Section 100B(4)(b) of the Local Government Act 1972, the Chair had agreed that the meeting be called as a matter of urgency in order to deal with the business on the agenda. The meeting had been called with less than five clear working days' public notice. The reason for urgency was that an urgent decision was required because of ongoing discussions with Government that needed to be concluded in order to release additional funds for Crossrail Limited.

As the meeting was considering a matter delegated by the Board at its meeting on 19 September 2018, all Members of the Board had been invited to attend the meeting.

38/09/18 Declarations of Interests

Members confirmed that their declarations of interests, as provided to the Secretariat and published on tfl.gov.uk, were up to date and there were no other interests to declare that related specifically to items on the agenda.

Howard Carter informed the Committee that the Part 2 papers had not been sent to TfL Board Members Anne McMeel and Nelson Ogunshakin nor Mark Wild, Managing Director London Underground as they would have a conflict of interest as TfL nominated non-executive directors of Crossrail Limited.

39/09/18 Crossrail Limited Funding Agreement

Mike Brown, Simon Kilonback and David Hughes introduced the paper, which sought interim funding arrangements for Crossrail Limited (CRL).

In July 2018, following the announcement by the Secretary of State for Transport and the Mayor that the project had exceeded its funding envelope and that additional funding would be needed, a draft package of £300m was agreed by the Sponsors for the completion of the Crossrail Central Operating Section (CCOS), with the Network Rail works being handled separately by the Department for Transport (DfT). The draft package proposed that the £300m would be split equally between DfT and TfL as Joint Project Sponsors. On 31 August 2018, CRL announced that the CCOS would open in autumn 2019, not in December 2018.

On 19 September 2018, the Board delegated authority to the Finance Committee to approve those matters reserved to the Board in relation to the Crossrail Project.

TfL and Government were urgently working through the financial and other implications of the delay in CCOS opening. Pending completion of that work, CRL required interim funding. This related to the £300m additional funding previously announced in July 2018 funded by TfL and DfT. Further detail of the proposed arrangement were included in the paper on Part 2 of the agenda.

Acting under delegated authority from the Board on 19 September 2018, the Committee noted the paper and the supplemental paper on Part 2 of the agenda and approved interim funding for Crossrail Limited.

40/09/18 Any Other Business the Chair Considers Urgent

There was no urgent business.

41/09/18 Date of Next Meeting

The next meeting would be held on Wednesday 17 October 2018 at 10.00am

42/09/18 Exclusion of the Press and Public

The Committee agreed to exclude the press and public from the meeting, in accordance with paragraph 3 of Schedule 12A to the Local Government Act 1972 (as amended), when it considered the exempt information in relation to the item on Crossrail Limited Funding Arrangements.

43/09/18 Crossrail Limited Funding Arrangements

Mike Brown, Simon Kilonback and David Hughes introduced the paper, which contained exempt supplementary information.

44/09/18 Close of Meeting

The meeting closed at 1.45pm.

Chair: _____

Date: _____

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Finance Committee

Date: 17 October 2018

Item: 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 of the Finance Committee.
- 1.2 A paper is included in Part 2 of the agenda, which contains exempt supplemental information, relating to an action from the meeting of the Committee on 27 September 2018. The information is exempt by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972 because it contains legally privileged information and information relating to the business affairs of TfL. Any discussion of that exempt information must take place after the press and public have been excluded from any public meeting.

2 Recommendation

- 2.1 **The Committee is asked to note the Actions List.**

List of appendices to this report:

Appendix 1: Actions List

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

List of Background Papers:

Minutes of previous meeting of the Finance Committee.

Contact Officer: Howard Carter, General Counsel
Number: 020 3054 7832
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Finance Committee Action List (reported to the meeting on 17 October 2018)

Action from Chair's Action on Connect PFI Transition

Minute No.	Description	Action By	Target Date	Status note
	<p>Chair's Action – Connect PFI Transition The Chair requested periodic updates on the progress being made with the transition including progress against the assurance log from the Integrated Team and IIPAG. As some of the actions are a way off, some intermediate actions may be needed to ensure delivery and success.</p>	Shashi Verma	December 2018	Updates will be provided to future meetings.

Actions from the Actions from the meeting of the Finance Committee held on 4 July 2018

Minute No.	Description	Action By	Target Date	Status note
21/07/18	<p>Finance Report - Period 2, 2018/19 Travel in London survey to be submitted to a future meeting.</p>	Vernon Everitt/Alex Williams	21 November 2018	A Travel in London Survey summary will be submitted to the Board on 21 November 2018.
	More granular data to be included in future reports.	Simon Kilonback	17 October 2018	More granular detail and updates on the delivery of financial reporting is included in the report on the agenda.
	An update report on the progress of the delivery of financial reporting to be submitted to future meetings.	Simon Kilonback		
24/07/18	<p>Insurance Programme Renewal – Update A detailed report on insurance renewal, including cyber security, to be submitted to the next meeting (October 2018).</p>	Emanuela Cernoia-Russo	17 October 2018	A paper appears on this meeting's agenda.

28/07/18	TfL Consulting and International Operations The strategy to include talent retention and improvement as part of the benefits to the organisation.	Helen Murphy	-	Agreed. These would be included as part of the strategy.
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There are no outstanding actions from previous meetings

Finance Committee



Date: 17 October 2018

Item: Use of Delegated Authority

This paper will be considered in public.

1 Summary

- 1.1 This 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 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 4 July 2018. The paper also provides information on Mayoral Directions to TfL within the Committee's remit.
- 1.2 A similar report is submitted to the Programmes and Investment Committee in respect of any use of Chair's Action or Procurement Authority and Programme and Project Authority granted by the Commissioner and the Chief Finance Officer in respect of matters within that Committee's remit.

2 Recommendation

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

3 Use of authority delegated by the Board since 4 July 2018

- 3.1 On 19 September 2018, the Board delegated authority to the Finance Committee to approve those matters reserved to the Board in relation to the Crossrail Project.
- 3.2 On 27 September 2018, an additional meeting of the Committee was held to consider interim funding arrangements for the Crossrail Project. The minutes of that meeting appear elsewhere on the agenda for this meeting.

4 Use of Chair's Action since 4 July 2018

- 4.1 Under Standing Order 114, 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 Chair's Action has been used on four occasions since the meeting of the Committee on 4 July 2018.

Connect PFI Transition

- 4.3 On 29 July 2018, the Chair, in consultation with members of the Committee, approved Programme and Project Authority and Procurement Authority to enter into a contract with Thales Transport and Security Limited (Thales) to secure the

continued provision of operationally critical radio and data transmission services on the Underground (the Contract) from expiry of the Connect Private Finance Initiative Contract (Connect PFI) in November 2019. The decision is in the public domain.

- 4.4 In approving the Authority, the Chair requested that periodic updates on the progress being made be provided to the Committee. The updates would include a mechanism to track progress against the assurance log from Project Assurance and the Independent Investment Programme Advisory Group, particularly as it appeared that some intermediate actions may be needed to ensure the delivery and success of the programme. Periodic updates will be included on the forward plan.
- 4.5 The use of Chair's Action was considered appropriate as a decision to enter into the Contract was required before 17 August 2018, for TfL to secure the essential Connect system upgrade works.

Taxi Fares and Tariffs Update

- 4.6 As the Chair of the Committee has a potential conflict of interest, he was not consulted on the proposed exercise of Chair's Action for this item.
- 4.7 On 12 August 2018, the Vice Chair of the Committee, in consultation with members of the Committee excluding the Chair, noted an update on the annual taxi fares and tariffs review and approved the recommendations in the paper, which included:
- (a) an increase to the minimum fare from £2.60 to £3.00;
 - (b) an increase to Tariff 1 of 0.6 per cent;
 - (c) an increase to Tariff 2 of 0.6 per cent;
 - (d) freezing Tariffs 3 and 4;
 - (e) an extension of the fuel charge arrangements until the next taxi fares and tariffs update;
 - (f) further work and research being conducted to look at fixed and capped fare schemes to and from Heathrow Airport;
 - (g) an increase by 50 pence to the fixed fares for shared taxis from Euston Station (with the exception of Euston Station to Lords Cricket Ground fare);
 - (h) adding fares for six passengers sharing to the shared taxi conversion table;
 - (i) requiring all new card payment devices approved for use in taxis accept American Express as well as Visa and MasterCard; and
 - (j) an increase to the soiling charge from £40.00 to £60.00.
- 4.8 In approving the Taxi Fares and Tariffs, the members of the Committee made the following points:
- (a) Members welcomed the commitment to ensuring that the setting of Fares and Tariffs were done in a more timely manner in future;

- (b) TfL should make it clear that the fares and tariffs are the maximum that can be applied;
- (c) Work is needed to improve the response rates from taxi users for future consultation exercises;
- (d) Future reports on fares and tariffs should include the use of big data and benchmarking against private hire competitors, to better inform decision making; and
- (e) While the paper referred to a review of tariffs and fares, it was more limited than the more holistic review of the whole service that Members had expected. Members requested a more detailed review to look at the testing/training regime in light of new technology (for example satnavs) and clearer objectives / principles on fares and tariffs to ensure the industry can play an effective role in delivering the Mayor's Transport Strategy.

4.9 The paper sent to Members is attached as Appendix 1. The updated fares and tariffs are published on tfl.gov.uk.

4.10 The use of Chair's Action was considered appropriate as taxi fares and tariffs are normally updated in April of each year. Any approved changes to the fares and tariffs take around seven to eight weeks to implement to allow for the taximeter companies to create their taximeter updates, for these to be test and verified and arrangements to be in place to roll out the update across the taxi fleet. A decision was therefore considered to be an urgent matter as further delaying the changes to taxi fares and tariffs impacts on the income of taxi drivers.

Separation Works for the Broadway Complex

4.11 On 26 January 2017, the Committee approved the strategy for the disposal of the Broadway Complex, including £6.12m to undertake the 'Separation Works' and related activities in support of the disposal. The approval was on the basis of a long leasehold sale and leaseback. As the TfL Accommodation Strategy no longer required the capacity provided within the Complex, a review of the options for disposal of the Complex is underway – and a sale with vacant possession is now the most likely disposal route. In any event, approval from the Committee will be sought prior to any future sale.

4.12 The paper sent to Members sought endorsement to undertake the Separation Works and related activities now, prior to the potential disposal of the Complex and not, as was proposed in January 2017, during the 20-year leaseback period. The Separation Works are necessary to ensure the office accommodation, subject to the future sale, can function and be operated independently from the retained London Underground (LU) operational activities in the basement.

4.13 Undertaking the Separation Works prior to sale allows the flexibility to consider a number of disposal options, including a sale with vacant possession. With that flexibility comes the risk that, in the event that TfL decides to remain in occupation in the long term, the works would have been largely unnecessary.

4.14 The Separation Works will require a 16-month period to complete. In undertaking these works, TfL will also optimise the perceived value from the extant residential planning consent.

- 4.15 On 4 September 2018, the Chair, in consultation with members of the Committee, approved those works necessary to secure the retention of the extant residential planning consent and to allow the operational elements of the Broadway Complex to be separated from the office building to enable its future disposal.
- 4.16 In approving the recommendations in the paper, the Chair requested an update to a future meeting on the overall accommodation strategy and its implementation so that Members could better understand the rationale for the change of approach for the Broadway Complex. This has been added to the forward plan.
- 4.17 The use of Chair's Action was considered appropriate as the retention of the extant residential planning consent forms a key part of the scope of the Separation Works and is on a programme that must be complete before expiry of the consent in April 2019. To remain on target to meet that date, and to allow the potential capital receipt for the sale of the Complex in 2020, a decision was required ahead of this meeting of the Committee.

South Kensington – Around Station Development

- 4.18 On 5 March 2018, the Committee approved the disposal by TfL of property in and around South Kensington station and entry into a joint venture company (JVCo) with Native Land (the preferred bidder) for the purpose of developing the Around Station Development (ASD). TfL requires performance and financial guarantees or alternative forms of security arrangement in respect of certain preferred bidder and JVCo obligations and liabilities.
- 4.19 A paper was submitted to Members seeking approval for changes to the approved transaction, particularly the use of enhanced insurances, adjustments to parent company guarantee or cash deposit security arrangements and an approach to risk management that is specific to and only relevant to the ASD at South Kensington station.
- 4.20 The guarantees, the alternative forms of security arrangement, and the approach to risk management for TfL were set out in the paper and are commercially sensitive. Commercial risks exist for TfL both as landowner and as joint venture partner. TfL-specific risks will be mitigated by proactive management and monitoring of the TfL-funded works, their interfaces with the development works, and JVCo's risk management decisions and approaches.
- 4.21 On 14 September 2018, the Chair approved the recommendations in the paper. During the approval process, Members requested and received additional information.
- 4.22 The use of Chair's Action was considered appropriate to procure a prompt decision before this meeting of the Committee to limit the delay and risk to TfL realising the objectives of this important and long-anticipated project.

5 Procurement and Land Authority Approvals since 4 July 2018

- 5.1 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.

- 5.2 Land Authority is the authority to engage in a Land Transaction or to dispose of any assets.
- 5.3 The Board had delegated to the Committee approval of unlimited Procurement Authority and Land Authority in relation to Transactions and Commercial Development opportunities. The approvals delegated to the Commissioner are up to £100m and the Chief Finance Officer up to £25m.
- 5.4 Since the last meeting of Committee, there has been no use of delegated authority to approve Procurement or Land Authority.

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. Proposed Mayoral Decisions (including Mayoral Directions) are considered within the GLA by its Corporate Investment Board before being considered by the Mayor. 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>.

Mayoral Directions to TfL

- 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. Regular reports will list the relevant Directions for as long as they are applicable.
- 6.5 Annually the Audit and Assurance Committee will consider 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 Table 1: Reporting of Mayoral Directions to TfL

Category of Direction:	Reported to and considered by:
Addressing technical issues with TfL's statutory powers	Finance Committee
Related to TfL's commercial development activities	Finance Committee
Related to TfL's projects and programmes, including the Investment Programme	Programmes and Investment Committee
All for assurance purposes	Audit and Assurance Committee

- 6.7 A summary of current Mayoral Directions to TfL is now 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.
- 6.8 Appendix 2 to this paper sets out the current Mayoral Directions to TfL that fall within the remit of the Finance Committee.
- 6.9 Since the meeting of the Committee on 4 July 2018, the Mayor has delegated powers to TfL to enable it to develop a construction training programme that can be utilised by construction industry partners to meet the skills needs both on its own Property Development Programme and across a number of partner boroughs. To support this, TfL is seeking to establish a Mayor's Construction Academy hub and bidding for additional Government funds to provide both capital and revenue investment into skills.
- 6.10 The other Mayoral Directions within the remit of the Committee relate to TfL's January 2018 fares and Heathrow fares, TfL's affordable housing programme (2017/18 and 2018/19), funding support to the London Borough of Croydon for community activities in Sandilands and TfL's involvement in the London Lite project that involves the GLA buying electricity from low to zero carbon electricity generators and selling it to TfL initially over a 12-month period as a pilot project.

List of appendices to this report:

Appendix 1: Chair's Action relating Taxi Fares and Tariffs

Appendix 2: Mayoral Directions to TfL within the remit of the Finance Committee

List of Background Papers:

None

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Finance Committee Chair's Action

Date Issued: 9 August 2018

Item: Taxi Fares and Tariffs Update

1 Summary

- 1.1 The purpose of this paper is to provide an update on the annual taxi fares and tariffs review and to seek approval for the recommendations in Section 2 below.
- 1.2 The use of Chair's Action is considered appropriate as taxi fares and tariffs are normally updated in April of each year and any approved changes to the fares and tariffs will take around seven to eight weeks to implement to allow for the taximeter companies to create their taximeter updates, for these to be test and verified and arrangements to be in place to roll out the update across the taxi fleet. A decision is therefore considered to be an urgent matter as further delaying the changes to taxi fares and tariffs impacts on the income of taxi drivers.
- 1.3 This paper and the Chair's decision will be reported to the next meeting of the Committee.

2 Recommendations

- 2.1 **The Chair of the Committee is asked to note the paper and (following consultation with available Committee Members) approve:**
 - (a) an increase to the minimum fare from £2.60 to £3.00;
 - (b) an increase to Tariff 1 of 0.6 per cent;
 - (c) an increase to Tariff 2 of 0.6 per cent;
 - (d) freezing Tariffs 3 and 4;
 - (e) an extension of the fuel charge arrangements until the next taxi fares and tariffs update;
 - (f) further work and research being conducted to look at fixed and capped fare schemes to and from Heathrow Airport;
 - (g) an increase by 50 pence to the fixed fares for shared taxis from Euston Station (with the exception of Euston Station to Lords Cricket Ground fare);
 - (h) adding fares for six passengers sharing to the shared taxi conversion table;

- (i) requiring all new card payment devices approved for use in taxis accept American Express as well as Visa and MasterCard; and
- (j) an increase to the soiling charge from £40.00 to £60.00.

2.2 Recommendations (a), (b), (c) and (j) would take effect by means of an amendment to the London Cab Order 1934 and recommendations (g) and (h) by amendment of the relevant orders for taxi sharing in London made under the Transport Act 1985.

2.3 The TfL Board has delegated responsibility for the approval of proposals to change taxi fares to the Finance Committee. Any changes which are approved may then be implemented as set out in paragraph 2.2 above by the Commissioner or, in his absence, MD Surface Transport, under Standing Order 140.

3 Background

3.1 TfL is responsible for the regulation of fares and tariffs for taxi services in London.

3.2 Taxi fares are calculated using a taximeter which shows the maximum fare that can be charged. The fare is based upon the time of day, distance travelled and time taken. Once a journey reaches six miles, a different tariff rate applies.

3.3 There are four different tariff rates and these are:

Tariff	Times Applicable	Rate
Tariff 1	Monday to Friday between 05:00-20:00hrs	£2.74 per mile
Tariff 2	Monday to Friday between 20:00-22:00 Saturday and Sunday between 05:00-22:00	£3.37 per mile
Tariff 3	Every night between 22:00-05:00 Public holidays	£3.96 per mile
Tariff rate for journeys over six miles, sometimes referred to as Tariff 4	Applies to all journeys over six miles at all times	£3.70 per mile

3.4 The 2016 Taxi and Private Hire Action Plan included a commitment to review the annual taxi fares process “to ensure drivers and customers get the best deal”¹ and in making any changes TfL seeks to ensure that drivers are fairly remunerated and that fares for customers are fair, reasonable and affordable.

4 Cost Index

4.1 Taxi fares are normally revised annually and the revision is based on changes to a Cost Index. The taxi fares Cost Index combines changes in operating

¹ <https://tfl.gov.uk/cdn/static/cms/documents/taxi-and-private-hire-action-plan-2016.pdf>

costs with national earnings to produce a change in average fares aimed at maintaining drivers' earnings net of operating costs.

- 4.2 The Cost Index tracks changes to a number of elements related to being a taxi driver in London (including vehicle costs, parts, tyres, servicing, fuel, insurance and social costs) as well as changes to average national earnings, to produce a total figure which is intended to reflect the approximate change to the cost of being a taxi driver in London. These figures are updated as part of the review of taxi fares and tariffs to give a total percentage figure for the change in costs and average national earnings. For the 2017 review, this total figure was 2.8 per cent.
- 4.3 For this year's review the Cost Index figure is 3.6 per cent.
- 4.4 The Cost Index figure has often been used in the past to inform the increase to average taxi fares. However, it is important to note that the Cost Index and the total figure produced when this is updated are independent of taxi fares and tariffs. There is no requirement for the Cost Index figure to be applied equally to all tariff rates and in some years the Cost Index is not applied directly but rather it is used to inform the changes that are made.
- 4.5 The Cost Index has been used for several years and provides a useful mechanism for tracking changes to the costs associated with being a taxi driver in London. However, the Cost Index does not take into account driver or public opinion, passenger demand or driver supply or the compounding effect of year on year taxi fare increases.
- 4.6 There is concern that simply increasing all tariff rates by the Cost Index figure has made taxis too expensive, especially at night. A different approach to using the Cost Index figure and changing the tariff rates was used last year and this year the recommendations are informed by the Cost Index and it is not being applied directly.

5 2017 Review and Update

- 5.1 Following the Mayor's commitment to ensure taxi drivers and customers get the best deal, we commissioned Systra (a transport consultancy) to undertake an independent review of taxi fares and tariffs. The review included passenger and taxi driver surveys and these helped inform the recommendations in the Systra report which were:
 - (a) changes to the fares and tariffs continuing to be initially based on changes to the Cost Index;
 - (b) removing the social costs element from the Cost Index;
 - (c) increasing the minimum fare to £3.00;
 - (d) reducing Tariff 3 to the same tariff rate for journeys over six miles;
 - (e) changing when the tariff rate for journeys over six miles starts so as instead of being approximately six miles this is approximately 12 miles;

- (f) extending the fuel surcharge arrangement;
- (g) increasing the soiling charge to £60.00;
- (h) updating the taximeter specification to allow taximeters to be updated remotely;
- (i) undertaking further research to explore allowing more flexibility for taxi companies setting fixed fares for booked taxis;
- (j) explore options for fixed or capped fares to Heathrow Airport from Central London; and
- (k) undertaking further work to address the question of value for money of taxi fares and changes which might benefit both drivers and passengers.

5.2 A public consultation on the above recommendations was held between 10 January and 19 February 2017. The tariff rate and minimum fare proposals were not fully supported by the main taxi driver trade representative bodies who suggested alternative changes to the taxi fares and tariffs.

5.3 Following consideration of the Systra review and recommendations, the alternative proposals suggested by the main taxi driver trade representative bodies and the responses to the public consultation, the following recommendations were approved:

- (a) an increase to Tariff 1 of 3.7 per cent;
- (b) an increase to Tariff 2 of 3.9 per cent;
- (c) an extension of the fuel charge arrangements where fares are increased or decreased by 40 pence in the event of a significant increase or decrease in the price of diesel; and
- (d) freezing Tariff 3 and the tariff rate for journeys over six miles.

