

# GREATER LONDON AUTHORITY

## REQUEST FOR MAYORAL DECISION – MD3248

### London Underground Pay

#### Executive Summary:

London Underground (LU) has been in extensive talks regarding the 2023-24 pay deal with the four recognised trade unions representing LU since May 2023. On 16 October 2023, LU made a full and final offer to the trade unions based on the maximum it could afford.

This offer was rejected by three of the trade unions. On 22 December 2023, the RMT union provided notice of industrial action starting on Friday 5 January 2024 which would impact LU services until Friday 12 January. This would have caused significant disruption for Londoners and the London economy.

In recognition that the high inflation seen in 2023-24 meant LU was unable to make a further offer, the Mayor indicated that the GLA could provide Transport for London (TfL) (as the parent of LU) with an additional £30m of recurring funding to support it as it undertook further pay talks with the trade unions – consistent with how additional Mayoral funding had been provided for London Fire Brigade, the GLA and the Mayoral Development Corporations for the same purpose in 2023-24, and the government provided additional funding for police officer pay in Summer 2023.

This additional funding for LU was conditional on the planned industrial action being suspended and a settlement on the pay talks for 2023-24 being reached. This additional funding was discussed with the trade unions, following which the RMT union suspended the planned industrial action. Discussions between LU and the recognised LU trade unions resumed, and an agreement has now been reached.

#### Decision:

That the Mayor:

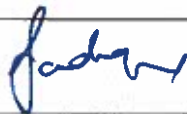
- approves the payment of £30m funding to Transport for London (TfL) for 2023-24: the funding will be paid by means of a revenue grant from the GLA, made under section 121 of the Greater London Authority (GLA) Act 1999
- notes the payment of £30m being made to TfL for 2024-25, and proposed for future years, from the Mayor's allocation of retained business rates funding in the GLA Group Consolidated Budget (as approved by MD3243).

#### Mayor of London

I confirm that I do not have any disclosable pecuniary interests in the proposed decision and take the decision in compliance with the Code of Conduct for elected Members of the Authority.

The above request has my approval.

Signature:



Date:

29/12/23

## **PART I – NON-CONFIDENTIAL FACTS AND ADVICE TO THE MAYOR**

### **Decision required – supporting report**

#### **1. Introduction and background**

- 1.1. London Underground (LU) has been in extensive talks regarding the 2023-24 pay deal with the four recognised trade unions representing LU since May 2023. On 16 October 2023, LU made a full and final offer to the trade unions of a 5 per cent pay rise, effective from 1 April 2023. This included a freeze on pay band and salary ranges at the 2022-23 level; and a suspension of performance-related pay. This pay offer was the maximum that Transport for London (TfL) could afford within its budget.
- 1.2. This offer was rejected by three of the trade unions. On 22 December 2023, the RMT union provided notice of industrial action starting on Friday 5 January 2024, which would impact LU services until Friday 12 January 2024. This would have caused significant disruption for Londoners and the London economy as it continues to recover from the pandemic.
- 1.3. LU continued to discuss with the trade unions its full and final pay offer during the first week of January 2024. However, LU was unable to reach agreement on the pay settlement, or to agree with the RMT union that the planned industrial action should be suspended.
- 1.4. In recognition that the high inflation seen in 2023-24 meant LU was unable to make a further offer, the Mayor indicated that the GLA could provide TfL (as the parent of LU) with an additional £30m of recurring funding to support it as it undertook further pay talks with the trade unions. This support was consistent with the provision of additional Mayoral funding for London Fire Brigade, the GLA and the Mayoral Development Corporations for the same purpose through the 2023-24 GLA Group Consolidated Budget, and the government's provision of additional funding for police officer pay in Summer 2023, following the outcome of the police pay review process.
- 1.5. This additional funding for LU was conditional on the planned industrial action being suspended, and a settlement on the pay talks for 2023-24 being reached. This additional funding was discussed with the trade unions, and the RMT union suspended the planned industrial action.
- 1.6. TfL undertook further pay talks with the recognised LU trade unions on Friday 12 January 2024; agreement was reached on 23 February 2024.

#### **2. Objectives and expected outcomes**

- 2.1. The proposed provision of the additional £30m recurring funding to TfL has enabled TfL to reach a settlement with the trade unions on 2023-24 LU pay, thus avoiding industrial action. Industrial action is known to cause significant disruption to Londoners and the London economy. An assessment of the impact of a previous rail and tube strike in 2022 estimated the economic impact of a three-day strike at £52m, or 1 per cent of London's GVA.<sup>1</sup>

#### **3. Equality comments**

- 3.1. Under section 149 of the Equality Act 2010, as public authorities, the Mayor is subject to a public sector equality duty and must have 'due regard' to the need to: eliminate unlawful discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; and advance equality of opportunity, between people who share a relevant protected characteristic and those who do not; and foster good relations, between people who share a relevant protected characteristic and those who do not. Relevant protected characteristics under section 149 of the Equality Act are age,

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<sup>1</sup> Centre for Economics and Business Research, June 2022

disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, and sexual orientation.