5.4 The reason for increases to Tariffs 1 and 2 which were above the total Cost Index figure (2.8 per cent) took into account that Tariff 3 and the tariff rate for journeys over six miles were frozen because journeys when these tariff rates apply were perceived to be too high. The difference was offset by the higher increases to Tariffs 1 and 2.

5.5 The above changes came into effect on 3 June 2017.

6 Views on Taxi Fares and Tariffs

6.1 Customer Satisfaction Surveys are conducted each year and the surveys ask taxi users, minicab users and taxi drivers for their views on taxi fares. Taxi users are also asked to score their overall satisfaction with taxi services in London.

- 6.2 Since 2002 the overall taxi user satisfaction score for London's taxi services has been between 82 and 85 per cent. However, in 2017 the overall satisfaction score fell from 84 to 81 per cent².
- 6.3 The same research showed that 21 per cent of taxi passengers thought that taxi fares were much too expensive and 45 per cent thought that they were a little too expensive.
- 6.4 Research amongst taxi drivers from 2017/18³ showed that:
- (a) 29 per cent of taxi drivers felt that the tariff rate (Tariff 3) on weekday nights (Monday to Thursday) should be decreased;
 - (b) 25 per cent of taxi drivers felt that the tariff rate (Tariff 3) on Friday, Saturdays and Sunday nights should be decreased;
 - (c) 18 per cent of taxi drivers felt that the tariff rate (Tariff 3) on public holidays should be decreased;
 - (d) 19 per cent of taxi drivers felt that the tariff rate for journeys over six miles should be decreased;
 - (e) 37 per cent of taxi drivers felt that the minimum fare should be increased; and
 - (f) 54 per cent of taxi drivers felt that the soiling charge should be increased.

7 Wider Review of Taxi Fares and Tariffs

- 7.1 As part of the Mayor's Action Plan commitment, consultants Steer Davies Gleave have been commissioned to carry out this work which will cover:
- (a) the effect of changes to fares and tariffs on passenger demand;
 - (b) capped and fixed fares to and from Heathrow Airport; and
 - (c) costs associated with zero emission capable (ZEC) taxis and how these can be included in the Cost Index while there is a mix of ZEC and diesel taxis licensed in London.

8 2018 Taxi Fares and Tariffs Consultation

- 8.1 Taxi fares and tariffs are normally reviewed annually and any proposed changes are consulted on, as appropriate.
- 8.2 When developing proposals, we try to strike an appropriate balance between drivers being fairly remunerated and passengers getting fair, reasonable and affordable fares. The historic use of the Cost index figure to increase all tariff rates has resulted in a perception that fares are too high which can result in

² Taxi and Minicab Passenger Customer Satisfaction Survey, Kantar TNS, 2017/18

³ Taxi and Private Hire Licensee Customer Satisfaction Survey, Kantar TNS, 2017/18

usage of taxis dropping which thereby hampers drivers' ability to cover their costs. Our proposals were therefore guided by the following principles:

- (a) whilst the Cost Index is used to inform any potential changes to fares and tariffs, average taxi fares will not automatically be increased by the Cost Index percentage figure;
- (b) any increases in the costs of being a taxi driver in London are taken into consideration as is the need for fares to be fixed at levels which are fair and reasonable for users;
- (c) the need to have due and careful regard to the equalities and other impacts of any fare increases on those sharing characteristics protected under the Equality Act (see Appendix 4 to this paper) including passengers who may use taxis more frequently or place greater reliance on them compared to others; and
- (d) maintaining reasonable and justifiable differences in the tariffs for journeys in the daytime, evening/weekend and late at night or on public holidays and increases in fares as the length and duration of a taxi journey increases.

8.3 A public consultation on potential changes to taxi fares and tariffs for 2018/19 took place between 20 March 2018 and 27 April 2018. The consultation asked respondents for their views on the following:

- (a) Whether the minimum fare should be increased and, if so, by how much;
- (b) Whether Tariff 1 and Tariff 2 should be increased;
- (c) Whether Tariff 3 should be frozen;
- (d) Whether the tariff rate for journeys over six miles should be changed;
- (e) Removing the social costs element from the Cost Index;
- (f) Adding transaction costs for card payment devices to the Cost Index – this would be in addition to the 20 pence minimum fare increase to all taxi fares introduced in April 2016;
- (g) Continuing the present fuel charge arrangements;
- (h) Whether there should be an increase to the additional charge for taxi journeys that start from a taxi rank at Heathrow Airport;
- (i) Reviewing options for fixed or capped fares to or from Heathrow Airport;
- (j) Increasing by 50 pence the fares for the fixed fare, shared taxi schemes that operate from Euston Station;
- (k) Adding fares for six passengers to the shared taxi conversion table; and
- (l) Updating the card payment device requirements to include American Express.

- 8.4 There were a total of 1,315 responses to the consultation. The majority (1,131 or 86 per cent) of respondents identified themselves as a taxi driver. Of these drivers the majority (94 per cent) were All London drivers.
- 8.5 Only 83 respondents (six %) identified themselves as a taxi user or Taxicard member. This should be taken into account when considering whether responses from this group are reflective of the views of taxi users generally, as the base size is low. The remaining categories included private hire licensees, trade and non-trade representatives, non-taxi users and respondents who declined to identify themselves.
- 8.6 Respondents were asked for their views on the current minimum fare and tariffs and below is a summary of their responses:
- (a) Tariff 1
- i. The majority (52 per cent) of all respondents felt that this was about right with 39 per cent saying that it was a little or much too low.
 - ii. The majority (57 per cent) of taxi drivers felt that this was about right with 38 per cent saying it was a little or much too low.
 - iii. 27 per cent of all taxi users felt that this was about right with 43 per cent saying it was a little or much too low but 24 per cent saying it was a little or much too expensive.
- (b) Tariff 2
- i. The majority (65 per cent) of all respondents felt that this was about right with 22 per cent saying that it was a little or much too low.
 - ii. The majority (73 per cent) of taxi drivers felt that this was about right with 20 per cent saying it was a little or much too low.
 - iii. 30 per cent of all taxi users felt that this was about right with 38 per cent saying it was a little or much too low but 25 per cent saying it was a little or much too high.
- (c) Tariff 3
- i. Just over half (52 per cent) of all respondents felt that this was about right with 29 per cent saying it was a little or much too expensive and 12 per cent saying it was a little or much too low.
 - ii. Just over half (58 per cent) of taxi drivers felt that this was about right, with only 10 per cent saying it was a little or much too low but 30 per cent saying it was a little or much high.
 - iii. 27 per cent of all taxi users felt that this was about right but 35 per cent actually said it was a little or much too low with 30 per cent saying it was a little or much too high.
 - iv. Tariff rate for journeys over six miles: 50 per cent of all respondents felt that this was about right with 27 per cent saying it was a little or much too expensive and 17 per cent saying it was a little or much too low.
 - v. Just over half (55 per cent) of taxi drivers felt that this was about right with 14 per cent saying it was a little or much too low and 18 per cent saying it was a little or much too high.
 - vi. 28 per cent of all taxi users felt that this was about right with 30 per cent saying it was a little or much too low and 33 per cent saying it was a little or much too high.

- (d) Minimum fare:
 - i. The majority of all respondents (57 per cent) felt that this was a little or much too low with 34 per cent saying it was about right.
 - ii. The majority (60 per cent) of taxi drivers felt that this was a little or much too low with 36 per cent saying that it was about right.
 - iii. Half (50 per cent) of all taxi users felt that this was a little or much too low with 31 per cent saying it was about right.
- 8.7 Prior to the consultation, meetings were held with the following taxi trade representative bodies and taxi booking companies:
 - (a) trade representatives: the Licensed Taxi Drivers Association (LTDA), the London Cab Drivers Club (LCDC), the RMT, Unite the Union and the United Cabbies Group (UCG); and
 - (b) booking companies: Computer Cab, Dial-a-Cab, Gett, mytaxi and Radio Taxis.
- 8.8 A joint response to the consultation was submitted by the taxi driver trade representative bodies. As part of their response they complained that the taxi fare increase wasn't going ahead in April 2018. The delay is attributable to the deployment of resources within TfL to deal with other operational priorities including litigation which meant that the consultation on the proposals was held later than intended which had knock-on impacts for the work in follow-up to this.
- 8.9 Next year the intention is that any change considered appropriate will be made in April 2019 and by then the time delay for implementation is likely to be quicker owing to developments in technology.
- 8.10 To help make disabled passengers and groups representing them aware of the consultation, messages were posted on the TfL Access Twitter account (twitter.com/TfLAccess) advising followers of the consultation and the closing date.
- 8.11 Despite the consultation being sent to a number of different organisations representing disabled and elderly people, no responses were received from them. We will be reviewing what can be done to encourage members and representatives of these groups to respond to future taxi fares and tariffs consultations and more generally in relation to taxi and private hire services in the Capital.
- 8.12 The consultation was sent to London Councils (a representative body of London's 32 borough councils and the City of London) particularly given their involvement in the [Taxicard service](#). Taxicard is a scheme in which TfL and the London Boroughs subsidise taxi fares for London residents with serious mobility impairments or who are severely sight impaired.

Consultation responses and recommended changes

9 Minimum Fare Increase

- 9.1 The minimum fare was last increased in 2016 as a result of the new card payment requirements being introduced. The increase was intended to cover the costs drivers incurred from accepting card payments. The increase at that time was 20 pence and the current minimum fare is now £2.60.
- 9.2 Prior to the consultation the taxi trade representatives had requested that the minimum fare was increased by 40 pence. In the consultation we asked respondents for their views on the minimum fare and if this should be increased.
- 9.3 London Councils did not support the minimum fare being increased and the frontloading of the increase on taxi fares because of the impact on the cost of Taxicard journeys and Taxicard members. Their calculations show that the proposed changes would increase the average fare per trip for members from £3.92 to £4.30 – a 9.6 per cent increase. London Councils suggested an alternative proposal linked to inflation.
- 9.4 Below is a summary of the responses to the consultation, the figures shown below and in the other tables have been rounded up or down and so the total may be slightly below or over 100.

Option	All respondents (%)	Taxi drivers (%)	Taxi users (%)
Increase minimum fare by 20 pence	12	12	11
Increase minimum fare by 40 pence	51	52	43
No change	33	34	37
Not answered/no opinion/don't know	6	1	8

- 9.5 London Travel Watch (LTW) supported the minimum fare being increased by 20 pence.
- 9.6 The five taxi driver trade representative bodies who submitted a joint response supported increasing the minimum fare from £2.60 to £3.00.
- 9.7 Although valid concerns about the impact on Taxicard members have been raised by London Councils, there was significant support for increasing the minimum fare. The increase to the minimum fare has been proposed along with proposed increases to Tariffs 1 and 2 which are significantly below the total Cost Index percentage figure (0.6 per cent versus the total Cost Index figure of 3.6 per cent) in order to try and still reflect the total Cost Index figure whilst avoiding a 3.6 per cent increase to all tariff rates. This is combined with the recommendation that Tariff 3 and the tariff rate for journeys over six miles are frozen.

9.8 It is recommended that the minimum fare be increased from £2.60 to £3.00 for a number of reasons. The current minimum fare is relatively low by reference to those in other licensing areas, tariff rates are either not changing or increasing below the Cost Index figure and the increase was supported by the majority of respondents to the consultation, LTW and the main taxi driver trade representative bodies.

10 Increases to Tariffs 1 and 2

10.1 Although the Cost Index figure was 3.6 per cent, we did not propose or consult on increasing all tariff rates by this figure because of concerns that taxi fares were already perceived to be too high. Instead, following discussions with the main taxi driver trade representative bodies, we consulted on increasing Tariffs 1 and 2 by 0.6 per cent, along with an increase to the minimum fare.

10.2 Below is a summary of the responses to the consultation.

Option	Tariff 1			Tariff 2		
	All respondents (%)	Taxi drivers (%)	Taxi users (%)	All respondents (%)	Taxi drivers (%)	Taxi users (%)
Yes increase tariff by 0.6 %	63	67	57	52	54	47
No do not increase tariff by 0.6 %	28	29	35	40	41	45
Not answered/no opinion/don't know	8	5	8	9	5	8

10.3 LTW supported Tariffs 1 and 2 being increased by 0.6 %.

10.4 The Public Administration Help Tank (PAHT) submitted a response which included an alternative structure for the taxi tariffs and extra charges. The alternative structure the PAHT suggested included a £4.00 minimum fare, off peak discount, night time surcharge and drivers retaining logs of trips.

10.5 The five taxi driver trade representative bodies who submitted a joint response supported increasing Tariffs 1 and 2 by 0.6 %. The proposals were discussed with the taxi driver trade representative bodies and they supported 0.6 % increases to Tariffs 1 and 2 as part of a package of measures which included freezing the other tariff rates and increasing the minimum fare to £3.00.

10.6 It is recommended that Tariffs 1 and 2 are both increased by 0.6 % as this increase is below inflation and the Cost Index figure, and this increase is being recommended as part of package of measures which includes freezing Tariff 3 and the tariff rate for journeys over six miles.

11 Tariff 3

11.1 Tariff 3 is the most expensive tariff rate and it is felt that the experience of high fares late at night has affected the public's perception of taxi fares at all times. In the consultation we asked whether Tariff 3 should be frozen.

11.2 Below is a summary of the responses:

Option	All respondents (%)	Taxi drivers (%)	Taxi users (%)
No changes should be made	62	68	31
Tariff should be decreased	16	16	19
Tariff should be increased	14	12	37
Not answered/no opinion/don't know	8	5	12

11.3 LTW agreed that no changes should be made to Tariff 3.

11.4 The five taxi driver trade representative bodies who submitted a joint response did not support Tariff 3 being increased and felt that it should be frozen for 2018.

11.5 As Tariff 3 is already the most expensive tariff rate and research⁴ has shown that a majority of taxi passengers feel that taxi fares are already too expensive, it is recommended that no change to Tariff 3 is made as part of this taxi fares and tariffs update but that this should be reviewed as part of the wider review of taxi fares and tariffs.

12 Tariff Rate for Longer Journeys

12.1 The tariff rate for longer journeys (sometimes referred to as Tariff 4) is higher than Tariffs 1 and 2 but lower than Tariff 3. The historical reason for there being a different tariff rate for longer journeys is because drivers completing these journeys may be less likely to be hailed on the return journey to the area where they normally work.

12.2 In the consultation we asked if any changes should be made to this tariff. Potential changes suggested were to increase the distance at which the tariff rate applies from six miles to 12 miles, reducing the tariff rate or times the tariff applies or removing this tariff rate.

⁴ Taxi and Minicab Passenger Customer Satisfaction Survey, Kantar TNS, 2017/18.

12.3 Below is a summary of the responses:

Option	All respondents (%)	Taxi drivers (%)	Taxi users (%)
Distance should be increased to 12 miles	13	13	16
Tariff rate should be reduced	10	10	14
Times when tariff applies should be reduced	2	2	4
Tariff rate should be removed	6	6	5
No changes should be made	55	59	37
Not answered/no opinion/don't know	14	9	25

12.4 LTW stated that they would be happy with all of the suggested changes in the consultation.

12.5 The five taxi driver trade representative bodies who submitted a joint response did not support the tariff rate for longer journeys being increased and felt that it should be frozen for 2018.

12.6 As the majority of all respondents felt that no change should be made to the tariff rate for longer journeys, it is recommended that no change is made as part of this taxi fares and tariffs update but that this should be reviewed as part of the wider review of taxi fares and tariffs.

13 Cost Index Changes

13.1 The Cost Index contains a number of different elements, one of which is social costs. The social costs element relates to the unsociable hours worked by some taxi drivers. The total Cost Index figure is 3.6 per cent and social costs account for 0.1 per cent of this total.

13.2 Not all taxi drivers work unsociable hours and the different tariff rates are designed so that drivers who do work unsociable hours can potentially earn more as the Tariff rate is higher – Tariff 3 applies to taxi journeys undertaken between 22:00 and 05:00 every night and this is the highest tariff rate.

13.3 In the consultation we asked if the social cost element should be removed from the Cost Index.

13.4 Since October 2016 all taxi drivers have been required to accept card payments and all taxis must now be fitted with an operational TfL-approved card payment device in the correct position in the passenger compartment.

13.5 There are transaction charges when taxi drivers accept card payments and these can vary depending upon the type of card payment device used and the agreement the driver has with the company who provides the device. The transaction charges are typically between two and four per cent but can include additional charges.

- 13.6 In April 2016, we increased the minimum fare by 20 pence for all taxi journeys and this increase was intended to help drivers cover the costs of accepting card payments.
- 13.7 The taxi driver trade representative bodies requested that costs for card payment transaction charges be added to the Cost Index and as part of the consultation we asked for views on this.
- 13.8 One issue raised was that if card payment related costs were included in the Cost Index, this would mean that there were two increases to the fares for all passengers (regardless of whether they pay by card) – the minimum fare increase plus any increase as a result of changes to the Cost Index.
- 13.9 Below is a summary of the responses to the consultation. The number of taxi users who answered this question was extremely low and so have not been included.

Option	Should social costs be removed		Should card payment transaction costs be added	
	All respondents (%)	Taxi drivers (%)	All respondents (%)	Taxi drivers (%)
Yes	11	10	72	79
No	57	61	15	13
Not answered/no opinion/don't know	32	29	12	9

- 13.10 LTW had no opinion on removing social costs from the Cost Index but felt that card payment transaction charges should be added to the Cost Index.
- 13.11 The five taxi driver trade representative bodies who submitted a joint response supported removing the social costs element from the Cost Index and adding card payment transaction costs.
- 13.12 TfL has given consideration to whether the minimum fare should be reduced by 20 pence if card payment costs are added to the Cost Index. As a 40 pence increase to the minimum fare for all taxi journeys is being recommended we are not recommending any changes to the Cost Index as part of this fares and tariffs update. However, the minimum fare and Cost Index will be kept under review.

14 Extending the Fuel Charge Arrangements

- 14.1 Since July 2008, arrangements have been in place to allow an extra charge (40 pence) to be added to taxi fares if London average diesel costs reached a threshold level. This is intended to compensate taxi drivers if there is a significant mid-year rise in fuel costs. If diesel costs reached this level then the Cab Order would be amended to include this extra charge.

- 14.2 Since 2016 there has also been an arrangement in place where the fare for each journey would be reduced by 40 pence if diesel prices fell significantly. No changes have been made either to introduce an extra or to reduce fares since the introduction of these arrangements.
- 14.3 At its meeting in March 2017 the TfL Board approved extending these arrangements, with the taxi fare for each journey increased or decreased by 40 pence if London retail diesel fuel prices reached the respective threshold levels.
- 14.4 The new upper and lower threshold levels for London retail diesel fuel prices are 158.77 and 82.83 pence per litre.
- 14.5 Below is a summary of the responses. The number of taxi users who answered this question was extremely low and so have not been included.

Option	Should there continue to be a provision to increase fares if diesel prices rise significantly		Should there continue to be a provision to decrease fares if diesel prices fall significantly	
	All respondents (%)	Taxi drivers (%)	All respondents (%)	Taxi drivers (%)
Yes	74	80	46	48
No	17	15	43	44
Not answered/no opinion/don't know	8	5	10	8

- 14.6 LTW felt that there should continue to be an arrangement to reduce fares if diesel costs fell significantly.
- 14.7 The five taxi driver trade representative bodies who submitted a joint response supported extending the fuel charge arrangements.
- 14.8 Eventually the fuel surcharge is expected to no longer be needed as diesel taxis are replaced by ZEC taxis. However, as almost all taxis still use diesel and there continues to be support for extending the fuel charge arrangement in the event of significant increases to diesel prices it is recommended that this arrangement is extended until the new taxi fares and tariffs update. At the same time it is felt there should continue to be an arrangement to reduce fares if diesel prices fall significantly and so it is also recommended that this arrangement should be extended until the next taxi fares and tariffs update.

15 Heathrow Airport Extra Charge

- 15.1 Taxi drivers must pay a fee to access the taxi ranks at Heathrow Airport. This fee covers the costs of operating the taxi ranks and the feeder park at Heathrow Airport. To compensate drivers for this they can add an extra charge on to fares which start from the airport taxi ranks.
- 15.2 In 2013 the extra charge was increased from £2.40 to £3.20 as the fee drivers had to pay had been increased. The fee drivers paid was then reduced and in

2014 the extra charge was further reduced to the current level of £2.80. At present the fee drivers must pay to access the taxi ranks is £3.50.

15.3 Below is a summary of the responses to the consultation.

Option	All respondents (%)	Taxi drivers (%)	Heathrow taxi drivers (%)	Taxi users (%)
Increase extra to £3.20	35	34	55	47
Do not increase extra to £3.20	37	38	39	47
Not answered/no opinion/don't know	28	27	6	6

15.4 LTW supported increasing the Heathrow Extra to £3.20 and also stated that they would like to see an arrangement which matches up passengers travelling from Heathrow Airport with taxis dropping off passengers at the airport.

15.5 The five taxi driver trade representative bodies who submitted a joint response did not support the Heathrow Extra being increased at present.

15.6 Concerns have been raised about increasing the minimum taxi fare, Tariffs 1 and 2 plus the Heathrow Airport extra at the same time and the combination of these increases potentially deterring passengers at the airport from using a taxi.

15.7 Given the concerns raised about increasing the Heathrow Airport extra, it is recommended that no change is made.

16 Heathrow Airport – Fixed/capped Fare Schemes

16.1 The typical taxi fare between Heathrow Airport and Central London can vary significantly and is currently shown on the taxi fare card as being between £48 and £90. This is intended to provide passengers with some indication of what the fare might be if they take a taxi between the airport and Central London but this is still quite a wide range and the fare could be higher if there are delays during the journey.

16.2 Fixed fares are already available at the majority of airports in other world cities including in New York⁵, Rome⁶ and Paris⁷ and work has been done to explore taxi drivers' views on fixed or capped fare schemes and potential support for

⁵ Fixed fares to/from JFK Airport, http://www.nyc.gov/html/tlc/html/passenger/taxicab_rate.shtml#AirportTrips

⁶ Fixed fares from Fiumicino and Ciampino airports, http://www.comune.roma.it/PCR/resources/cms/documents/tariffario_taxi_luglio_2012.pdf

⁷ Fixed fares to/from Charles de Gaulle and Orly airports, <http://www.france24.com/en/20160301-paris-airport-taxis-orly-charles-de-gaulle-now-subject-flat-fees>

these. In the most recent consultation respondents were asked if they supported capped or fixed fare schemes from Heathrow Airport to Central London, from Central London to Heathrow Airport, what the potential fares for such schemes could be and how the area covered in Central London could be defined (e.g. postcode districts, specific area, hotels).

16.3 Below is a summary of the responses to the consultation.

	All respondents (%)		Taxi drivers (%)		Heathrow taxi drivers (%)		Taxi users (%)	
Fixed fare								
Option	From airport	To airport	From airport	To airport	From airport	To airport	From airport	To airport
Support	41	47	41	48	36	50	60	59
Oppose	36	37	38	39	54	44	28	29
Not answered /no opinion/ don't know	22	16	20	13	9	6	12	12

	All respondents (%)		Taxi drivers (%)		Heathrow taxi drivers (%)		Taxi users (%)	
Capped fare								
Option	From airport	To airport	From airport	To airport	From airport	To airport	From airport	To airport
Support	40	44	40	45	38	48	51	51
Oppose	38	38	40	40	52	43	33	33
Not answered /no opinion/ don't know	22	18	20	15	10	9	16	16

16.4 39 per cent of all respondents felt that any potential area in Central London should be designated using postal districts however, concerns about passengers and drivers not being familiar with the postal district areas have also been raised.

16.5 LTW supported fixed and capped fares both to and from Heathrow Airport. They felt that the fares should be between £40.00 and £50.00.

16.6 The five taxi driver trade representative bodies who submitted a joint response did not support capped or fixed fare schemes from the airport as part of this consultation, although they did feel that a capped fare scheme may work in the future. They did not support any proposals for capped or fixed fare schemes from Central London to Heathrow Airport.

16.7 As part of the wider review of taxi fares and tariffs a survey has already been conducted amongst taxi drivers on potential fixed or capped fare schemes. The results from the survey plus the responses from the consultation will be reviewed in order to develop detailed options for potential schemes. These will be discussed with the taxi driver trade representative bodies and other relevant stakeholders.

17 Increasing the Euston Station Fixed Fare, Shared Taxi Fares

17.1 On weekday mornings the taxi rank at Euston Station is marshalled and during busy periods the marshals arrange taxi sharing, with passengers who share paying a fixed fare. The fixed fares are regulated by TfL and set at a level where the passenger pays less than the metered fare but the total of the fixed fares is higher than the metered fare. This is intended to make the fixed fare, shared taxi schemes attractive to both taxi drivers and passengers.

17.2 The main taxi driver trade representative bodies have previously requested a 50 pence increase to the fixed fares at Euston Station. The fixed fares from Euston Station were last reviewed in April 2012 when they were increased by 50 pence. The table in Appendix 2 shows the current fixed fares and the fares consulted on.

17.3 Below is a summary of the responses to the consultation.

Option	All respondents (%)	Taxi drivers (%)	Taxi users (%)
Increase fixed fares by 50 pence	33	34	45
Do not increase fixed fares by 50 pence	20	20	34
Not answered/no opinion/don't know	47	47	21

17.4 LTW had no opinion on increasing the fixed fares at Euston Station.

17.5 The five taxi driver trade representative bodies who submitted a joint response supported increasing the Euston Station fixed fare shared taxi fares by 50 pence.

17.6 One of the fixed fares is from Euston Station to Lords Cricket Ground and the consultation document showed a proposal to increase the fixed fare from £5.50 to £6.00. However, the current London Taxi Sharing Scheme Order shows a fare of £5.00 for journeys when Tariff 1 or 2 apply and £5.50 for journeys when Tariff 3 applies. As the proposal was to increase the fixed fares by only 50 pence but only the change from £5.50 to £6.00 was shown in the table no change will be made as part of this update to the fixed fare from Euston Station to Lords Cricket Ground. However, if necessary we can review this as part of the next fares and tariffs update.

17.7 As it has been over six years since these fares were last increased and the fixed fares still offer passenger sharing a taxi good value for money, it is recommended that the Euston Station fixed fare shared taxi fares (with the

exception of Euston Station to Lords Cricket Ground) are increased by 50 pence.

18 Updating the Shared Taxi Conversion Table

- 18.1 The shared taxi conversion table is used to calculate taxi fares when passengers share a taxi. The table shows the fare each passenger pays and these are based on the fare on the taximeter and the total number of passengers sharing the taxi. The fare each passenger pays is lower than the metered fare but the total fare the driver receives is greater than the metered fare, meaning that the arrangement should be attractive to both passengers and drivers. The shared taxi conversion table can be used anywhere in London and at any time.
- 18.2 At present the table only covers five passengers sharing a taxi but many taxis, including the new London Electric Vehicle Company (LEVC) ZEC taxi, can now carry up to six passengers. The consultation asked for views on updating the table and the proposed fares.
- 18.3 Below is a summary of the responses to the consultation.

Option	All respondents (%)	Taxi drivers (%)	Taxi users (%)
Add fares for six passengers sharing to conversion table	43	44	51
Do not add fares for six passengers sharing to conversion table	18	18	25
Not answered/no opinion/don't know	39	38	23

- 18.4 The LTW and the five taxi driver trade representative bodies who submitted a joint response supported fares for six passengers being added to the conversion table.
- 18.5 As some existing taxis can already carry six passengers and the new London LEVC taxi also carries up to six passengers, it is recommended that fares for six passengers sharing are added to the shared taxi conversion table.

19 Acceptance of American Express Cards in Taxis

- 19.1 Since January 2017 it has been a condition of fitness for all taxis to have an operational TfL-approved card payment system. The card payment device must be installed within the passenger compartment.
- 19.2 All of the approved devices already accept American Express and in the consultation we asked if a card payment device should not be approved unless it accepts American Express.

19.3 Below is a summary of the responses to the consultation.

Option	All respondents (%)	Taxi drivers (%)	Taxi users (%)
Card payment devices should accept American Express	70	73	65
Card payment devices should not be required to accept American Express	13	13	18
Not answered/no opinion/don't know	16	13	16

19.4 LTW and the five taxi driver trade representative bodies who submitted a joint response supported approved card payment devices accepting American Express as well as Visa and MasterCard.

19.5 As all of the TfL-approved card payment devices already accept American Express and as there was support for devices accepting this mode of payment, it is recommended that new card payment devices should not be approved unless they accept American Express, as well as Visa and MasterCard.

20 Increasing the Soiling Charge

20.1 Increasing the soiling charge was included in the 2017 consultation and three quarters of respondents agreed with the proposed increase to the soiling charge. Taxi drivers, taxi users and non-taxi users were broadly in agreement on this question with more than two thirds of respondents in each group agreeing with the proposed increase.

20.2 The soiling charge was introduced in April 2003 and has not been changed since then. The five taxi driver trade representative bodies who submitted a joint response this year have previously expressed support for the soiling charge being increased from £40.00 to £60.00. The taxi driver trade representative bodies did suggest that on some occasions the charge can act as a deterrent and the higher charge will help drivers cover some of the costs such as the loss of earnings due to the vehicle being out of service when it is cleaned.

20.3 Given the support for increasing the soiling charge and the potential for this being increased to act as a deterrent, it is now recommended that the soiling charge is increased to £60.00.

21 Other Consultation Responses

21.1 The organisation Stop Killing Cyclists submitted a response to the consultation and the same response was also submitted separately by a number of individual respondents. They felt that the current tariffs were much too low and supported increasing fares and extra charges. They also suggested removing the Congestion Charge exemption for taxis and private

hire vehicles (PHVs) and introducing a £5.00 levy per passenger per journey. The reasons for proposing this were linked to congestion, emissions and reducing the number of taxi journeys.

22 Impacts

- 22.1 TfL must have 'due regard' to the need to eliminate unlawful discrimination, harassment and victimisation as well as to advance equality of opportunity and foster good relations between people who share a protected characteristic and those who do not under section 149 of the Equality Act 2010. Due regard that is appropriate in all of the circumstances must be had at the time decision(s) are taken and is an ongoing obligation. This may involve removing or minimising any disadvantage suffered by those who share a relevant protected characteristic, taking steps to meet the needs of such people; and encouraging them to participate in public life, or in any other activity where their participation is disproportionately low. The "*protected*" characteristics and groups are: age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation and marriage/civil partnership status. Compliance with this obligation may involve treating people with a protected characteristic more favourably than those without the characteristic.
- 22.2 Taxis are heavily used by disabled and elderly Londoners and these protected groups will be adversely affected by increases to taxi fares. The public consultation on changes to taxi fares and tariffs provided an opportunity to anyone, including disabled and elderly taxi passengers and organisations that represent them to comment on the proposals and submit their comments or concerns to TfL. The consultation was sent to Age UK, Independent Age, London Members of Parliament, Transport for All and LTW. A response was received from LTW but not the other representative groups.
- 22.3 A number of impacts were identified and included in the consultation document. Following the close of the consultation and review of the responses these have been updated and are enclosed in Appendix 4.
- 22.4 Any increase to taxi fares may have an impact on Taxicard users. London Council's 2016 Taxicard Usage Review found that one of the determining factors in reduced Taxicard usage was the distance the subsidised fare enables passengers to travel. Any increase to taxi fares is therefore likely to have a dampening effect on Taxicard usage for longer distance journeys owing to the fare and tariff increases, although to what extent cannot currently be accurately estimated.
- 22.5 A new Taxicard contract has been awarded and this sets out fixed fares which will be charged for Taxicard journeys, instead of these being the metered fare. The date when the new Taxicard contract starts and the fixed fares become effective is still to be confirmed but introducing the changes to fares and tariffs close to the start date of the new contract should mitigate the impact of the proposed increases on most Taxicard members as they will pay the higher fares for a shorter period before the new fixed fares come into effect.

- 22.6 There are measures that TfL can take to mitigate the impact any increase may have through raising awareness of the alternative options open to passengers travelling longer journeys. These include:
- (a) raising awareness of the TfL Travel Mentoring service which helps build confidence in using public transport to encourage some Taxicard customers to use a combination of mainstream public transport and Taxicard for longer distance journeys with Taxicard used to provide a door to door element at the start and end of the journey, rather than for the whole journey; and
 - (b) encouraging the use of Dial-a-Ride in the evenings and on public holidays as journeys at these times are more expensive.
- 22.7 Notwithstanding the adverse impacts for the protected groups identified, it is felt on balance that the changes are justified in particular for the following reasons:
- (a) although the increases to Tariff 1 and Tariff 2 will make some journeys more expensive (including for Taxicard users) the increases are below the total Cost Index figure (3.6 per cent) and below inflation (3.0 per cent⁸); and
 - (b) the changes to the minimum fare and Tariffs 1 and 2 take into account increases to the costs associated with being a taxi driver in London and compensate drivers for those. Whilst it is the case that increases may potentially result in reduced usage generally and amongst groups with protected characteristics, it is important that drivers are fairly remunerated so as to ensure the long term viability of the taxi services as part of London's transport mix including for the provision of transport for such groups. We consider that the above changes strike the appropriate balance in this regard.

23 Healthy Streets Approach

- 23.1 The Mayor's Transport Strategy (MTS) recognises that whatever mode of transport Londoners use, the quality of the experience of using London's streets helps to define the quality of their journey. The Healthy Streets Approach provides the framework for putting human health and experience at the heart of planning the city. It uses ten evidence-based indicators to assess the experience of being on our streets.
- 23.2 Two of the indicators (Clean Air and Not too Noisy) will be supported by the transition to ZEC taxis as these will help reduce harmful emissions from taxis and also reduce vehicle noise. The Cost Index takes into account the cost of diesel-powered taxis but as part of the wider review of taxi fares and tariffs we are exploring how the ZEC taxi costs can be factored into the Cost Index, whilst also trying to ensure that fares do not become too high.

⁸ The Cost Index figure is 3.6 per cent while CPI in January 2018 was 3.0 per cent (<https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/consumerpriceinflation/january2018>)

23.3 It is important that changes to taxi fares and tariffs balance the costs drivers face against trying to ensure that fares are good value for money, so as drivers are fairly remunerated and can invest in the new ZEC taxis.

List of appendices to this report:

Appendix 1: Average fares, tariff changes and example fares

Appendix 2: Recommended fares for Euston Station fixed fare, shared taxi scheme

Appendix 3: Shared taxi conversion table

Appendix 4: Updated consultation impact assessments

List of Background Papers:

The additional information published as part of the consultation can be accessed here: <https://consultations.tfl.gov.uk/taxis/fares-2018/>

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Appendix 1: Average fares, tariff changes and example fares

The tables below show the recommended increases to average fares, tariff changes and example fares for the following:

- (a) Minimum fare: Increase of 40p from £2.60 to £3.00;
- (b) Tariff 1: 0.6 per cent increase;
- (c) Tariff 2: 0.6 per cent increase;
- (d) Tariff 3: no change; and
- (e) Tariff rate for journeys over six miles: no change

Average Fares

Ave Fare Changes	Current Average	New Average	Price Increase	Percentage Increase
Tariff 1	£12.12	£12.19	£0.06	0.6%
Tariff 2	£14.08	£14.16	£0.08	0.6%
Tariff 3	£15.92	£15.92	£0.00	0.0%
All Week	£13.28	£13.33	£0.05	0.5%

Tariff Rates

	Tariff 1		Tariff 2		Tariff 3	
	Current	New	Current	New	Current	New
Minimum Fare	£2.60	£3.00	£2.60	£3.00	£2.60	£3.00
Minimum Units	2	2	2	2	2	2
Metres/Unit < T4 Tariff Distance	117.4	116.6	95.5	94.8	81.2	81.2
Secs/Unit < T4 Tariff Distance	25.2	25.1	20.5	20.4	17.5	17.5
Metres/Unit > T4 Tariff Distance	86.9	86.9	86.9	86.9	86.9	86.9
Secs/Unit > T4 Tariff Distance	18.7	18.7	18.7	18.7	18.7	18.7
T4 Tariff Unit Changeover	82	82	101	101	118	118
T4 Tariff Changeover	9626.8	9561.2	9626.8	9574.8	9581.6	9581.6

Example Fares

Journey Length	Tariff 1			Tariff 2			Tariff 3		
	Miles	Current	New	Change	Current	New	Change	Current	New
Minimum	£2.60	£3.00	15.4%	£2.60	£3.00	15.4%	£2.60	£3.00	15.4%
0.5	£3.60	£4.00	11.1%	£4.00	£4.40	10.0%	£4.20	£4.60	9.5%
1	£5.00	£5.40	8.0%	£5.60	£6.00	7.1%	£6.20	£6.60	6.5%
1.5	£6.40	£6.80	6.3%	£7.40	£7.80	5.4%	£8.20	£8.60	4.9%
2	£7.80	£8.20	5.1%	£9.00	£9.40	4.4%	£10.20	£10.60	3.9%
2.5	£9.20	£9.60	4.3%	£10.80	£11.20	3.7%	£12.20	£12.60	3.3%
3	£10.60	£11.00	3.8%	£12.40	£12.80	3.2%	£14.20	£14.60	2.8%
3.5	£11.80	£12.40	5.1%	£14.00	£14.60	4.3%	£16.20	£16.60	2.5%
4	£13.20	£13.80	4.5%	£15.80	£16.20	2.5%	£18.20	£18.60	2.2%
4.5	£14.60	£15.20	4.1%	£17.40	£18.00	3.4%	£20.20	£20.60	2.0%
5	£16.00	£16.60	3.7%	£19.20	£19.60	2.1%	£22.20	£22.60	1.8%
6	£18.80	£19.40	3.2%	£22.60	£23.00	1.8%	£26.00	£26.40	1.5%
7	£22.40	£23.00	2.7%	£26.20	£26.80	2.3%	£29.80	£30.20	1.3%
8	£26.20	£26.80	2.3%	£30.00	£30.60	2.0%	£33.40	£33.80	1.2%
9	£29.80	£30.60	2.7%	£33.60	£34.20	1.8%	£37.20	£37.60	1.1%
10	£33.60	£34.20	1.8%	£37.40	£38.00	1.6%	£40.80	£41.20	1.0%
11	£37.20	£38.00	2.2%	£41.00	£41.80	2.0%	£44.60	£45.00	0.9%
12	£41.00	£41.60	1.5%	£44.80	£45.40	1.3%	£48.20	£48.60	0.8%
13	£44.60	£45.40	1.8%	£48.40	£49.20	1.7%	£52.00	£52.40	0.8%
14	£48.40	£49.20	1.7%	£52.20	£53.00	1.5%	£55.80	£56.20	0.7%
15	£52.20	£52.80	1.1%	£55.80	£56.60	1.4%	£59.40	£59.80	0.7%
16	£55.80	£56.60	1.4%	£59.60	£60.40	1.3%	£63.20	£63.60	0.6%
18	£63.20	£64.00	1.3%	£67.00	£67.80	1.2%	£70.60	£71.00	0.6%
20	£70.60	£71.60	1.4%	£74.40	£75.40	1.3%	£78.00	£78.40	0.5%

Appendix 2: Recommended fares for Euston Station fixed fare, shared taxi scheme

The recommended fares for the Euston Station fixed fare, shared taxi scheme are shown below.

Destination areas covered	Times and days fixed fares apply	Current fixed fare	New fixed fare
Addresses in postal district W1 North of Oxford Street (including addresses on Oxford St); Paddington and Marylebone Stations; addresses in the area bounded by Bayswater Road, Lancaster Terrace, Westbourne Terrace, Craven Road, Praed Street, 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	Monday-Friday excluding public holidays, all day	£5.50	£6.00
Addresses in postal district W1 South of Oxford Street (excluding addresses on Oxford St)	Monday-Friday excluding public holidays, all day	£6.50	£7.00
Addresses in Postal District SW1; 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	Monday-Friday excluding public holidays, all day	£8.00	£8.50
Addresses in postal district WC1; addresses on Euston Road East of Tottenham Court Road; Euston, Kings Cross and St Pancras Stations	Monday-Friday excluding public holidays, all day	£4.50	£5.00
Addresses in postal district WC2;	Monday-Friday excluding public holidays, all day	£5.50	£6.00
Addresses in postal district EC1 and EC2; addresses in Pentonville Road, Islington High Street, Upper Street south of Islington Green and Islington Green inclusive and the Business Design Centre, Islington N1	Monday-Friday excluding public holidays, all day	£6.50	£7.00

Destination areas covered	Times and days fixed fares apply	Current fixed fare	New fixed fare
Addresses in postal district EC3 and EC4 area; addresses in the area bounded by London Bridge, Duke Street Hill, Tooley Street, Bermondsey Street, Thomas Street, Bedal Street, Borough High Street, Southwark Street, Blackfriars Bridge and the River Thames inclusive	Monday-Friday excluding public holidays, all day	£7.50	£8.00
Earls Court Exhibition Centre; Olympia Exhibition Centre	During the period of events at the appropriate venue, all day	£8.00	£8.50
Chelsea Flower Show	During the period of the Chelsea Flower Show, all day	£8.50	£9.00
ExCel London, Royal Victoria Dock, London E16	During the period of events at the venue, all day	£10.00	£10.50
Outside Gate 4 of the All England Tennis and Croquet Club, London SW19	During the period of tennis tournaments at the All England Lawn Tennis Club, all day	£15.00	£15.50

Appendix 3: Shared taxi conversion table

The fixed fares to be added to the conversion table for six passengers sharing are shown below.

Fare shown on meter	Fare for each passenger				
	Two passengers sharing	Three passengers sharing	Four passengers sharing	Five passengers sharing	Fares for six passengers sharing
£0.20	£0.10	£0.10	£0.10	£0.10	£0.10
£0.40	£0.30	£0.20	£0.20	£0.20	£0.10
£0.60	£0.40	£0.30	£0.30	£0.20	£0.10
£0.80	£0.50	£0.40	£0.40	£0.30	£0.20
£1.00	£0.70	£0.60	£0.50	£0.40	£0.30
£1.20	£0.80	£0.70	£0.50	£0.50	£0.40
£1.40	£0.90	£0.80	£0.60	£0.60	£0.50
£1.60	£1.00	£0.90	£0.70	£0.60	£0.50
£1.80	£1.20	£1.00	£0.80	£0.70	£0.60
£2.00	£1.30	£1.10	£0.90	£0.80	£0.70
£2.20	£1.40	£1.20	£1.00	£0.90	£0.80
£2.40	£1.60	£1.30	£1.10	£1.00	£0.90
£2.60	£1.70	£1.40	£1.20	£1.00	£0.90
£2.80	£1.80	£1.50	£1.30	£1.10	£1.00
£3.00	£2.00	£1.70	£1.40	£1.20	£1.10
£3.20	£2.10	£1.80	£1.40	£1.30	£1.20
£3.40	£2.20	£1.90	£1.50	£1.40	£1.20
£3.60	£2.30	£2.00	£1.60	£1.40	£1.30
£3.80	£2.50	£2.10	£1.70	£1.50	£1.40
£4.00	£2.60	£2.20	£1.80	£1.60	£1.40
£4.20	£2.70	£2.30	£1.90	£1.70	£1.50
£4.40	£2.90	£2.40	£2.00	£1.80	£1.50
£4.60	£3.00	£2.50	£2.10	£1.80	£1.60
£4.80	£3.10	£2.60	£2.20	£1.90	£1.70
£5.00	£3.30	£2.80	£2.30	£2.00	£1.80
£5.20	£3.40	£2.90	£2.30	£2.10	£1.90
£5.40	£3.50	£3.00	£2.40	£2.20	£2.00
£5.60	£3.60	£3.10	£2.50	£2.20	£2.00
£5.80	£3.80	£3.20	£2.60	£2.30	£2.10
£6.00	£3.90	£3.30	£2.70	£2.40	£2.20
£6.20	£4.00	£3.40	£2.80	£2.50	£2.30
£6.40	£4.20	£3.50	£2.90	£2.60	£2.40
£6.60	£4.30	£3.60	£3.00	£2.60	£2.40

Fare shown on meter	Fare for each passenger				
	Two passengers sharing	Three passengers sharing	Four passengers sharing	Five passengers sharing	Fares for six passengers sharing
£6.80	£4.40	£3.70	£3.10	£2.70	£2.40
£7.00	£4.60	£3.90	£3.20	£2.80	£2.40
£7.20	£4.70	£4.00	£3.20	£2.90	£2.50
£7.40	£4.80	£4.10	£3.30	£3.00	£2.60
£7.60	£4.90	£4.20	£3.40	£3.00	£2.60
£7.80	£5.10	£4.30	£3.50	£3.10	£2.80
£8.00	£5.20	£4.40	£3.70	£3.20	£2.90
£8.20	£5.30	£4.40	£3.70	£3.30	£3.00
£8.40	£5.50	£4.60	£3.80	£3.40	£3.10
£8.60	£5.60	£4.70	£3.90	£3.40	£3.10
£8.80	£5.70	£4.80	£4.00	£3.50	£3.10
£9.00	£5.90	£5.00	£4.10	£3.60	£3.10
£9.20	£6.00	£5.10	£4.20	£3.70	£3.20
£9.40	£6.10	£5.20	£4.20	£3.80	£3.20
£9.60	£6.20	£5.30	£4.30	£3.80	£3.30
£9.80	£6.40	£5.40	£4.40	£3.90	£3.40
£10.00	£6.50	£5.50	£4.50	£4.00	£3.50
£20.00	£13.00	£11.00	£9.00	£8.00	£7.00
£30.00	£19.50	£16.50	£13.50	£12.00	£10.50
£40.00	£26.00	£22.00	£18.00	£16.00	£14.00
£50.00	£32.50	£27.50	£22.50	£20.00	£17.50

Appendix 4: Consultation impact assessments

The impacts included in the consultation document have been updated and are below.