- 3.2. The duty above applies to the Mayor's powers to provide funding to TfL by way of a revenue grant under section 121 of the Greater London Authority Act 1999 (GLA Act). It is therefore relevant that the Mayor considers the impact on people with protected characteristics who are likely to benefit from the funding when making his decision.
- 3.3. The settlement reached with the trade unions will have a positive benefit on all LU staff, including those with protected characteristics.
- 3.4. In providing additional funding to enable TfL to further discuss the 2023-24 pay deal with trade unions, the Mayor sought to avert industrial action. This is likely to have had a positive impact on Londoners, including those with protected characteristics, given the importance of LU services to enable people to carry out daily activities.
- 3.5. During LU industrial action, bus services are often busier than usual. Many groups with protected characteristics (including Black, Asian and minority ethnic Londoners and women), as well as Londoners on low incomes, are more likely to use the bus than the Tube, so may be adversely affected by Tube industrial action given the impact on bus services.

#### **4. Other considerations**

##### *Key risks and issues*

- 4.1. The Mayor offered to provide additional funding to TfL to support it to undertake further pay talks with the trade unions. This additional funding was conditional on the planned industrial action being suspended and a settlement on the pay talks for 2023-24 being reached. Had that industrial action not been called off, there was a significant risk to the provision of LU services, with negative impacts on Londoners, visitors to the city and London's economy as a result. There was also a risk of further industrial action if the pay talks for 2023-24 were not resolved.

##### *Links to Mayoral strategies and priorities*

- 4.2. The Mayor has made clear his commitment to working constructively with trade unions and to avoiding strike action where reasonably possible. This additional funding is in line with that commitment.

##### *Consultations and impact assessments*

- 4.3. The Mayor is not required to carry out any consultation on a proposal to provide funding to TfL.

##### *Declarations of interest*

- 4.4. There are no known conflicts of interest for those involved in the drafting or clearance of this decision.

#### **5. Financial comments**

- 5.1. This decision proposes to provide TfL with an additional £30m of funding to TfL for 2023-24: to be paid by means of a revenue grant from the GLA made under section 121 of the GLA Act 1999.
- 5.2. The payment in 2023-24 will be funded from interest receipts within the GLA/Mayor budget that have exceeded the budgeted amount. All appropriate accounting entries will be made.
- 5.3. The additional £30m retained business rates funding to TfL for 2024-25 and future years was identified as part of the 2024-25 GLA Group Consolidated Budget-setting process based on

information from the Department for Levelling Up, Homes and Communities in its provisional local government finance settlement, published on 18 December 2023. This funding was first included as an additional Mayoral allocation of retained business rates to TfL in the Draft Consolidated Budget 2024-25, published on 17 January 2024; and then in the Final Draft Consolidated Budget, published on 14 February 2024. The Mayor's GLA Group Consolidated Budget that was approved without amendment by the London Assembly on 22 February 2024 and subsequently by the Mayor under MD3243.

- 5.4. Although, under legislation, the GLA cannot stipulate what the funding will be used for, TfL has confirmed that it intends to apply the funding outlined above to its revenue expenditure in connection with the 2023-24 LU pay settlements.

## **6. Legal comments**

- 6.1. Under section 121 of the GLA Act 1999, the Mayor may approve the making of a revenue grant from the GLA to TfL to be applied by TfL for the purposes of, or in connection with, the discharge of its functions. TfL's functions and powers under Schedule 10 of the GLA Act include the determination of remuneration for its staff. A grant under section 121 of the GLA Act cannot be made subject to any limitation by the GLA in respect of the expenditure to which it may be applied by TfL.
- 6.2. In addition, section 121 of the GLA Act provides that a grant may only be applied by TfL towards meeting expenditure incurred or to be incurred for the purposes or in connection with the discharge of its functions, rather than capital expenditure. TfL has indicated that this funding would be applied for the payment of staff and therefore is considered to be revenue expenditure and can be allocated accordingly.

## **7. Planned delivery approach and next steps**

- 7.1. If approved, the GLA will arrange for transfer of the £30m funding for 2023-24 as soon as possible.
- 7.2. The funding for 2024-25 and future years will be paid from the GLA to TfL as part of the usual schedule of payments for TfL's retained business rates.
- 7.3. TfL will make the payments to LU employees as soon as practical following the formal conclusion of the pay talks. These will be backdated to 1 April 2023.

## **Appendices and supporting papers:**

None.

**Public access to information**

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FoIA) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary. **Note:** This form (Part 1) will be published either within one working day after it has been approved or on the defer date.

**Part 1 – Deferral**

**Is the publication of Part 1 of this approval to be deferred? NO**

**Part 2 – Sensitive information**

Only the facts or advice that would be exempt from disclosure under FoIA should be included in the separate Part 2 form, together with the legal rationale for non-publication.

**Is there a part 2 form? NO**

**ORIGINATING OFFICER DECLARATION:**

Drafting officer to confirm the following (✓)

**Drafting officer:**

Claire Hamilton has drafted this report in accordance with GLA procedures and confirms the following:

✓

**Sponsoring Director:**

Philip Graham has reviewed the request and is satisfied it is correct and consistent with the Mayor's plans and priorities.

✓

**Mayoral Adviser:**

Seb Dance has been consulted about the proposal and agrees the recommendations.

✓

**Advice:**

The Finance and Legal teams have commented on this proposal.

✓

**Corporate Investment Board**

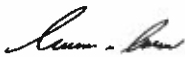
This decision was agreed by the Corporate Investment Board on 26 February 2024.

✓

**INTERIM CHIEF FINANCE OFFICER:**

I confirm that financial and legal implications have been appropriately considered in the preparation of this report.

**Signature:**



**Date:**

28/02/2024

**CHIEF OF STAFF:**

I am satisfied that this is an appropriate request to be submitted to the Mayor.

**Signature:**



**Date:**

28/02/2024