Impact assessments

Costs

For a number of years average taxi fares have been increased by the Cost Index figure. These year on year increases to all tariff rates have resulted in taxi fares being considered too expensive¹. If this approach was followed this year it would mean a 3.6 per cent increase to average fares for all tariff rates.

The proposals consulted on and recommendations in this paper have been designed to avoid increases of 3.6 per cent to average fares across all tariff rates and prevent higher fare increases which risk making taxi journeys even more expensive, especially for those who may rely upon taxis.

The proposed new minimum fare (£3.00) is felt to still be relatively low and the increases to Tariff 1 and 2 of 0.6 per cent are below the Cost Index figure and inflation. Furthermore, these increases are part of a wider package of changes which include freezing Tariff 3 and the tariff rate for longer journeys and all groups will benefit from these tariffs being frozen.

However, it should be noted that research has shown that the majority of taxi passengers already feel that taxi fares are a little or much too expensive.² Therefore in addition to recommending increases to Tariffs 1 and 2 which are below the Cost Index figure and inflation and freezing the other tariffs rates, the wider review of taxis fares will explore options for trying to ensure that taxi fares are better value for money for all passengers but at the same time drivers are fairly remunerated.

Congestion and delays to journeys contribute to higher taxi fares as the time element of the tariffs means that the fare will continue to increase and passengers will pay more if their journey is delayed. The Mayor's Transport Strategy includes measures to tackle congestion and these will benefit taxi passengers if delays to journeys are reduced³.

Not increasing all tariff rates by the Cost Index figure would differ from what has been done in most years although, a different approach was taken in 2017 when two of the tariff rates were not changed and the other two were increased by more than the Cost Index figure.

¹ Taxi and Minicab Passenger Customer Satisfaction Survey, Kantar TNS, 2017/18

² Ibid

³ <https://www.london.gov.uk/what-we-do/transport/our-vision-transport/mayors-transport-strategy-2018>

Increasing the minimum fare and Tariffs 1 and 2 would mean that passengers pay more, however, they would benefit from no changes being made to Tariff 3 – the benefit to those travelling at night may not be significant as the Tariff 3 rate is already much higher than Tariff 1 or 2. The percentage increase between the rate per mile for Tariff 1 (£2.74 per mile) and Tariff 3 (£3.96 per mile) is 45 per cent, whilst the percentage increase between Tariff 2 (£3.37 per mile) and Tariff 3 (£3.96 per mile) is 18 per cent.

Taxis are heavily used by disabled and elderly visitors and Londoners and these groups would be affected by the minimum fare and Tariffs 1 and 2 being increased. However, they would benefit from the tariff rates not being increased by the Cost Index figure which is higher than the Consumer Prices Index (CPI)⁴.

Members of the Taxicard scheme, which provides subsidised taxi travel for disabled Londoners and is funded by TfL and the London boroughs, will be affected by any increase to the minimum fare and Tariffs 1 and 2. Any increases to taxi fares can potentially result in members being able to make fewer trips if funding is not increased.

Some taxi drivers may feel that they will be disadvantaged from the tariff rates not all being increased by the Cost Index figure however, the overall impact may be positive if it prevents the number of trips from further declining or results in more people using taxis. Furthermore, taxi fares have been increased in most years since TfL took over responsibility for regulating fares and tariffs. The last taxi fares and tariffs review saw Tariffs 1 and 2 increase by 3.7 per cent and 3.9 per cent respectively. These increases came into effect in June 2017 and both increases were above the CPI figure for June 2017 which was 2.6 per cent⁵.

Concerns have been raised about the impact the ZEC taxis will have on taxi fares. However, a separate piece of work is underway to better understand the costs of operating a ZEC taxi and how these can be incorporated into the future reviews of taxi fares. At present there are only a small number of ZEC taxis operating in London and so it is not appropriate to include costs associated with operating a ZEC taxi in this update of taxi fares and tariffs.

Extending the extra charge arrangement if diesel prices increase significantly would mean passengers paying an extra 40 pence for each journey, if the fuel threshold figure was reached. However, the increase to each fare is relatively low and there is also an arrangement in place where passengers pay less if fuel prices decrease significantly.

⁴ The latest Cost Index figure was 3.6 per cent while CPI in January 2018 was 3.0 per cent (<https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/consumerpriceinflation/january2018>)

⁵ ONS June 2017 report, <https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/consumerpriceinflation/june2017>

Increasing the fixed fares from Euston Station will mean passengers paying more. However, these fares have not been increased since 2012 and the fares payable for shared taxis will still be below the metered fares. Drivers participating in the fixed fare scheme will benefit from the increase in fares assuming that this does not result in a fall in the number of taxi journeys.

No significant cost impacts from adding fares for six passengers sharing to the shared taxi conversion table have been identified. Passengers paying these fares pay less than the metered fare and so benefit, although the shared fare would be lower still if the fare displayed on the taximeter was equally split between the passengers.

All of the TfL-approved card payment devices already accept American Express then there will be no need for drivers to change the card payment device they are already using if all new devices are required to accept American Express in order to be approved for use in taxis. There can be higher processing charges when accepting American Express however, making this change would benefit passengers who wish to pay with American Express as they can be confident that this will be accepted in all London taxis.

Crime and Disorder

Licensed taxis play a vital role in providing safer transport late at night and a balance needs to be maintained between ensuring that taxi drivers are encouraged to work late at night but that the public do not perceive taxis as unaffordable and therefore more likely to use unlicensed and unsafe alternatives.

Increasing the minimum fare but not increasing Tariff 3 could potentially benefit passengers using taxis late at night as the Tariff 3 rate is already the most expensive. The night time tariff rate (Tariff 3) remains the highest tariff rate and so it is envisaged that drivers would still be able to cover their operating costs and maintain earnings assuming that there continues to be a demand to use taxis late at night.

There are suggestions that some passengers are deterred from using a taxi late at night due to the cost, which has an impact on drivers if there are fewer passengers willing to use taxis when Tariff 3 applies.

Increasing the fixed fares from Euston Station (with the exception of the fare for journeys from Euston Station to Lords Cricket Ground) by 50 pence is not envisaged to have any associated crime or disorder impacts as the increases are relatively small and passengers who choose not to use a taxi have a wide range of alternative travel options.

No crime and disorder impacts from extending the fuel charge arrangement or adding fares for six passengers sharing to the shared taxi conversion table have been identified.

Requiring all new card payment devices to accept American Express would have a positive impact as passengers who wish to pay by American Express can be confident that all taxis will accept this and so they will not need to carry extra money or go to a cashpoint, although this will not be a mitigation for increases to taxi fares.

Public Sector Equality Duty

All of the protected characteristic groups will be affected by increases to the minimum fare, Tariff 1 and Tariff 2.

However, the proposed new minimum fare (£3.00) is felt to still be relatively low and the increases to Tariff 1 and 2 are below the Cost Index figure and inflation. Furthermore, these increases are part of a wider package of changes which include freezing Tariff 3 and the tariff rate for longer journeys and all groups will benefit from these tariffs being frozen.

Taxis are heavily used by disabled and elderly residents and visitors to London. Disabled residents in London are eligible for subsidised taxi journeys under the Taxicard scheme which provides a door-to-door service.

Elderly and disabled taxi passengers will be affected by any increase to the minimum fare and Tariffs 1 and 2, as this will result in higher taxi fares. They could also be affected by adding additional items to the Cost Index, such as card payment transaction costs, as this could increase taxi fares.

Any increase to taxi fares could mean that unless the Taxicard subsidy increases or Taxicard members are able to pay more towards fares then they will not be able to travel as much. The new Taxicard contract starts on 1 October 2018 and the contract sets out fixed fares which will be charged for Taxicard journeys, instead of these being based on the metered fare. Introducing the changes to fares and tariffs as close to the start date of the new contract should mitigate the impact of the proposed increases on Taxicard members as they will only pay the higher fares for a short period before the new fixed fares come into effect.

Elderly residents are likely to have a Freedom Pass and so potentially they will be able to use other forms of public transport free of charge. However, not all other transport services provide a fully accessible door-to-door service that may be essential for some elderly travellers.

Some other disabled travellers may also be able to travel for free on the bus or Tube but again these services do not provide a door-to-door service that may be essential.

Some residents may be eligible to use the Dial-a-Ride service which does provide a door-to-door service and accessible vehicles.

A meeting with the Independent Disability Advisory Group (IDAG) will be sought to update them on the changes to taxi fares and tariffs, and to discuss possible

measures to mitigate the impact of increasing fares and any comments or suggestions they have on fares and tariffs in general.

An updated 'Travel in London: understanding our diverse communities' report is currently being prepared and is expected to be published in October 2018. Once available this will be used to review how often elderly and disabled passengers are using taxis and if there has been any significant changes in usage.

The 2015 report found that:

- (a) Use of the TfL website declines with age: 47 per cent of Londoners aged 65 and over access the TfL website compared with 78 per cent of all Londoners. Older Londoners who do visit the website do so less frequently than all Londoners.
- (b) Similarly, a much lower proportion of older Londoners aged 65 and over use a smartphone than all Londoners (25 per cent compared with 77 per cent).
- (c) Internet use is lower among disabled Londoners (76 per cent compared with 93 per cent of non-disabled Londoners) and disabled people are also less likely to use the TfL website (54 per cent for disabled Londoners compared with 81 per cent for non-disabled Londoners).
- (d) Disabled Londoners are less likely to own a smartphone than non-disabled Londoners (44 per cent compared with 80 per cent).

This may mean that alternative measures, rather than just the TfL website, will need to be used to provide information to elderly and disabled taxi passengers on the TfL Travel Mentoring and Dial-a-Ride services or alternative services to taxis if they find these unaffordable.

Elderly and disabled taxi passengers would be affected by increases to the Heathrow Extra and fixed fares from Euston Station, as both will result in higher fares for certain taxi journeys (i.e. from the airport taxi ranks or during the times the Euston Station fixed fare, shared taxi schemes operate).

No other significant impacts have been identified for members of other protected groups include those who have undergone gender reassignment, people who are married or in a civil partnership, women who are pregnant or have given birth or persons who are in a protected group on grounds of race, religion or beliefs, sex or sexual orientation.

Health and Safety

No significant implications for health and safety have been identified.

Environmental Sustainability

The majority of taxis are diesel and so contribute to poor air quality issues in London. However, from 1 January 2018 all newly licensed taxis must be ZEC and this is in addition to the existing age limit for taxis.

The costs associated with operating a ZEC taxi in London are being reviewed separately.

Allowing an extra charge to be added to fares in the event of a significant increase in diesel prices could be seen as an incentive for drivers to continue to use diesel taxis or a disincentive to switch to a ZEC taxi. However, it is not believed that this provision will have a major impact on whether drivers start using ZEC taxis as there are other factors which are more important (e.g. vehicle costs, fuel savings).

No other significant environmental implications have been identified.

MD No.	Subject, Summary and Mayoral Decision
MD2189 06/11/17	<p data-bbox="353 268 779 300">January 2018 Fare Changes</p> <p data-bbox="353 343 504 375">Summary</p> <p data-bbox="353 379 2011 523">The Mayor is committed to delivering a more affordable transport service by freezing TfL fares over the next three years. The Direction sets out how the Mayor’s commitment will be implemented from 2 January 2018, with a freeze in all TfL bus and Tube fares, a freeze in fares on all other rail services in London where Tube fares apply, and the protection of all TfL fare concessions.</p> <p data-bbox="353 563 488 595">Decision</p> <p data-bbox="353 600 519 632">The Mayor:</p> <ul style="list-style-type: none"> <li data-bbox="353 639 1953 671">(i) Approves the proposed revisions to fares to be implemented from 2 January 2018 as set out below; and <li data-bbox="353 676 1895 746">(ii) Directs TfL, pursuant to the power in section 155 (1)(c) of the Greater London Authority Act 1999, to implement these fares on 2 January 2018 (as set out at Appendix 2).
MD2183 12/12/17	<p data-bbox="353 810 1435 842">Direction to TfL concerning its Affordable Housing Programme 2017/18</p> <p data-bbox="353 882 504 914">Summary</p> <p data-bbox="353 919 2020 1062">The Mayor is committed to increasing the proportion of new homes that are affordable, to the benefit of local communities and the economy. He is prioritising affordable homes delivery on surplus or under-utilised land owned by the GLA Group. TfL has a programme for housing delivery on its surplus sites and its 2017/18 Business Plan includes a target of 50 per cent affordable homes by habitable room across its programme.</p> <p data-bbox="353 1102 488 1134">Decision</p> <p data-bbox="353 1139 2020 1209">The Mayor directs TfL in relation to the disposal or development of its land in 2017/18 in the form at Appendix A to this decision form.</p>

MD No.	Subject, Summary and Mayoral Decision
MD2335 07/08/18	<p data-bbox="353 268 1312 300">Direction to TfL concerning its Affordable Housing Programme</p> <p data-bbox="353 344 506 376">Summary</p> <p data-bbox="353 379 2020 596">The Mayor is committed to increasing the proportion of new homes that are affordable, to the benefit of local communities and the economy. He is prioritising affordable homes delivery on surplus or under-utilised land owned by the GLA Group. TfL shares the Mayor’s commitment to delivering affordable housing - targeting 50 per cent affordable in both its business plan and within the Mayor’s Transport Strategy. TfL has a programme for housing delivery on its surplus sites and TfL’s Business Plan includes a target of 50 per cent affordable homes by habitable room across its programme.</p> <p data-bbox="353 641 488 673">Decision</p> <p data-bbox="353 676 2020 743">The Mayor directs TfL in relation to the disposal or development of its land in 2018/19 in the form at Appendix A to this decision form.</p>
MD2326	<p data-bbox="353 810 922 842">TfL’s Construction Skills Programme</p> <p data-bbox="353 887 658 919">Executive summary</p> <p data-bbox="353 922 2020 1177">TfL is in the process of developing a construction training programme that can be utilised by construction industry partners to meet the skills needs both on its own Property Development Programme and across a number of partner boroughs. To support this, TfL is seeking to establish a Mayor’s Construction Academy hub and bidding for additional Government funds to provide both capital and revenue investment into skills. As TfL does not have the legal powers to provide training for third parties unrelated to its primary transport activities, a delegation of Mayoral powers under section 30 of the GLA Act 1999 was required to enable it to coordinate the delivery of housing construction-related training by partner training organisations.</p> <p data-bbox="353 1222 488 1254">Decision</p> <p data-bbox="353 1257 658 1289">The Mayor approves:</p> <ol data-bbox="353 1292 2020 1401" style="list-style-type: none"> 1. A delegation, under section s38(1) of the Greater London Authority Act 1999 as amended (“the GLA Act”), to TfL to exercise the GLA’s functions under sections 30 and 34(1) of the GLA Act to do anything that TfL considers necessary or expedient for the purposes of the coordinating the provision of skilled construction training in Greater London by

MD No.	Subject, Summary and Mayoral Decision
	partner training organisations. 2. That, in the event of a successful bid(s) by TfL for capital or revenue grant funding for the purposes outlined in the attached delegation, the granting of such funds by the GLA to TfL under section 120 and/ or 121 of the GLA Act.

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Finance Committee

Date: 17 October 2018

Item: Finance Report – Period 6, 2018/19

This paper will be considered in public

1 Summary

- 1.1 The Finance Report sets out TfL's financial results for Period 6, 2018/19 – the year-to-date period ending 15 September 2018.

2 Recommendation

- 2.1 **The Committee is asked to note the Finance Report.**

3 Financial Reporting to the Board and Committees

Finance Report – Period 6, 2018/19

- 3.1 In response to feedback from a number of stakeholders, the Finance Report has been changed. The objective is to provide this information in a consistent and transparent way so that the progress and financial performance of the business become much clearer.
- 3.2 Year-to-date performance is shown against budget, as well as year-on-year and focusses on four key areas of our financial performance: the operating account, passenger journeys, the capital account and cash balances.

Results Presentation

- 3.3 Accompanying the Finance Report is a presentation which will be presented to the Committee.

Quarterly Performance Report – Quarter 1, 2018/19

- 3.4 Since the last Committee meeting, the Quarterly Performance Report for Quarter 1 has been published online. This report shows TfL's results for year-to-date period ending 23 June 2018. The report can be viewed at:

<https://tfl.gov.uk/corporate/publications-and-reports/quarterly-progress-reports>

List of appendices to this report:

- Appendix 1: Finance Report – Period 6, 2018/19
Appendix 2: Finance Report Presentation

List of Background Papers:

None

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Transport for London finance report

Period 6 2018/19

MAYOR OF LONDON



**TRANSPORT
FOR LONDON**
EVERY JOURNEY MATTERS

About Transport for London (TfL)

Part of the Greater London Authority family led by Mayor of London Sadiq Khan, we are the integrated transport authority responsible for delivering the Mayor's aims for transport.

We have a key role in shaping what life is like in London, helping to realise the Mayor's vision for a 'City for All Londoners'. We are committed to creating a fairer, greener, healthier and more prosperous city. The Mayor's Transport Strategy sets a target for 80 per cent of all journeys to be made on foot, by cycle or using public transport by 2041. To make this a reality, we prioritise health and the quality of people's experience in everything we do.

We manage the city's red route strategic roads and, through collaboration with the London boroughs, can help shape the character of all London's streets. These are the places where Londoners travel, work, shop and socialise. Making them places for people to walk, cycle and spend time will reduce car dependency and improve air quality, revitalise town centres, boost businesses and connect communities.

We run most of London's public transport services, including the London Underground, London Buses, the DLR, London Overground, TfL Rail, London Trams, London River Services, London Dial-a-Ride, Victoria Coach Station, Santander Cycles and the Emirates Air Line. The quality and accessibility of these services is fundamental to Londoners' quality of life. By improving and expanding public transport, we can make people's lives easier and increase the appeal of sustainable travel over private car use.

We are moving ahead with many of London's most significant infrastructure projects, using transport to unlock growth. We are working with partners on major projects like Crossrail 2 and the Bakerloo line extension that will deliver the new homes and jobs London and the UK need. We are in the final phases of completing the Elizabeth line which, when it opens, will add 10 per cent to London's rail capacity.

Supporting the delivery of high-density, mixed-use developments that are planned around active and sustainable travel will ensure that London's growth is good growth. We also use our own land to provide thousands of new affordable homes and our own supply chain creates tens of thousands of jobs and apprenticeships across the country.

We are committed to being an employer that is fully representative of the community we serve, where everyone can realise their potential. Our aim is to be a fully inclusive employer, valuing and celebrating the diversity of our workforce to improve services for all Londoners.

We are constantly working to improve the city for everyone. This means freezing TfL fares so everyone can afford to use public transport, using data and technology to make services intuitive and easy to use, and doing all we can to make streets and transport services accessible to all. We reinvest every penny of our income to continually improve transport networks for the people who use them every day.

None of this would be possible without the support of boroughs, communities and other partners who we work with to improve our services. We all need to pull together to deliver the Mayor's Transport Strategy; by doing so we can create a better city as London grows.

Contents

4 Operating account

5 Passenger journeys

6 Capital account

7 Cash

The financial information included in the report is unaudited and does not constitute TfL's statutory accounts. TfL's last audited **Statement of Accounts** for the year ended 31 March 2018 was published in July 2018.

All figures within the financial tables have been rounded to the nearest million.

Management results

Operating account

Period 6 year to date – 01 April to 15 September 2018

(£m)	Year to date				Year on year		
	Actuals	Budget	Variance to budget	% variance to budget	2017/18 actuals	Variance	% variance
Passenger income	2,171	2,157	14	1%	2,133	38	2%
Other operating income	368	365	3	1%	322	46	14%
Total operating income	2,539	2,522	17	1%	2,455	84	3%
General grant	-	-	-	0%	105	(105)	-100%
Business rates retention	417	417	-	0%	376	41	11%
Other revenue grants	29	38	(9)	-24%	26	3	12%
Total income	2,985	2,977	8	0%	2,962	23	1%
Operating costs	(2,815)	(2,928)	113	-4%	(2,752)	(63)	2%
Net operating surplus	170	49	121	247%	210	(40)	-19%
Capital renewals	(179)	(230)	51	-22%	(233)	54	-23%
Net cost of operations before financing	(9)	(181)	172	-95%	(23)	14	-61%
Net financing costs	(205)	(216)	11	-5%	(194)	(11)	6%
Net cost of operations	(214)	(397)	183	-46%	(217)	3	-1%

Year-to-date net operating surplus is £121m better than budget and the net cost of operations is £183m better

- Passenger income is £14m above budget and £38m above last year. This reflects a small improvement in London Underground customer demand, while there has been a reduction in Buses off-peak travel
- Operating costs are £113m below budget. There are underlying cost savings of £60m and timing differences account for a further £53m, with the spend forecast to be incurred at a later date

Passenger journeys

Year to date

1,812m total journeys 1,825m budget 1,829m prior year



London Underground

620m

1.2%▲
budget

0.2%▲
prior year



Buses

1,013m

1.9%▼
budget

1.9%▼
prior year



DLR

56m

1.7%▼
budget

0.7%▼
prior year



London Overground

86m

1.4%▼
budget

1.3%▼
prior year



London Trams

13m

2.4%▼
budget

0.6%▼
prior year



TfL Rail

24m

3.9%▲
budget

16.4%▲
prior year

Capital account

(£m)	Year to date				Year on year		
	Actuals	Budget	Variance to budget	% variance to budget	2017/18 actuals	Variance	% variance
New capital investment	(689)	(822)	133	-16%	(571)	(118)	21%
Crossrail	(669)	(370)	(299)	81%	(674)	5	-1%
Total capital expenditure	(1,358)	(1,192)	(166)	14%	(1,245)	(113)	9%
Financed by:							
Investment grant	429	429	-	0%	422	7	2%
Third-party contributions	18	22	(4)	-18%	38	(20)	-53%
Property and asset receipts	1	16	(15)	-94%	16	(15)	-94%
Borrowing	335	857	(522)	-61%	376	(41)	-11%
Crossrail funding sources	66	166	(100)	-60%	61	5	8%
Other capital grants	78	96	(18)	-19%	88	(10)	-11%
Total	927	1,586	(659)	-42%	1,001	(74)	-7%
Net capital account	(431)	394	(825)	-209%	(244)	(187)	77%

Cash

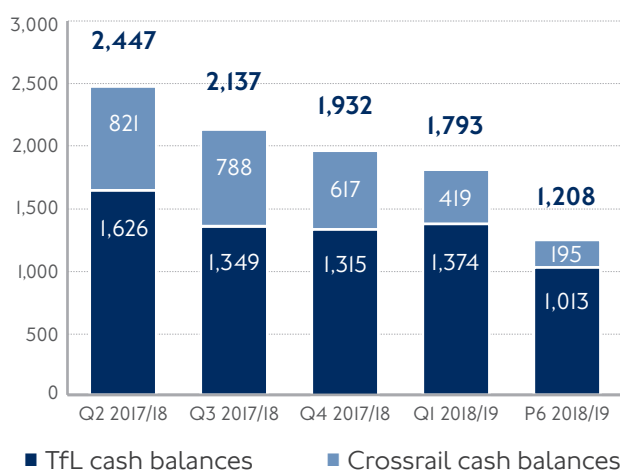
Cash flow summary

(£m)	Year to date			
	Actuals	Budget	Variance	% variance
Net cost of operations	(214)	(397)	183	-46%
Net capital account	(431)	394	(825)	-209%
Working capital movements	(79)	(271)	192	-71%
Decrease in cash balances	(724)	(274)	(450)	

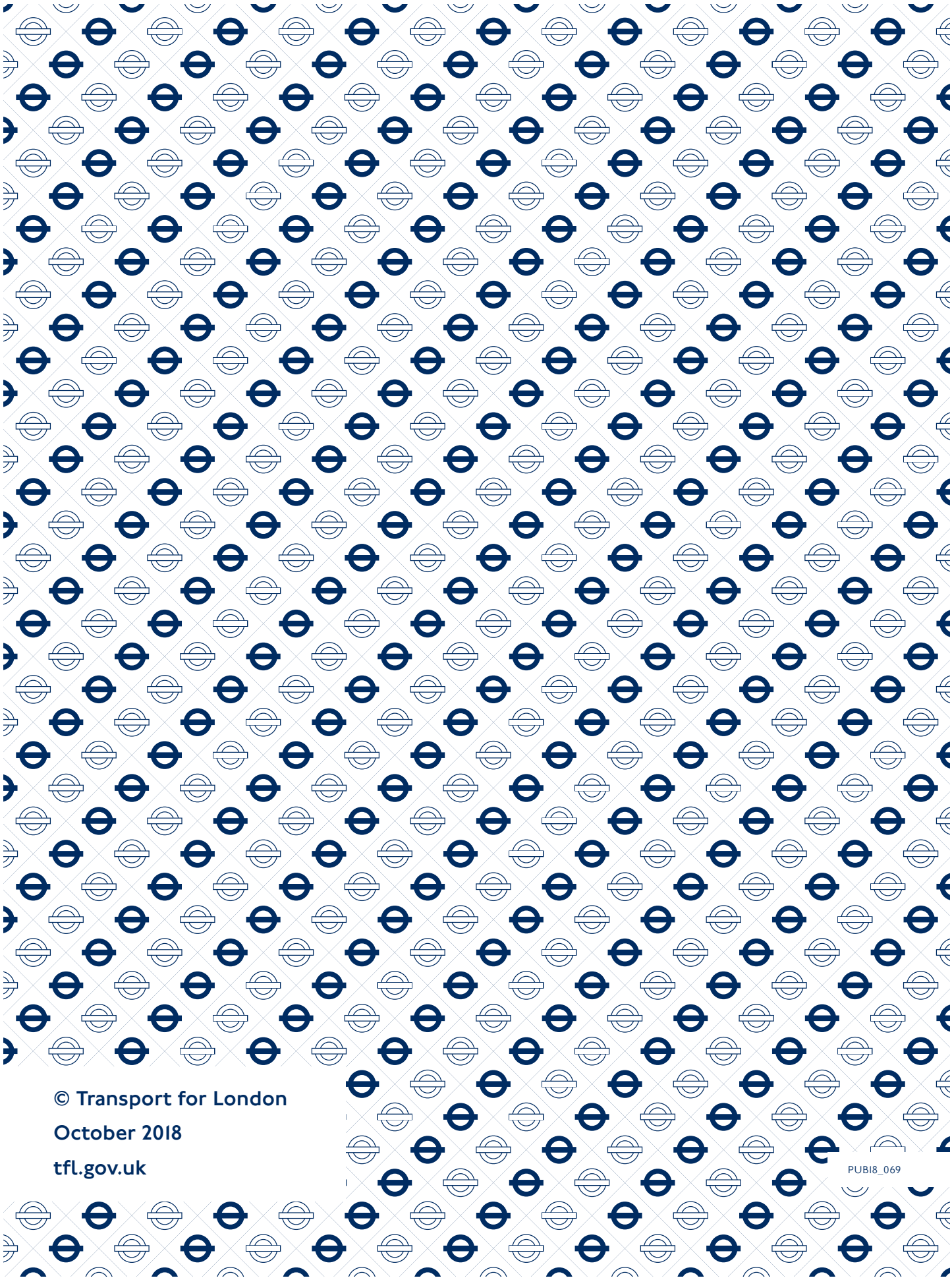
Cash balances

(£m)	2018/19 opening cash	YTD movement	Period 6 closing cash	Budget closing cash	Variance to budget
TfL cash balances	1,315	(302)	1,013	1,295	(282)
Crossrail cash balances	617	(422)	195	363	(168)
Total	1,932	(724)	1,208	1,658	(450)

Cash balances (£m)



- Cash balances are £1,208m - £724m lower than at the start of the year
- The decrease in cash balances against budget is a result of planned borrowings being drawn down later than expected



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Finance Committee

Finance Report

Period 6 2018/19

17 October 2018
Simon Kilonback

Page 73



Summary and outlook

Summary

- The trends reported at the end of the first quarter continued, with London Underground performing slightly better than budget, offset by lower income on buses
- Operating costs continue to outperform budget through a combination of earlier delivery of our savings programmes and timing differences
- Net cost of operations ahead of budget, but slightly worse than 2017/18, reflecting loss of general grant

Outlook

- The economic environment remains very subdued
- Our focus on cost control will drive further efficiencies and we are looking to generate additional revenue
- As a result, we expect to outperform our 2018/19 budget in challenging conditions



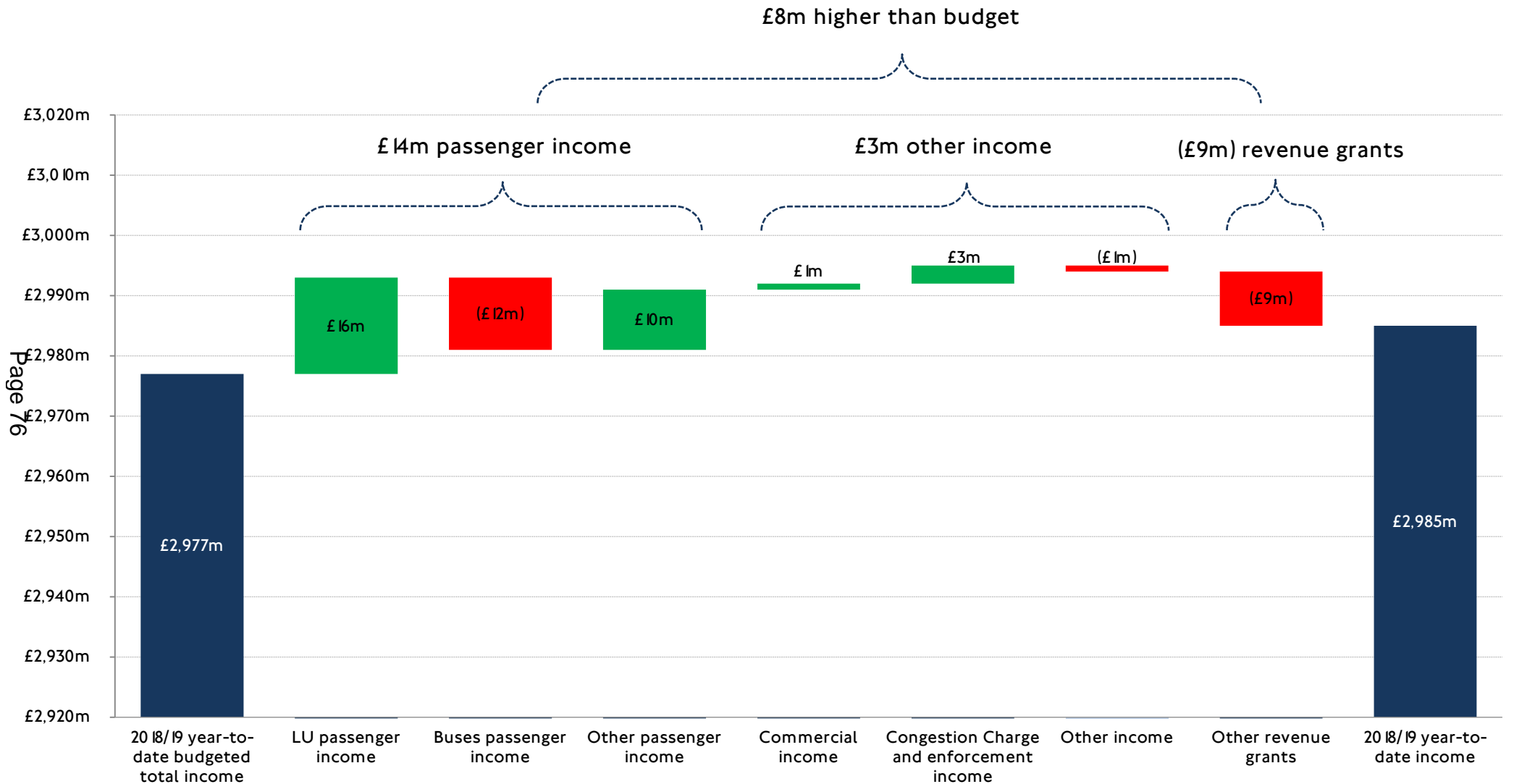
Performance against 2018/19 budget

Key figures - Operating account

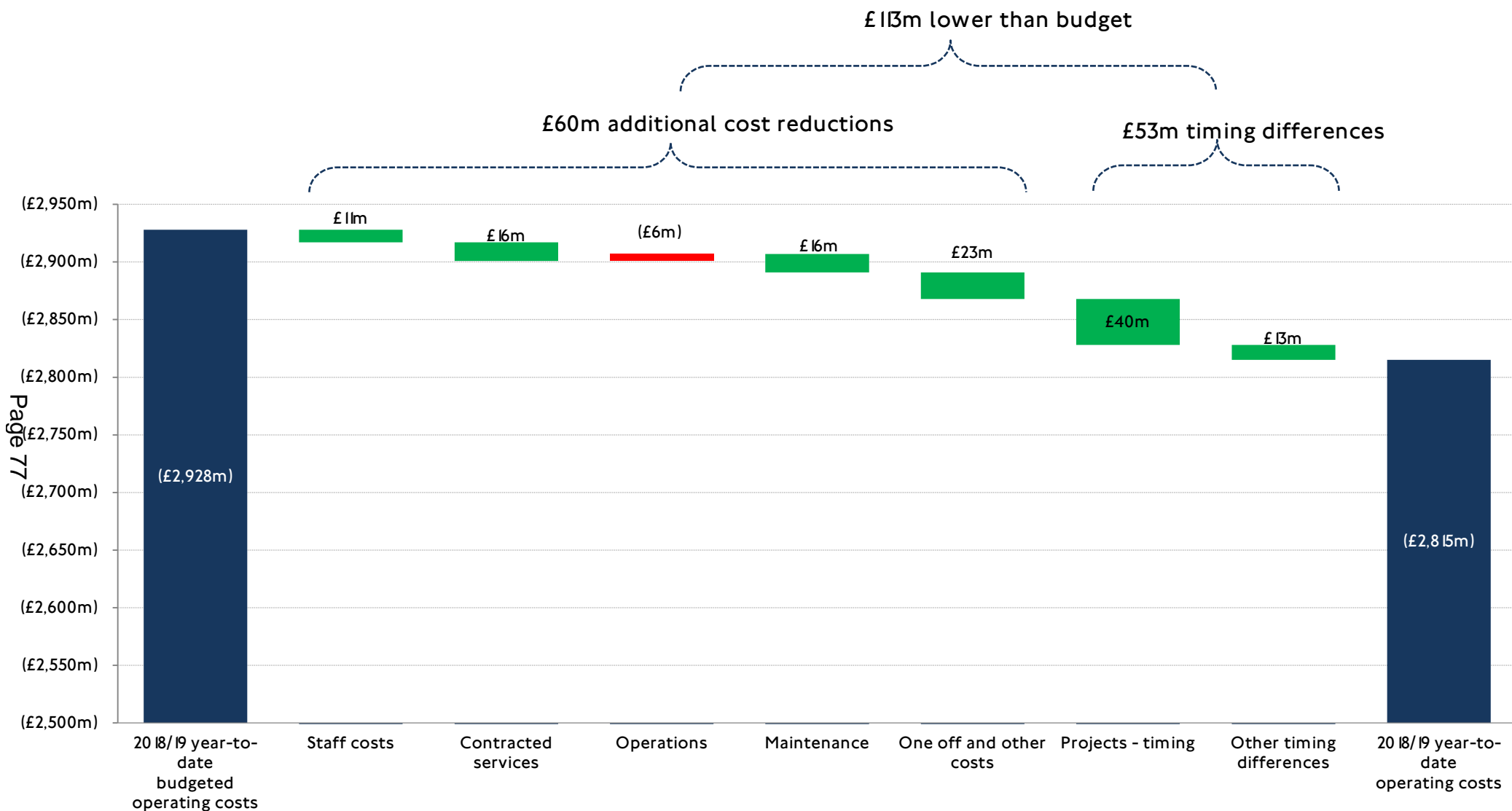
£m	Year to date, 2018/19				Year to date, 2017/18		
	Results	Budget	Variance to Budget	% variance to Budget	Last year results	Variance to last year	% variance to last year
Passenger income	2,171	2,157	14	1%	2,133	38	2%
Other operating income	368	365	3	1%	322	46	14%
Total operating income	2,539	2,522	17	1%	2,455	84	3%
Total revenue grants	446	455	(9)	-2%	507	(61)	-12%
Total income	2,985	2,977	8	0%	2,962	23	1%
Operating costs	(2,815)	(2,928)	113	-4%	(2,752)	(63)	2%
Net operating surplus	170	49	121	247%	210	(40)	-19%



Total income



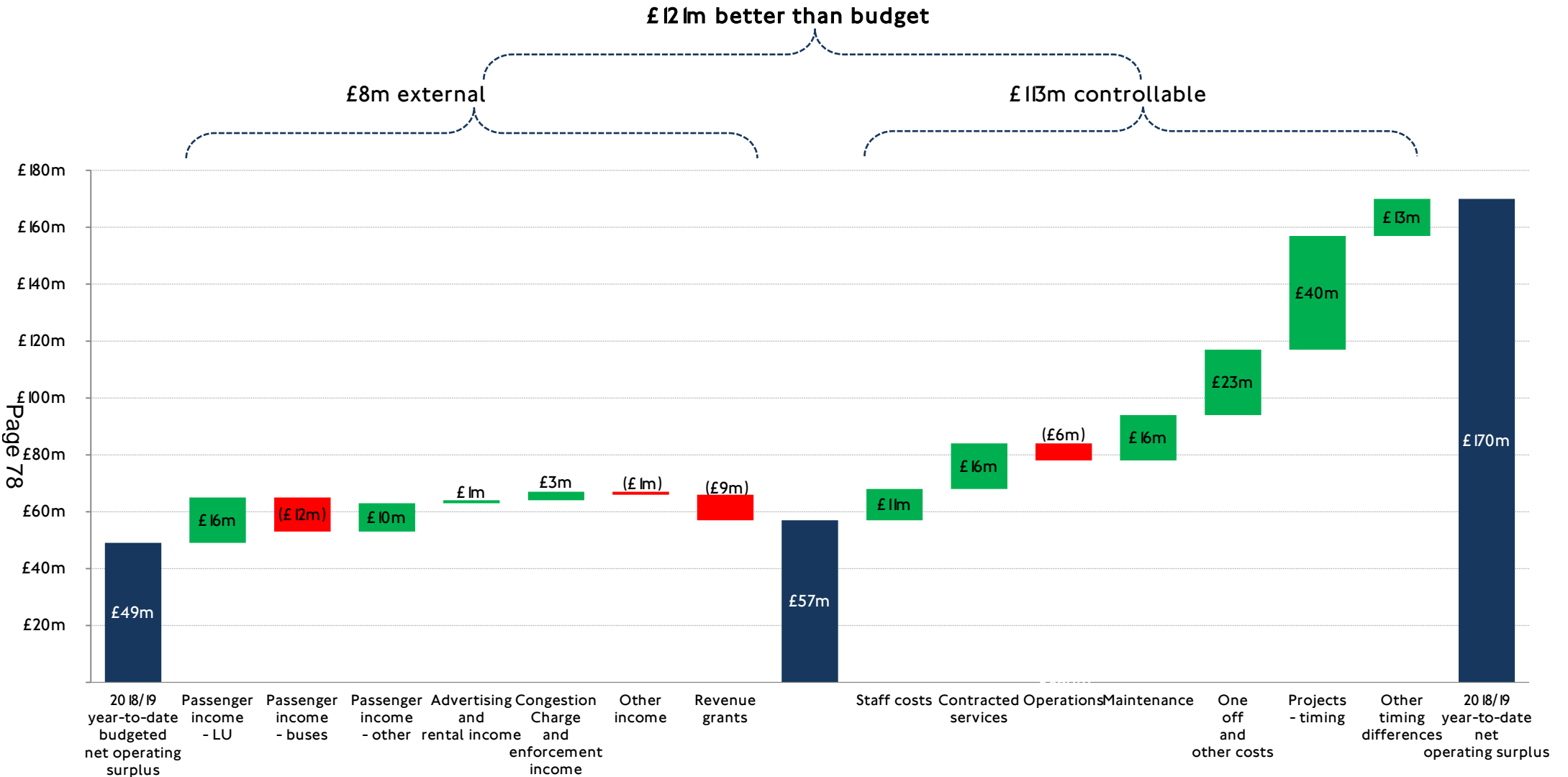
Operating costs



Page 77



Net operating surplus



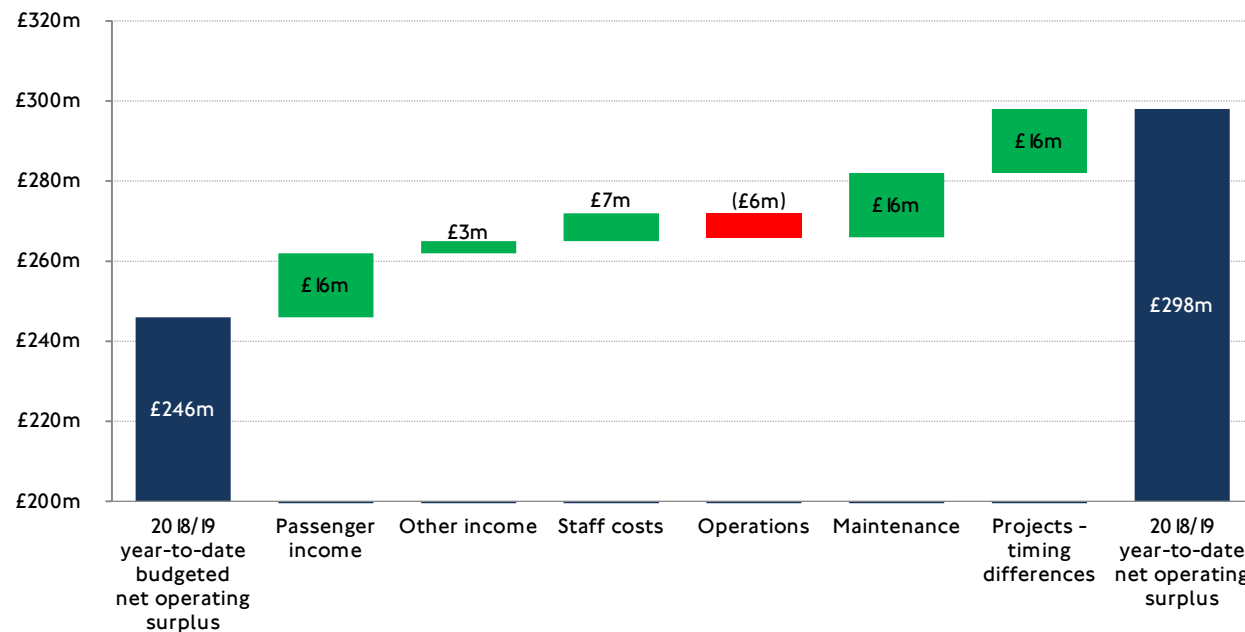
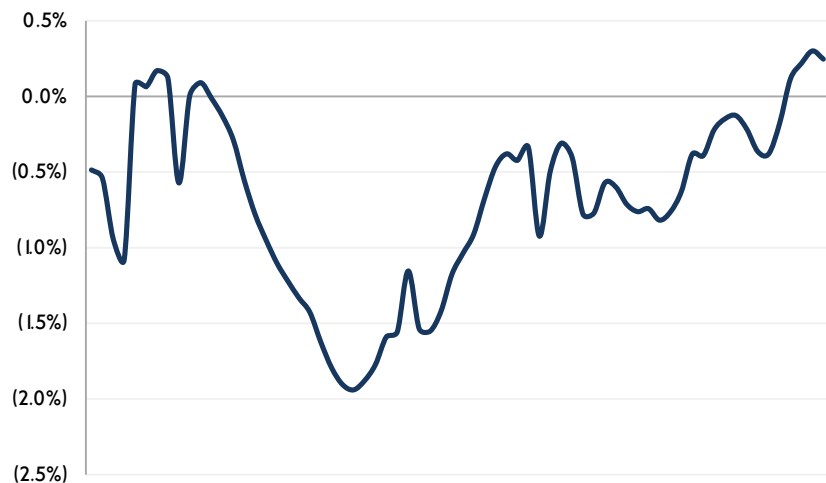
London Underground : delivering £2bn railway through robust cost controls

	Year to date, 2018/19				2017/18		
	Results	Budget	Variance to Budget	% variance to Budget	Last year results	Variance to last year	% variance to last year
Passenger income	1,235	1,219	16	1%	1,206	29	2%
Other operating income	10	7	3	43%	12	(2)	-17%
Total operating income	1,245	1,226	19	2%	1,218	27	2%
Operating costs	(947)	(980)	33	-3%	(949)	2	0%
Direct operating surplus	298	246	52	21%	269	29	11%

Page 79

U underlying demand: 12-week moving annual average

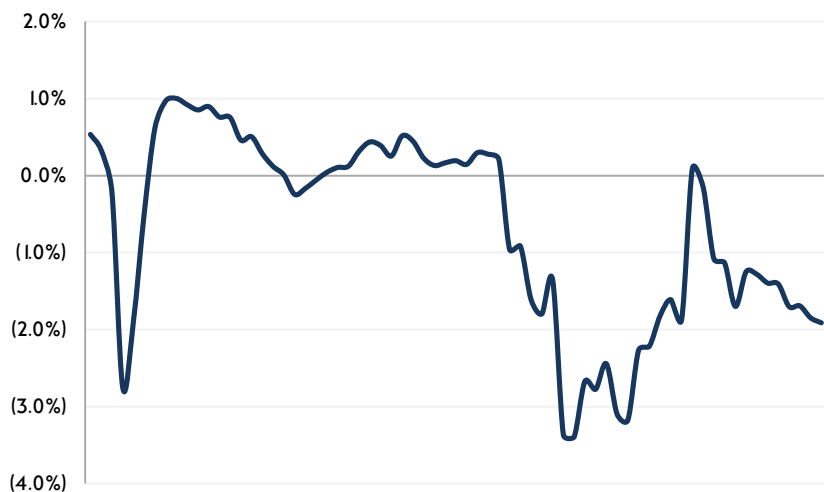
Underlying demand continues to improve and is now up by 0.2%



Buses: year-on-year costs flat, continued challenge on passenger growth

£m	Year to date, 2018/19				2017/18		
	Results	Budget	Variance to Budget	% variance to Budget	Last year results	Variance to last year	% variance to last year
Passenger income	670	682	(12)	-2%	670	-	0%
Other operating income	6	5	1	20%	6	-	0%
Total operating income	676	687	(11)	-2%	676	-	0%
Direct operating costs	(968)	(971)	3	0%	(970)	2	0%
Direct operating deficit	(292)	(284)	(8)	3%	(294)	2	-1%

Page 80
 Buses underlying demand: 12-week moving annual average
 Underlying 12-week average down 1.9% from last year

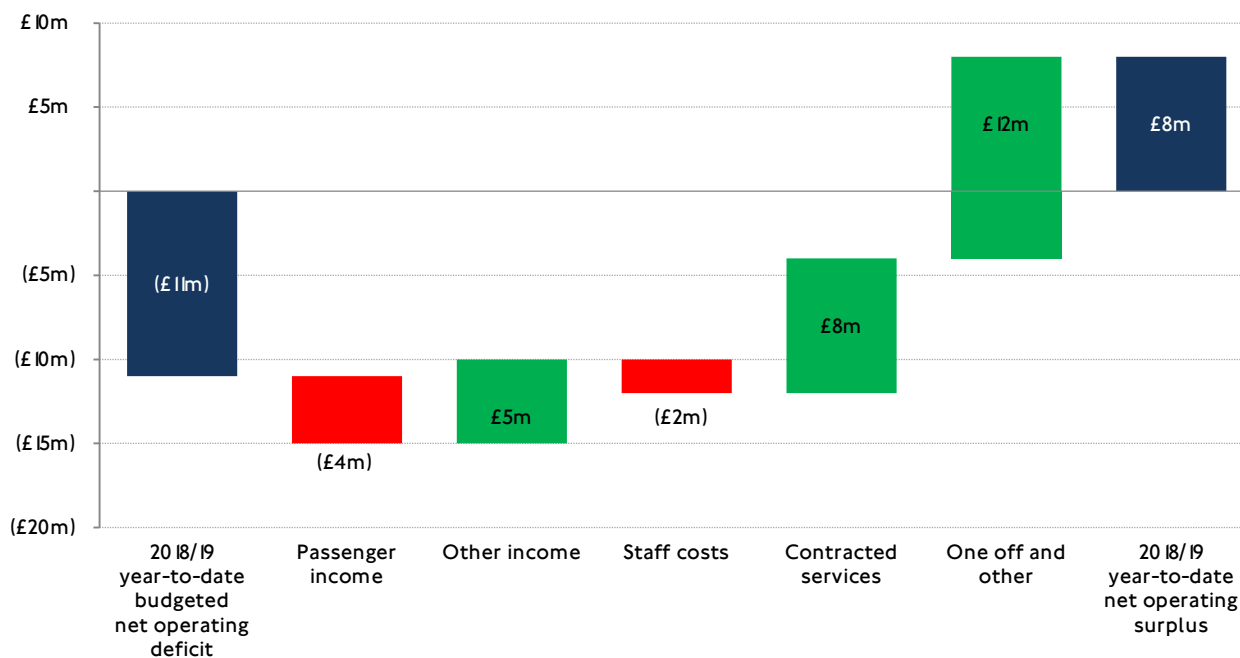


Rail services: surplus driven by one-off cost upside

£m	Year to date, 2018/19				2017/18		
	Results	Budget	Variance to Budget	% variance to Budget	Last year results	Variance to last year	% variance to last year
Passenger income	194	198	(4)	-2%	192	2	1%
Other operating income	13	8	5	63%	2	11	550%
Total operating income	207	206	1	0%	194	13	7%
Direct operating costs	(199)	(217)	18	-8%	(194)	(5)	3%
Direct operating surplus/ (deficit)	8	(11)	19	-173%	-	8	0%

Passenger volumes

	Year to date, 2018/19	Year to date, 2017/18	Year-on-year change
London Overground	85.8	87.9	(2.1)
DLR	55.6	56.0	(0.4)

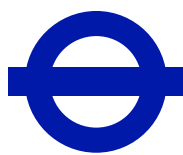
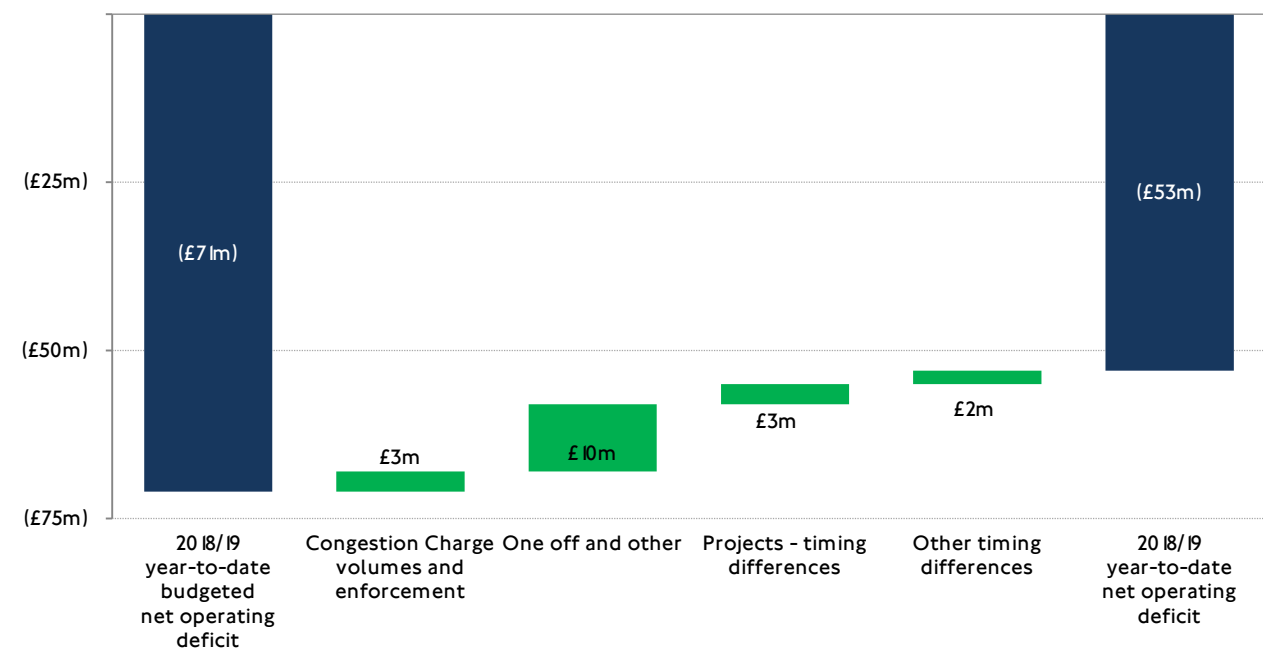
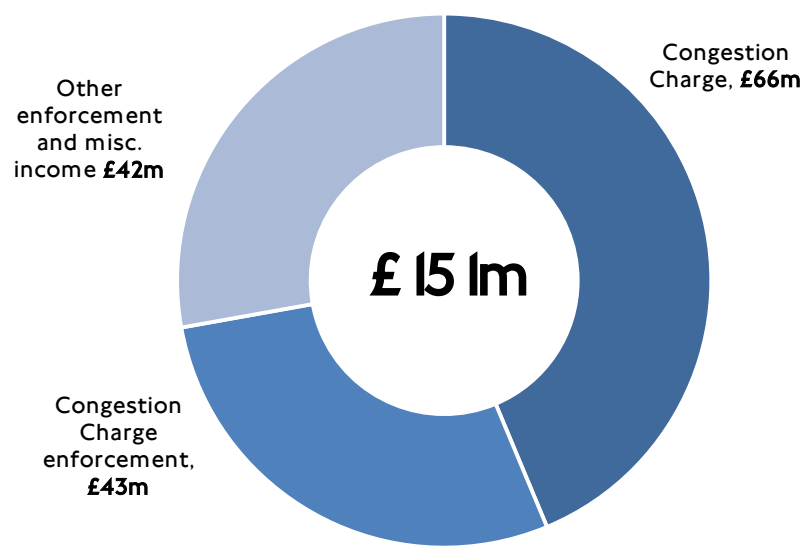


Streets: improving income, but challenging fundamentals

£m	Year to date, 2018/19				2017/18		
	Results	Budget	Variance to Budget	% variance to Budget	Last year results	Variance to last year	% variance to last year
Passenger income	-	-	-	0%	-	-	0%
Other operating income	151	148	3	2%	143	8	6%
Total operating income	151	148	3	2%	143	8	6%
Direct operating costs	(204)	(219)	15	-7%	(195)	(9)	5%
Direct operating deficit	(53)	(71)	18	-25%	(52)	(1)	2%

Page 82

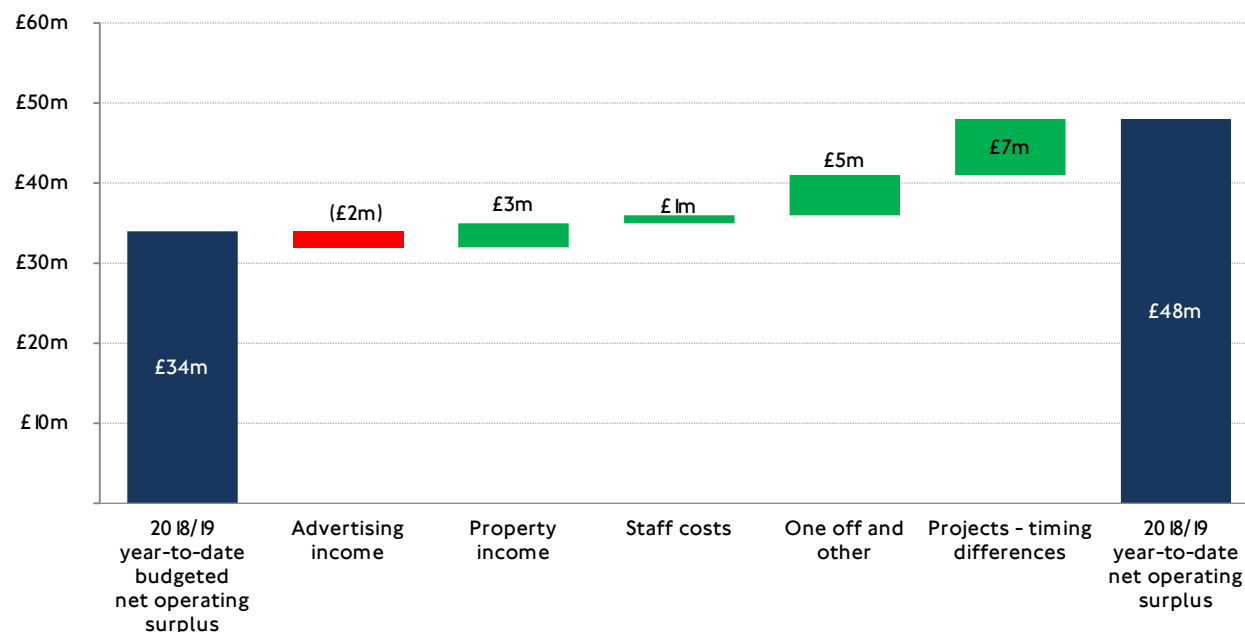
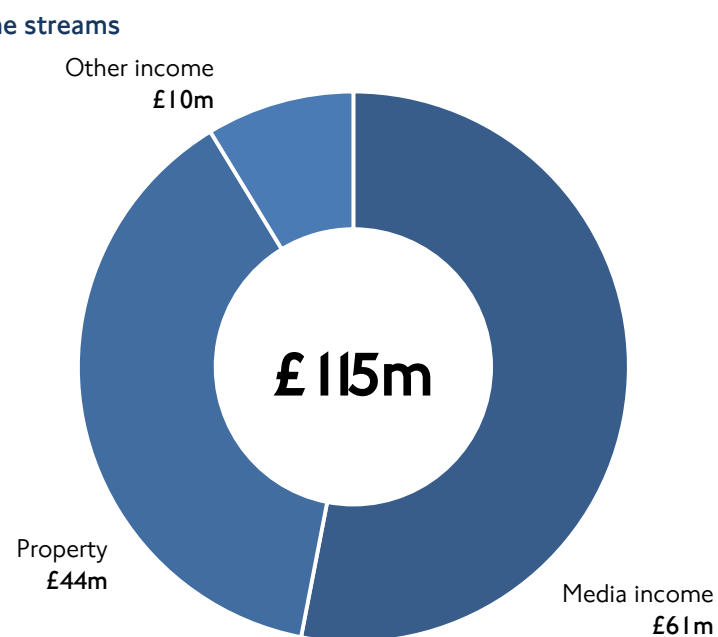
Income streams



Commercial Development: income ahead of budget and cost control

£m	Year to date, 2018/19				2017/18		
	Results	Budget	Variance to Budget	% variance to Budget	Last year results	Variance to last year	% variance to last year
Passenger income	-	-	-	0%	-	-	0%
Other operating income	115	114	1	1%	106	9	8%
Total operating income	115	114	1	1%	106	9	8%
Direct operating costs	(67)	(80)	13	-16%	(63)	(4)	6%
Direct operating surplus	48	34	14	41%	43	5	12%

Page 83



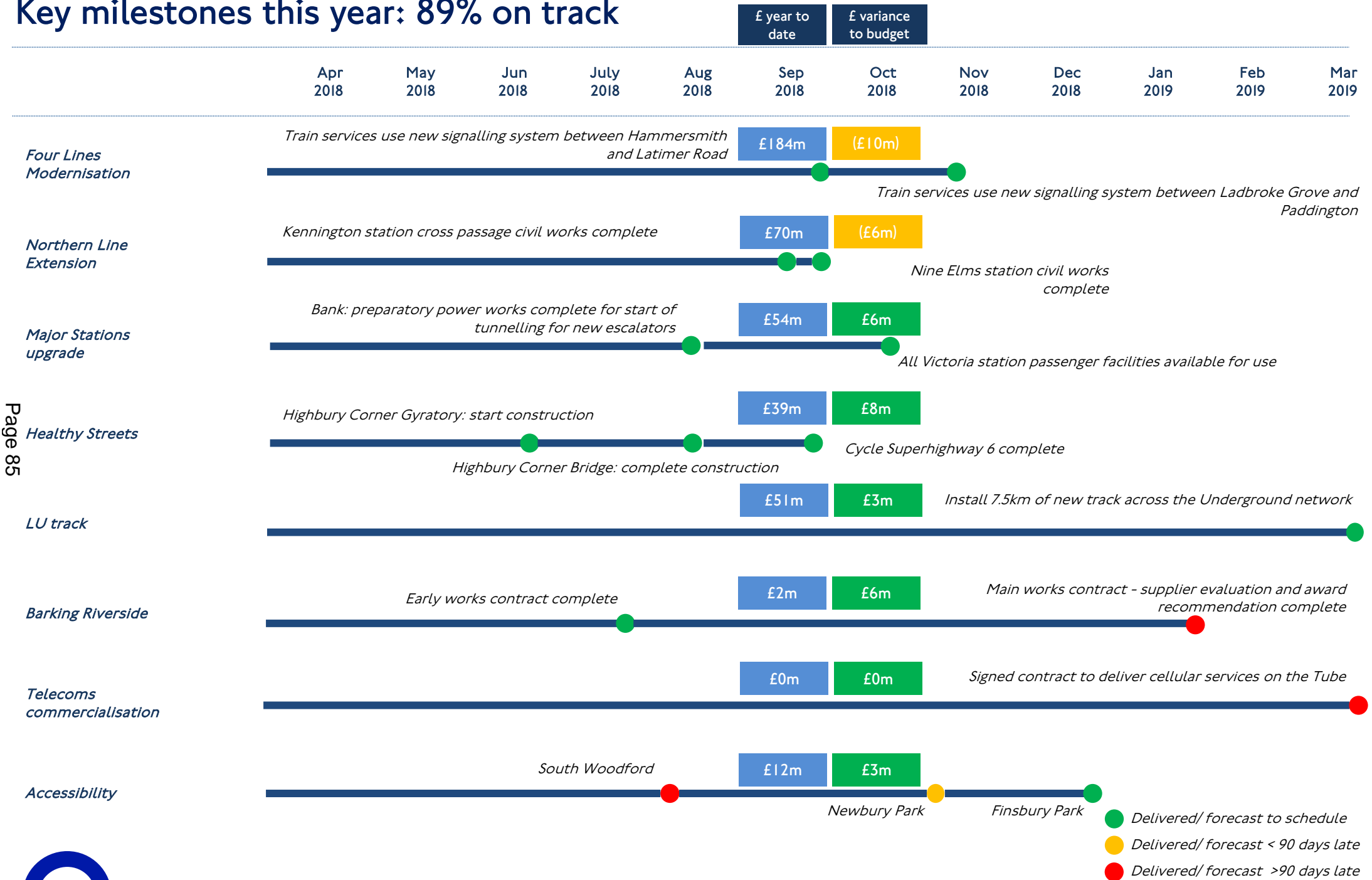
Performance against 2018/19 budget

Key figures - Capital expenditure

£m	Year to date, 2018/19				2017/18		
	Results	Budget	Variance to Budget	% variance to Budget	Last year results	Variance to last year	% variance to last year
Capital renewals	(179)	(230)	51	-22%	(233)	54	-23%
New capital investment	(689)	(822)	133	-16%	(571)	(118)	21%
Crossrail	(669)	(370)	(299)	81%	(674)	5	-1%
Total capital expenditure	(1,537)	(1,422)	(115)	8%	(1,478)	(59)	4%



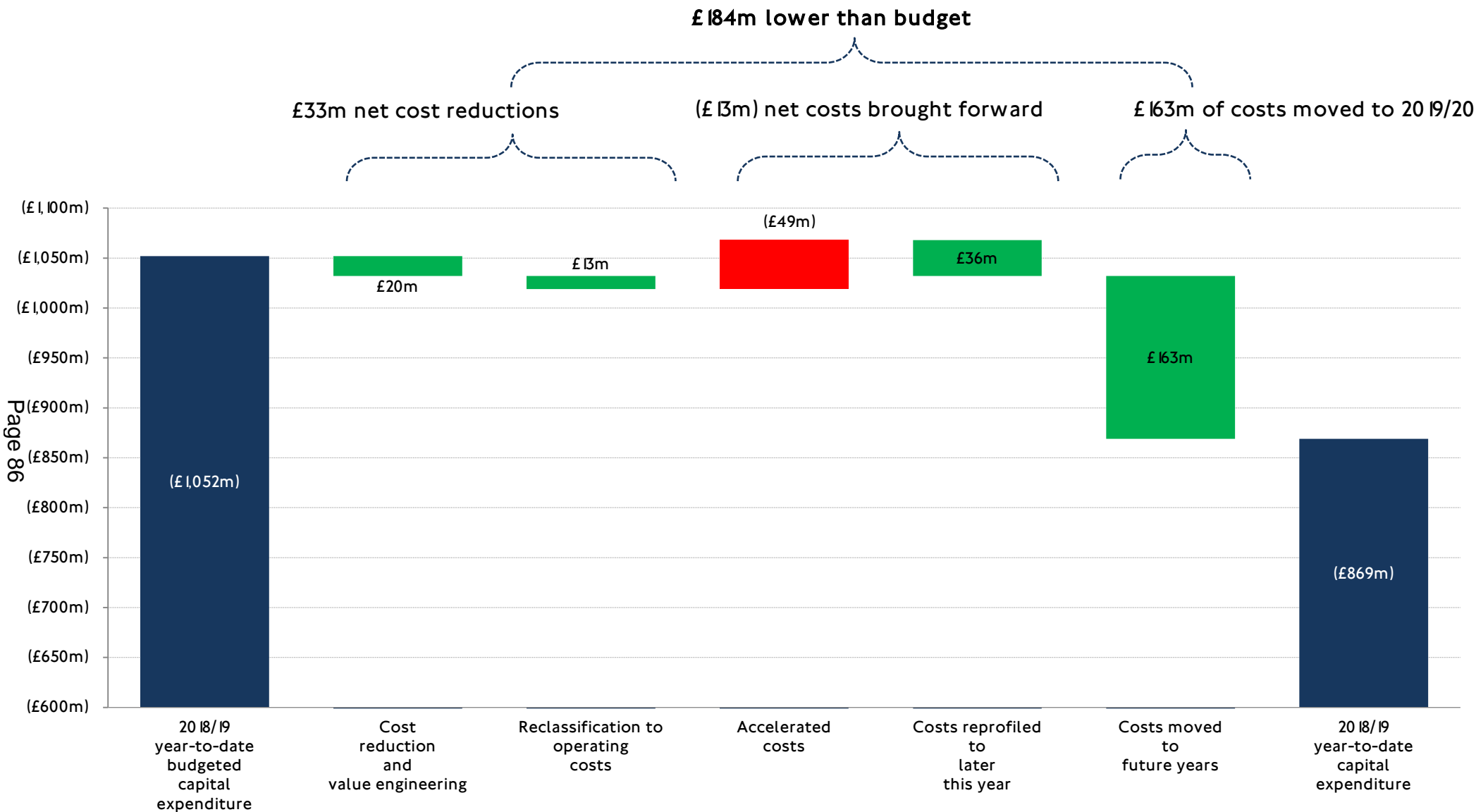
Key milestones this year: 89% on track



Page 85



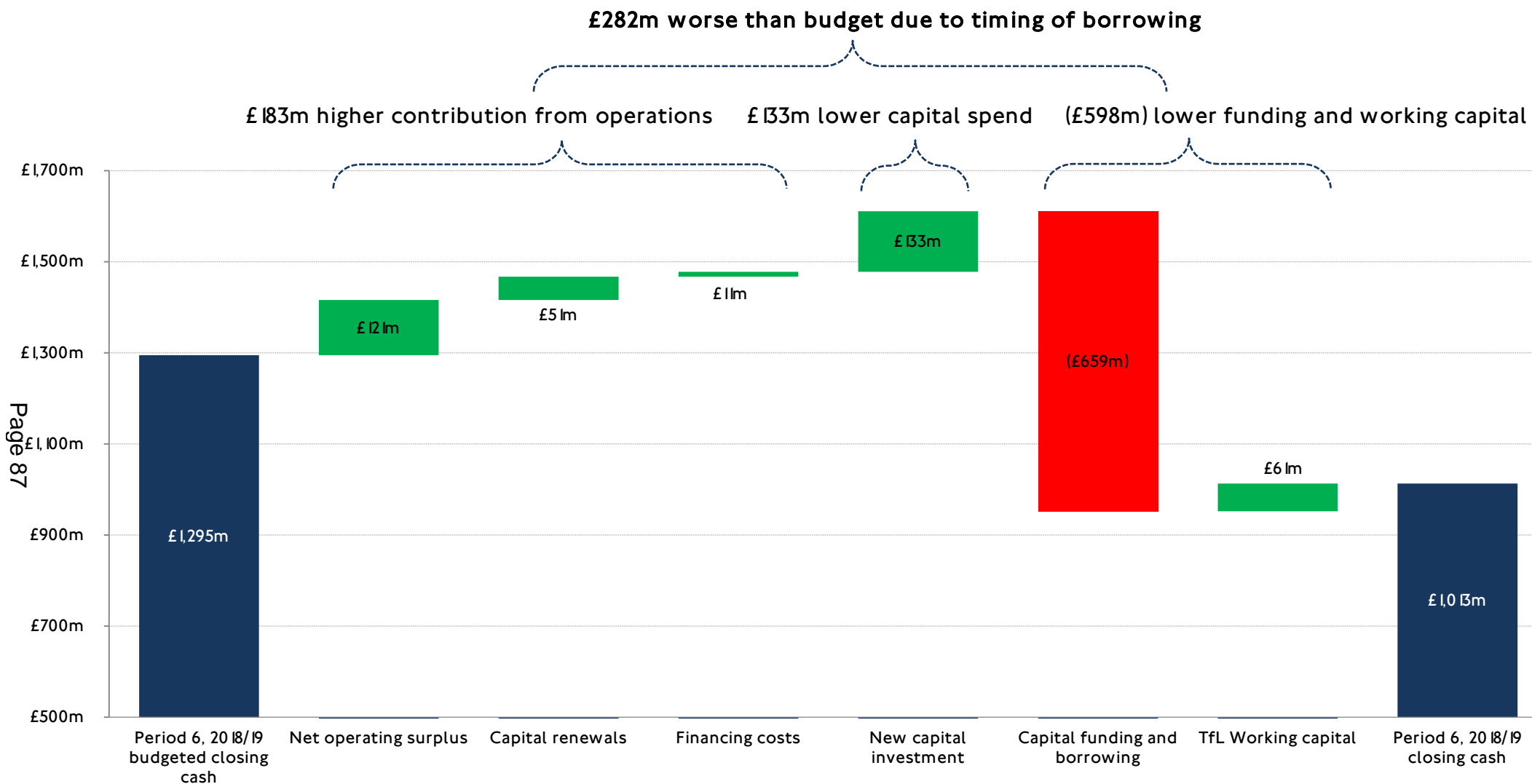
Capital expenditure (excl. Crossrail)



Page 86



TfL cash balances (excl. Crossrail)



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Finance Committee

Date: 17 October 2018

Item: Treasury Activities

This paper will be considered in public

1 Summary

- 1.1 This paper provides an update on our key treasury activities for the period from 13 June 2018 to 28 September 2018 (the Reporting Period).
- 1.2 During the Reporting Period, we have complied at all times with the Treasury Management Strategy and the Treasury Management Policies approved by the Board on 20 March 2018, including having regard to the GLA Responsible Investment Policy.
- 1.3 A paper is included on Part 2 of the agenda, which contains exempt supplemental information and documentation. The information is exempt by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972 in that it contains information relating to the financial affairs of TfL or of a sensitive nature to our listed counterparties. Any discussion of that exempt information must take place after the press and public have been excluded from this meeting.

2 Recommendation

- 2.1 **The Committee is asked to note the paper and supplementary information in part 2 of the agenda.**

3 Market Update

- 3.1 The Bank of England increased interest rates from 0.5 per cent to 0.75 per cent on 2 August 2018. This has resulted in an increase in the rates payable on our commercial paper (CP) issuance, which has been offset by higher yields received on our short term investments. The rate hike was widely expected, and it has therefore had minimal impact on longer term interest rates. The market is pricing one further rate hike of 0.25 per cent by the end of 2019.

4 Borrowing Update

Current and target borrowing

- 4.1 As at 28 September 2018, we had £10,931m outstanding borrowing, and we have remained within the Authorised Limit for borrowing at all times during the Reporting Period. The authorised limit is set in accordance with the CIPFA Prudential Code and is explained in more detail in the “Prudential Indicators” paper on this agenda.

- 4.2 We have a remaining borrowing requirement of £292m for 2018/19, plus any refinancing of unhedged CP. Currently there is £775m outstanding commercial paper, of which £400m is unhedged. Up to £275m of this could be refinanced as long term debt, whilst still leaving a minimum of £500m CP outstanding – a figure which has been recommended as an appropriate minimum by our external CP dealers.
- 4.3 We retain access to the Public Works Loan Board (PWLB) and to £200m across two facilities with Export Development Canada, which are available for drawdown up to May 2020 and May 2021.

2018/19 drawdowns

- 4.4 On 2 August 2018, we borrowed £100m from the PWLB as a 34.3 year bullet loan at a fixed rate.
- 4.5 On 28 September 2018, we borrowed £150m from the PWLB as a 38.2 year bullet loan at a fixed rate.
- 4.6 The interest rate on both loans compared favourably to the equivalent capital market transactions and also secured savings on the transaction costs payable. This marks our return to PWLB borrowing after a nine-year pause. Borrowing from the PWLB has become more competitive than the capital markets for longer-dated tenors over the last few months. This is as a result of credit spreads and concessions payable on new bonds generally increasing across the market.

Local Infrastructure Rate

- 4.7 In the 2017 Autumn Budget, the government announced that it would make available £1bn of lending at the Local Infrastructure Rate of gilts + 60bps to English local authorities to support the delivery of infrastructure.
- 4.8 There are two bidding rounds: the first round closed in July and the second round will run from January to March 2019. The maximum amount available per applicant is £100m and local authorities can submit multiple bids in a bidding round.
- 4.9 We have submitted applications to the first bidding round for two projects and expect HM Treasury to announce the successful bids in the autumn. Any borrowing we may be able to raise at the Local Infrastructure Rate will not be incremental to the overall amount of borrowing already assumed in the Business Plan, but could lead to savings in our annual interest payments.

5 Investment Update

- 5.1 As at 28 September 2018, we held £1.19bn of cash under management for TfL and Crossrail, which is a reduction of £0.5bn over the Reporting Period. The investment yield is 0.71 per cent and the weighted average maturity of the portfolio is 15 days. Our investments are well diversified by sector, instrument and geography.

6 Other Activities

LIBOR Benchmark Replacement

- 6.1 The Bank of England announced its intention to discontinue the industry standard for benchmarking interest rates, LIBOR (London InterBank Offer Rate), from 2021. TfL is participating in the Working Group on Sterling Risk-Free Reference Rates and responding to industry consultations. We have a number of derivatives, finance and commercial contracts that reference LIBOR and continue past 2021. Once an industry replacement for LIBOR has been established it will be possible to fully assess the impact of this change.

List of appendices to this report:

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

List of background papers:

None.

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Email: EmanuelaCernoia-Russo@tfl.gov.uk

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Finance Committee



Date: 17 October 2018

Item: Strategic Risk Management Update

This paper will be considered in public

1 Summary

- 1.1 The purpose of this paper is to provide an update to the Finance Committee on TfL's new Enterprise Risk Management Framework, the Enterprise Risk Assessment Matrix and the TfL strategic risks (Level 0), including the risks that will be reported to this committee in future.
- 1.2 A paper is included on Part 2 of the agenda, which contains exempt supplemental information pertaining to the strategic risk deep dives. The information is exempt by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972 in that it contains information relating to the business and financial affairs of TfL that is commercially sensitive and likely to prejudice TfL's commercial position. Any discussion of that exempt information must take place after the press and public have been excluded from this meeting.

2 Recommendation

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

3 Background

- 3.1 Since early 2018 TfL has been carrying out a wide ranging review of its approach to Enterprise Risk Management, in liaison with the Board and senior management. This has included development of a consistent Enterprise Risk Management Framework (ERMF) and Enterprise Risk Assessment Matrix (ERAM), applicable across TfL, and a programme of deep dive reviews of TfL's strategic risks. Progress with this work has previously been reported to the Audit and Assurance Committee at its meetings in March, June and September.
- 3.2 The ERMF sets out the overall structure through which Enterprise Risk Management is delivered in TfL. It stipulates the elements required for better decision making, sets out the risk management methodology used in TfL, the risk escalation hierarchy and the governance and assurance arrangements in place.
- 3.3 The ERAM provides a consistent approach to assessing the probability that a risk will materialise and measuring the impact of the risk by reference to four impact categories.
- 3.4 The final versions of the ERMF and the ERAM were approved by the TfL Executive Committee at its meeting on 8 August 2018. These are attached as Appendices 1 and 2.

- 3.5 We developed a template to capture strategic risk information on one page. This includes specific causes and consequences, quantification of financial impact ranges, provision for recording of insurance information, current and target risk assessments against risk tolerance levels using the ERAM, key risk indicators (KRIs) which provides a means of linking risk to performance of scorecard measures, preventative and corrective controls, assurance assessments and further actions required. The template is attached as Appendix 3.
- 3.6 We have concluded deep dive reviews on TfL's set of 16 level 0 strategic risks using this new template. The updated set of risks was presented to the Executive Committee on 8 August 2018 and is attached as Appendix 4.
- 3.7 Each strategic risk has now been assigned to a lead panel or committee, and progress on the management of strategic risks will be reported to the respective panels and committees. The lead panel/ committee for each risk is shown in the list in Appendix 4.
- 3.8 The following risks will be reported to this Committee:
- SR7 – Financial sustainability
 - SR8 – Inability to deliver predicted revenue growth
 - SR9 – Ability to meet changing demand

4 Next steps

- 4.1 This Committee already receives a significant amount of information which is relevant to the assessment of the risks assigned to it. The Committee is asked to consider the manner in which it would like senior management to present these risks to future Committee meetings and any additional information it would wish to receive to support its review of the risks.

List of appendices to this report:

Appendix 1 – Updated Enterprise Risk Management Framework (ERMF)
Appendix 2 – Updated Enterprise Risk Assessment Matrix (ERAM)
Appendix 3 – TfL's new Strategic Risk Template
Appendix 4 – TfL's Strategic Risks

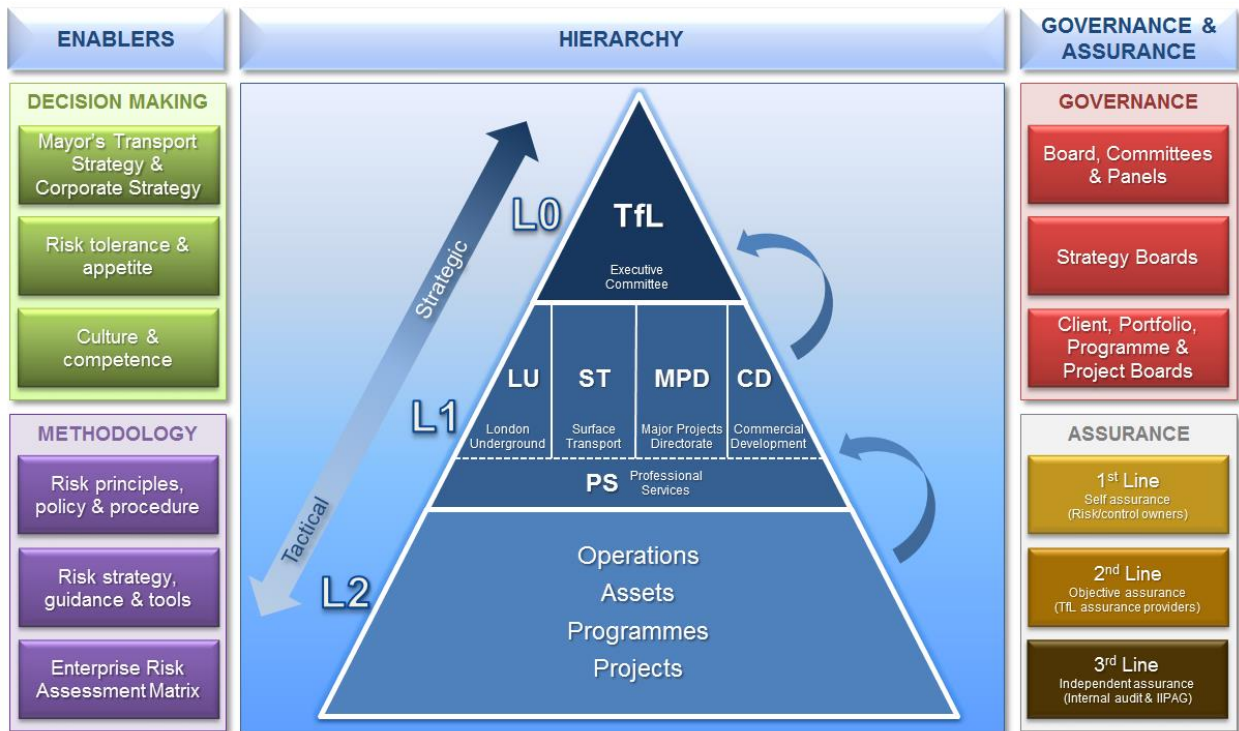
A paper containing exempt supplemental information is included on Part 2 of the agenda.

List of Background Papers:

None

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Number: 020 3054 7832
Email: HowardCarter@tfl.gov.uk

Appendix 1: TfL's updated Enterprise Risk Management Framework (ERMF)



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Appendix 2: TfL's updated Enterprise Risk Assessment Matrix (ERAM)

THREAT ASSESSMENT MATRIX	1. Very Low	2. Low	3. Medium	4. High	5. Very High
Health, Safety & Environment	Minor health issue or Minor injuries or Minor localised environmental harm	Minor health issue with potential for regulatory action or Minor injuries with potential for regulatory action or Minor localised / short term environmental harm with potential for regulatory intervention	Moderate health issue leading to regulatory action or Major injuries leading to regulatory action or Moderate environmental harm leading to potential regulatory action	Significant health issue leading to adverse regulatory outcome or Single fatality leading to adverse regulatory outcome or Significant long-term/ large scale environmental harm leading to adverse regulatory outcome	Life changing/Multiple health issues leading to prosecution or Multiple fatalities leading to prosecution or Major long-term/ large scale environmental harm leading to prosecution
Customer & Stakeholder	Small number of customers/stakeholders affected with minimal disruption to service delivery or impact to assets	Minor impact to: • service delivery • assets; or • delivery of the MTS	Moderate impact to: • service delivery • assets; or • delivery of the MTS	Major impact to: • service delivery • assets; or • delivery of the MTS	Catastrophic failure or gross negligence resulting in an inability to deliver multiple services and/or a total loss of assets or inability to deliver significant elements of the MTS
Finance	<£1m	£1m to <£5m	£5m to <£10m	£10m to <£50m	≥£50m
Stakeholder Confidence	Negative feedback from customers or stakeholders via the Customer Service Centre, media outlets, Twitter or blogs	Short term negative media coverage	Negative media coverage resulting in loss of confidence with regulator or stakeholder intrusion	Ongoing negative media coverage resulting in loss of confidence with significant regulator or stakeholder intrusion	Extensive ongoing negative media coverage resulting in major loss of confidence with significant regulator or stakeholder intrusion or loss of licence to operate

	1. Very Low	2. Low	3. Medium	4. High	5. Very High
Probability	<5%	5% to <25%	25% to <50%	50% to <80%	≥80%
Frequency	Less than once in 20 years	Less than once in 5 years	Between once in 5 and once in 2 years	More than once in 2 years	Once or more per year

OPPORTUNITY ASSESSMENT MATRIX	1. Very Low	2. Low	3. Medium	4. High	5. Very High
Health, Safety & Environment	Negligible health, safety and environmental benefits	Minimum health and wellbeing benefits or Reduction in minor injuries or Minimum environmental benefits	Moderate health and wellbeing benefits or Reduction in major injuries or Moderate environmental benefits	Significant health and wellbeing benefits or Reduction in multiple major injuries/ single fatality or Significant environmental benefits	Sustained health and wellbeing benefits or Reduction in multiple fatalities or Sustained environmental benefits
Customer & Stakeholder	Minor improvement to services.	Minor improvement to services. Enhanced relations with local stakeholders for less than a month.	Moderate improvement to services. Enhanced relations with local stakeholders for longer than a month. An element of the MTS delivered quicker and over and above expectations.	Major improvement to services. Significantly enhanced relations with key stakeholders for less than a month. Some elements of the MTS delivered quicker and over and above expectations.	Exceptional improvement to services. Significantly enhanced relations with key stakeholders for more than a month. Significant elements of the MTS delivered quicker and over and above expectations.
Finance	<£1m	£1m to <£5m	£5m to <£10m	£10m to <£50m	≥£50m
Stakeholder Confidence	Positive feedback from customers or stakeholders via the Customer Service Centre, media outlets, Twitter or blogs.	Short term positive media coverage.	Positive media coverage resulting in temporarily increased confidence from regulator or stakeholders.	Ongoing positive media coverage resulting in temporarily increased confidence from regulator or key stakeholders.	Extensive ongoing positive media coverage resulting in sustained increased confidence from regulator or key stakeholders.

	1. Very Low	2. Low	3. Medium	4. High	5. Very High
Probability	<5%	5% to <25%	25% to <50%	50% to <80%	≥80%
Frequency	Less than once in 20 years	Less than once in 5 years	Between once in 5 and once in 2 years	More than once in 2 years	Once or more per year

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Appendix 4: TfL's Strategic Risks

Changed risks	
Risk	Change description
SR1 – Safety standards	Renamed to SR1 – Achieving safety outcomes
SR4 – Foresight strategy	Closed as this is now a business as usual activity
SR5 – Technological or market developments	Responsible manager changed from Shashi Verma to Michael Hurwitz
SR6 – External stakeholder expectations	Renamed to SR6 – Loss of external stakeholder trust Responsible manager changed from David McNeill to Matt Brown
SR7 – Financial sustainability	Responsible manager changed from Tom Page to Sarah Bradley
SR8 – Delivery of commercial revenue targets	Renamed to SR8 – Inability to deliver predicted revenue growth
SR9 – Ability to meet changing demand	Risk owner changed from Mark Wild to Simon Kilonback Responsible manager changed from David Hughes to Shashi Verma
SR11 – Significant technology failure or major cyber security incident	Split into SR11 – Significant technology failure and SR4 – Major cyber security incident
SR14 – TfL's impact on the environment	Renamed to SR14 – TfL's environmental impact
SR15 – External environment impact on TfL	Renamed to SR15 – Resilience to climate change and extreme weather

List of Strategic Risks					
#	Risk	Owner	Manager	Mayors Transport Strategy / Corporate Strategy	Suggested Panel / Committee
SR1	Achieving safety outcomes	Gareth Powell	Jill Collis	MTS: Healthy streets and healthy people	SSHHP
SR2	Talent attraction and retention	Tricia Wright	Rachel Kerry	CS: People	SSHHP
SR3	Governance and controls suitability	Howard Carter	Andrea Clarke	MTS: All MTS outcomes	AAC
SR4	Major cyber security incident	Vernon Everitt	Shashi Verma	MTS: Healthy streets and healthy people	AAC
SR5	Technological or market developments	Vernon Everitt	Michael Hurwitz	MTS: All MTS outcomes	CS&OP
SR6	Loss of external stakeholder trust	Vernon Everitt	Matt Brown	MTS: All MTS outcomes	CS&OP
SR7	Financial sustainability	Simon Kilonback	Sarah Bradley	CS: Finance	FC
SR8	Inability to deliver predicted revenue growth	Graeme Craig	Ken Youngman	MTS: New homes and jobs	FC
SR9	Ability to meet changing demand	Simon Kilonback	Shashi Verma	MTS: New homes and jobs	FC
SR10	Catastrophic event	Mark Wild	Nigel Holness	MTS: Healthy streets and healthy people	SSHHP
SR11	Significant technology failure	Vernon Everitt	Shashi Verma	MTS: A good public transport experience	AAC
SR12	Delivery of key investment programmes	Stuart Harvey	Nick West	MTS: New homes and jobs	PIC
SR13	Operational reliability	Mark Wild	Nigel Holness	MTS: A good public transport experience	CS&OP
SR14	TfL's impact on the environment	Alex Williams	Sam Longman	MTS: Healthy streets and healthy people	SSHHP
SR15	Resilience to climate change and extreme weather	Alex Williams	Sam Longman	MTS: All MTS outcomes	SSHHP
SR16	Opening of the Elizabeth Line	Mark Wild	Howard Smith	MTS: New homes and jobs	PIC

Panels & Committees key:	
SSHHP	Safety, Sustainability & Human Resources Panel
AAC	Audit and Assurance Committee
FC	Finance Committee
CS&OP	Customer Services & Operational Performance Panel
PIC	Programmes and Investment Committee

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Finance Committee

Date: 17 October 2018

Item: Prudential Indicators – Outturn for the Year Ended 31 March 2018

This paper will be considered in public

1 Summary

- 1.1 On 29 March 2017, the Board approved the prudential indicators and debt limits for TfL for the 2017/18 financial year as required and defined in the CIPFA Prudential Code (the Code), to demonstrate it exercised prudence in assessing the affordability of the capital expenditure and debt necessary to support the budget outputs. On 22 March 2017, the Mayor also approved these debt limits (Mayoral Decision 2095).
- 1.2 The purpose of this paper is to report on TfL's performance against the indicators for the Financial Year 2017/18.

2 Recommendation

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

3 Background

- 3.1 The Code plays a key role in capital finance for Local Authorities. The Code was developed as a professional code of practice to support Local Authorities in their decision making processes for capital expenditure and its financing.
- 3.2 Local Authorities are required by Regulation to have regard to the Code when carrying out their duties under Part 1 of the Local Government Act 2003 (the Act).
- 3.3 The framework of prudential indicators established by the Code aims to ensure that an authority's capital investment plans are affordable, prudent and sustainable. As part of the strategic planning process, authorities are required, on a rolling basis, to calculate a range of indicators for the forthcoming budget year and two subsequent years. Authorities are also required to monitor performance against indicators within the year as well as preparing indicators based on the Statement of Accounts at each year end. Indicators relate to capital expenditure, external debt and treasury management. The audited 2017/18 Statement of Accounts has been used to calculate the outturn against the Board approved indicators (see Appendix 1).
- 3.4 The Code was developed for local authorities in general, the vast majority of which do not have significant subsidiary companies. Until 2017/18 therefore the required Prudential Indicators have been based solely on the figures of the Corporation.

- 3.5 However, although not historically covered by the Code, TfL has, in previous years, issued equivalent Group indicators on a voluntary basis to recognise the unique nature of the TfL Group compared to Local Authorities in general. Group indicators can provide a better indication of overall performance for TfL as they are not affected by some intercompany transactions that can distort the outturn for the Corporation. A revised Code was published in 2017 stating that authorities that prepare Group accounts, in setting indicators, must include all items where a residual interest remains with the authority. In view of this revision, TfL will continue to issue the Group indicators, but on a required rather than a voluntary basis.
- 3.6 There are no penalties applied to a local authority for breaching individual indicators, with the exception of the Authorised Limit for External Debt (the Authorised Limit). Borrowing in excess of the Authorised Limit is ultra vires.

4 Outturn

- 4.1 The key prudential indicator is the Authorised Limit for External Debt, which sets the total limit for direct and indirect (e.g. long term creditors, provisions) debt for the organisation. Both the Corporation and the Group were within the total Authorised Limits for External Debt for the year ended 31 March 2018.
- 4.2 Within the overall Authorisation Limit, the Corporation and the Group each exceeded their planned total for indirect debt. In both cases the excess was more than offset by actuals being below the set indicator for direct borrowings. The Code stipulates that, provided the total authorised limit and operational boundary for external debt for a year are unchanged, movement may be made between the separately identified figures within the prudential indicators for borrowing and other long-term liabilities without penalty. This debt reclassification therefore is not considered to be a matter for concern. See paragraph 4.3 and 4.4 below for detail.
- 4.3 As is shown in Appendix 1, for 2017/18 the overall Authorised Limit for the Corporation was set at £12,142.9m and total debt at 31 March 2018 was below this limit at £10,670.1m. The Corporation was also within the limit for direct borrowings with a total at 31 March 2018 of £10,447.0m compared to the Authorised Limit of £11,924.9m. However, the Corporation's outturn for other long term liabilities of £223.1m exceeded the indicator set by £5.1m due to a change from the expected settlement profile of long term Crossrail property claim provisions. This is purely a phasing issue and is not expected to impact the long-term debt forecasts in any way.
- 4.4 For the Group, total external debt at £11,033.3m was within the Authorised Limit of £12,228.1m. However, within this overall position, and in line with previous years, the Group outturn for long term liabilities of £568.3m was significantly over the indicator of £303.2m. The borrowing element of the Authorised Limit is calculated and set to allow TfL to refinance certain Private Finance Initiative (PFI) transactions (namely Lewisham DLR extension and Northern line trains), as and when it is commercially advantageous to do so, without the need to revise the indicator. The long term liabilities element of the Authorised Limit is adjusted down by the same amount to ensure that there is no overall increase in the total

Authorised Limit. The higher outturn long term liabilities are offset by lower direct borrowing, reflecting the fact that no such refinancing took place during the year.

- 4.5 As shown in Appendix 1, actual capital expenditure for the Corporation was below the indicator. However, for the Group the estimate of capital expenditure was set at £3,529.8m. Actual capital expenditure exceeded this by £61.7m due to spend on the Crossrail project beyond what was budgeted at the time of setting the 2017/18 indicators. This breach acted as an early indicator and we have been actively monitoring Crossrail spend. Following the Ministerial Statement on 24 July that additional funding was to be provided to Crossrail Limited and Network Rail in respect of the Crossrail project, and the subsequent announcement by Crossrail Limited on 31 August of the delay in opening of the central tunnel section to Autumn 2019, Crossrail Limited is working to establish any additional impact on funding from the revised schedule. Details of how TfL will manage the change will be announced as part of the annual business planning process at the end of 2018.
- 4.6 The Code acknowledges the ratio of financing cost to net revenue stream indicator set is an estimate. As shown in Appendix 1, the outturn ratio of financing cost to net revenue stream for TfL Corporation is in line with the indicator set. The outturn ratio of financing cost to net revenue stream for TfL Group is 8.3 per cent, 0.8 per cent higher than estimated. This is primarily due to a variance in the proportion of interest eligible for capitalisation into the cost of fixed assets under construction, rather than to any change in the underlying interest charge. The ratio is consistent with the ratio achieved in previous years, and is therefore not considered a cause for concern.
- 4.7 Other Corporation and Group indicators were within target.

5 Conclusions

- 5.1 Under the Code, movement may be made between the separately identified figures within the prudential indicators for borrowing and other long-term liabilities without penalty, provided that the total Authorised Limit for external debt is unchanged. The debt reclassifications experienced between the composite elements of the Authorised Limit at Group level are not, therefore, a matter for concern.
- 5.2 The Code acknowledges the ratio of financing costs to net revenue stream indicator is an estimate and variations can occur in the ordinary course of business. The driver of the breach is understood and non-consequential.
- 5.3 Further, the Code acknowledges the capital expenditure indicator is an estimate and that temporary variations can occur from time to time. Nevertheless, the breach of the Group capital expenditure estimate served as an early indicator of concern relating to the Crossrail project.
- 5.4 Prudential indicators for the current year 2018/19 were approved by the Board in March 2018. TfL continues to monitor prudential indicators for the current year on a quarterly basis. In the event that corrective action is required, or a statutory indicator requires a change, a paper will be brought back to the Committee.

List of appendices to this report:

Appendix 1 – Outturn Prudential Indicators

List of Background Papers:

None

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Appendix 1: Outturn Prudential Indicators

Prudential Indicators for Capital Expenditure and External Debt 2017/18		
<u>Authorised Limit for External Debt</u> ¹		
	Actual £m	Approved Indicators £m
TfL Corporation		
Borrowing	10,447.0	11,924.9
Long term liabilities ²	223.1	218.0
Total Authorised Limit for External Debt in TfL Corporation	10,670.1	12,142.9
TfL Group		
Borrowing	10,447.0	11,924.9
Long term liabilities ²	568.3	303.2
Total Authorised Limit for External Debt in TfL Group	11,033.3	12,228.1
<u>Capital Expenditure (Annual)</u>		
	Actual £m	Approved Indicators £m
TfL Corporation		
	1,641.5	1,726.1
TfL Group		
	3,591.5	3,529.8
<u>The Capital Financing Requirement (Cumulative)</u> ³		
	Actual £m	Approved Indicators £m
TfL Corporation		
	10,795.8	10,898.7
Total TfL Group		
	12,370.1	12,488.9
<p>¹ The authorised limit for external debt is the sum of the authorised limit for borrowing and the authorised limit for other long term liabilities. This limit must not be breached.</p> <p>² Includes all lease obligations.</p> <p>³ The Capital Financing Requirement is the cumulative amount of capital expenditure to be financed over and above the amount funded by grant, capital receipts or third party contributions.</p>		

Prudential Indicators for Prudence and Affordability		
2017/18		
The ratio of financing costs to net revenue stream	Actual	Approved Indicators
TfL Corporation	18.9%	19.0%
TfL Group	8.3%	7.5%
Comprising:		
On-balance sheet PFIs and leases	0.5%	0.5%
Direct borrowing/(Investment) and other financing*	7.8%	7.0%
Gross Debt and the Capital Financing Requirement*	Actual	Approved Indicators
	£m	£m
Gross Debt including long term liabilities at 31 March 2018		
- Corporation**	10,670.1	12,142.9
- Group**	11,033.3	12,228.1
Capital Financing Requirement at 31 March 2020		
Approved Indicator - Corporation	N/A	12,211.9
Approved Indicator - Group	N/A	14,005.6
* The Prudential Code requires that Gross Debt at 31 March 2018 not exceed the Capital Financing Requirement at 31 March 2020.		
**Gross Debt at 31 March 2018 includes all lease obligations and long term liabilities.		

Finance Committee



Date: 17 October 2018

Item: Insurance Activities

This paper will be considered in public

1 Summary

- 1.1 The purpose of this paper is to provide an update on TfL's insurance renewal and the ultimate costs and savings
- 1.2 A paper is included on Part 2 of the agenda, which contains exempt supplemental information and documentation. The information is exempt by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972 in that it contains information relating to the financial affairs of TfL. Any discussion of that exempt information must take place after the press and public have been excluded from this meeting.

2 Recommendation

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

3 Background

- 3.1 At the meeting of the Committee in March 2017, TfL's insurance programme was discussed. It was agreed that TfL would revisit its approach to the purchase of insurance. It was further agreed that a review would be undertaken and included as part of the long term renewal in July 2018. This was subsequently discussed at the Finance Committee meeting in July 2018, at which point some of the information required to reach a conclusion was outstanding.
- 3.2 This paper provides further additional information on the review of insurance and the options available to TfL. The review of cyber insurance remains ongoing with completion targeted for later in 2018.

4 Summary of activity on insurance

- 4.1 As reported at the July 2018 meeting of the Committee, TfL engaged Marsh, TfL's insurance brokers, to undertake a study to analyse both the financial and physical insurable risks associated with its business activities, as well as the insurance coverage options available, in order to assist TfL in reaching a decision on the insurance coverage required. Supplemental information is included in Part 2 of the agenda.

5 Conclusion

- 5.1 Following significant work by TfL and taking into account Marsh's analysis, TfL's insurance programme was renewed with significant cost savings and improved coverage.

List of appendices to this report:

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

List of background papers:

None.

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Finance Committee



Date: 17 October 2018

Title: Fare Collection Systems

This paper will be considered in public.

1 Summary

- 1.1 This paper is to update the Committee on a proposed extension to the existing Contactless Back Office Licence Agreement with Cubic Systems Limited.
- 1.2 A paper is included in Part 2 of the agenda, which contains exempt supplemental information. The information is exempt by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972 because it contains information relating to the business affairs of TfL. Any discussion of that exempt information must take place after the press and public have been excluded from any public meeting.

2 Recommendation

- 2.1 **The Committee is asked to note the paper and the related paper in Part 2 of the agenda and to grant Financial and Procurement Authority up to the sum set out in the paper on Part 2 of the agenda in respect of the extension of the Contactless Back Office Licence Agreement with Cubic Systems Limited.**

3 Background

- 3.1 On 12 July 2016, TfL entered into a five year non-exclusive licence agreement with Cubic Systems Limited (Cubic). TfL granted Cubic a world-wide licence relating to TfL's contactless back office which was developed in-house. The licence covered the software and design documentation that was operational in London on 6 May 2016 and gave Cubic the right to modify and adapt the system.
- 3.2 In addition, as part of this licence, we agreed to a fixed number of hours of consultancy agreed in the price.
- 3.3 The licence agreement led to a number of payments made up to a maximum amount, which is detailed in the paper on Part 2 of the agenda.
- 3.4 The agreement will expire in July 2021, and we have now secured the full value of the licence deal. The proposed extension ensures that TfL can earn additional revenue.

4 Commercial considerations

- 4.1 We have reviewed the current licence agreement and proposed terms for the extension are detailed in the paper on Part 2 of the agenda.

5 Other Impacts considered

- 5.1 We have and will continue to monitor the market and consider any risks to the future re-procurement of the Revenue Collection Contract in 2025. Further details can be found in the paper on Part 2 of the agenda.

List of appendices to this paper:

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

List of Background Papers:

None.

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Finance Committee

Date: 17 October 2018

Item: Multi-lateral Interchange Fees

This paper will be considered in public

1 Summary

- 1.1 This paper provides an update to the Committee in relation to litigation commenced by TfL concerning the fees charged by Mastercard and Visa in respect of debit card and credit card transactions.
- 1.2 A paper is included in Part 2 of the agenda which contains exempt supplementary information. The information is exempt by virtue of paragraphs 3 and 5 of Schedule 12A of the Local Government Act 1972 in that it contains information relating to the financial or business affairs of a person or authority and contains issues where a claim to legal professional privilege could be made. 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 supplementary information on Part 2 of the agenda.**

3 Background

- 3.1 Multi-lateral interchange fees (MIFs) are charged by a credit cardholder's bank to a merchant's bank on sales transactions. TfL is charged MIFs on all Mastercard and Visa transactions. Claims have been brought by many other organisations in the US and the UK on the basis that these arrangements unlawfully restrict competition and as such are anti-competitive. In the US, both Mastercard and Visa are reported to have reached settlements with numerous retail and merchant claimants. In the UK, there are a number of "test" cases being run, the outcome of which would inform the assessment of Mastercard and Visa's overall liability. Certain UK claims are reported to have been settled, in particular by several large retailers.
- 3.2 We examined TfL's potential claims against both Mastercard and Visa on the basis that the MIFs charged unlawfully restricted competition and as such were anti-competitive. Given the assessment of the merits of the claims and the potential size of them, proceedings in the High Court covering MIFs charged during the preceding six years were issued against Mastercard and Visa on 2 August 2016. In addition, separate proceedings, covering MIFs charged during an earlier period of time between 1992 and 2008, were issued in the Competition Appeal Tribunal against Mastercard on 2 September 2016, following a previous European Commission decision against Mastercard. The claims have been

brought in the name of TfL and each of the subsidiaries where merchant fees have been incurred, including Transport Trading Limited.

3.3 The Committee will be kept updated as the proceedings progress.

List of Appendices to this Paper:

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

List of Background Papers:

None

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Finance Committee



Date: 17 October 2018

Item: Members' Suggestions for Future Discussion Items

This paper will be considered in public

1 Summary

- 1.1 This paper presents the current forward programme 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 programme and 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.
 - (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 businesses.
 - (e) 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

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Finance Committee Forward Planner 2018/19

Membership: Ron Kalifa OBE (Chair), Ben Story (Vice Chair), Heidi Alexander, Prof Greg Clark CBE, Anne McMeel, and Dr Nina Skorupska CBE

13 December 2018		
Use of Delegated Authority	General Counsel	To note.
Finance Report	CFO	To note.
Business Plan approval	CFO	To approve under authority delegated by the Board
Group Treasury Activities	CFO	To note.
Update on financial reporting	CFO	Standing Item
Elizabeth line trains	CFO	To approve
Energy Purchasing 2020-2023	MD LU	To approve.
TfL accommodation / property plan	Graeme Craig	To note.
Transformation Update	D. Transformation	Standing Item

12 March 2019		
Use of Delegated Authority	General Counsel	To note.
Finance Report	CFO	To note.
Treasury Management Strategy	CFO	To recommend to the Board.
Treasury Management Policies	CFO	To recommend to the Board.
Group Treasury Activities	CFO	To note.
Taxi and Private Hire Regulation Fees	MD ST	To approve.
Taxi Fares	MD ST	To approve.
ULEZ Expansion	MD ST	TBC

Finance Committee Forward Planner 2018//19

Commercial Development: Royal Oak	D Com Dev	Selection of Joint Venture partner
Commercial Development: Limmo, Canning Town	D Com Dev	Selection of Joint Venture partner
Commercial Development: Finchley Central and High Barnet	D Com Dev	Selection of Joint Venture partner
Update on financial reporting	CFO	Standing Item
Transformation Update	D. Transformation	Standing Item

Regular items:

- Use of Delegated Authority (General Counsel) covers Chair's Action, Procurement Authority etc.
- Finance Report (progress against budget including revenue generation targets like fares and Commercial Development activities) (CFO)
- Business Plan (annual – December) (CFO)
- Budget (annual informal – March) (CFO)
- Prudential Indicators Outturn (outcome from previous year - October) (CFO)
- Prudential Indicators (setting for current year - March) (CFO)
- Group Treasury Update (half yearly) (CFO)
- Southwark Station Development
- Update on financial reporting
- Treasury Management Update (each meeting to include a particular issue for discussion)
- Treasury Management Strategy (annual - March) (CFO)
- Treasury Management Policies (annual - March) (CFO)
- Developer income (MCIL/CIL/s.106) (annual – June/July) (D. City Planning)
- Transformation Update (agenda item and informal briefing)

Additional items to be scheduled:

- Spending Review Issues (e.g. Business Rates Devolution) (CFO)
- Income Generation Proposals (CFO & D. Commercial Development)
- Securing new income streams (CFO & D. Commercial Development)
- TfL Strategy on Working Capital

Finance Committee Forward Planner 2018//19

- Taxi and Private Hire Regulation Fees
- Taxi Fares

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