

# GREATER LONDON AUTHORITY

## REQUEST FOR MAYORAL DECISION – MD3226

### Title: Additional Funding for London Vehicle Scrappage Scheme and Superloop Network

#### Executive Summary:

The London-wide Ultra Low Emission Zone (ULEZ) launched on 29 August 2023 to improve air quality, tackle climate change and reduce traffic congestion. The Mayor's decision to expand the ULEZ London-wide, and the reasons for this, are set out in MD3060. Transport for London (TfL), having consulted with the Mayor and City Hall, is delivering the London Vehicle Scrappage Scheme ("Scrappage Scheme") to support the London-wide ULEZ. It does so under a Mayoral delegation (see MD2661). The Scheme was initially developed as one of several important mitigations to help specific groups respond to the ULEZ expansion. Following changes to Scheme eligibility criteria in August 2023 the Mayor allocated an additional £50 million from the Environmental Improvement Reserve (EIR), held within GLA Group reserves, to TfL (see MD3166), which brought the total funding pot to £160 million. To continue to support Londoners, it is proposed that the Greater London Authority ("GLA") allocates an additional £50 million from the EIR to TfL, to bring the total Scrappage Scheme funding pot to £210 million.

In March 2023, the Mayor announced plans for the Superloop, a transformative network of express bus services in outer London to strengthen and improve public transport options. TfL has worked at pace to deliver the Superloop network, with seven of the ten routes already operational. However, delivering a network of this scale has resulted in additional funding requirements. To ensure the continued operation and delivery of the Superloop network, it is proposed that the GLA allocates £5.5 million from the Transport Services Funding Reserve (TSFR), held within GLA Group reserves to TfL.

This Mayoral Decision seeks approval, subject to the outcome of the normal budget setting process for 2024-2025, to authorise the transfer of these funds from the GLA to TfL by means of a revenue grant under section 121 of the Greater London Authority Act 1999 ("the GLA Act").

#### Decision:

That, subject to the outcome of the budget setting processes for the 2024-2025 GLA: Mayor component budget regarding proposed expenditure in that financial year, the Mayor approves:


- the allocation of an additional £50 million from the EIR to the budget for the London Vehicle Scrappage Scheme delivered in accordance with the direction and delegation set out in MD2661, to be paid by means of a revenue grant from the GLA to TfL made under section 121 of the GLA Act 1999
- the payment of £5.5 million from the TSFR to TfL towards its revenue expenditure in connection with the delivery of the Superloop orbital bus programme by means of a revenue grant from the GLA to TfL made under section 121 of the GLA Act 1999.

#### 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:

31/1/24

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

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

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

##### *Ultra Low Emission Zone expansion and London Vehicle Scrappage Scheme*

- 1.1. Despite recent air quality improvements, air pollution remains the biggest environmental risk to the health of Londoners. Populations living in the most deprived areas are on average currently more exposed to poor air quality than those in less deprived areas, with air pollution having a disproportionate impact on more vulnerable and deprived communities.<sup>1</sup>
- 1.2. In recent years, both the central London Ultra Low Emission Zone (ULEZ) and its expansion to inner London have had significant positive impacts on air quality in London. Following the expansion of the ULEZ to inner London in October 2021, harmful NO<sub>2</sub> concentrations alongside roads were assessed to be 46 per cent lower in central London and 21 per cent lower in inner London than they would have been without the ULEZ and its expansion.<sup>2</sup>
- 1.3. The central and inner London ULEZ schemes were supported by two vehicle scrappage schemes, which were introduced by Mayoral Decision to delegate the Authority's general powers under section 30 of the GLA Act 1999 to TfL and to direct TfL to prepare, finance and implement the scrappage schemes. The schemes ran from February 2019 to November 2021 (at which point all funding was allocated). Subsequently, the Mayor approved a new direction and delegation to TfL under MD2661 (10 September 2020). This established a general delegation of Section 30 powers to establish, administer and operate scrappage schemes in connection with the ULEZ, including allowing TfL to set eligibility rules, and a direction to prepare, finance and implement them.
- 1.4. In MD3060 (24 November 2022) the Mayor confirmed the London-wide expansion of the ULEZ with modifications, including the retention of existing temporary exemptions, or "grace periods", and the introduction of two further grace periods to support disabled people. The Mayor also provided funding to TfL through a grant of £110 million to establish a new London Vehicle Scrappage Scheme ("Scrappage Scheme/Scheme") to support the London-wide ULEZ expansion. The ULEZ expansion took place on 29 August 2023.
- 1.5. The Scrappage Scheme was developed as an important mitigation to help specific groups, such as those on certain low income or disability benefits, charities operating in London, and sole-traders or London-based micro-businesses (with up to 10 employees), adapt to the expanded ULEZ.
- 1.6. Ahead of the London-wide expansion, TfL made a number of changes to the eligibility criteria and grant levels of the Scrappage Scheme, including expanding the eligibility criteria to include small businesses with fewer than 50 employees and Londoners in receipt of Child Benefit in July 2023, and then further expanding the criteria in August 2023 to allow any Londoner with an eligible non-compliant car or motorcycle to apply for scrappage funding. To ensure the broader eligibility criteria and increased grant levels did not significantly impact the funds available for those eligible under the original criteria, a further £50 million in funding from the GLA's Environmental Improvement Reserve (EIR) was allocated to the budget of the scrappage scheme (see MD3166), which brought the total funding pot to £160 million.
- 1.7. The initial £110 million funding pot was originally estimated to last until Spring 2024. The subsequent expansions to the eligibility criteria in Summer 2023 meant that further funding was required for the Scrappage Scheme to run for a similar duration. In August 2023, it was estimated that an additional

<sup>1</sup> Greater London Authority Air Quality Exposure and Inequalities Study. June 2023. Aether Ltd.  
<https://www.london.gov.uk/programmes-strategies/environment-and-climate-change/environment-and-climate-change-publications/air-pollution-and-inequalities-london-update-2023>

<sup>2</sup> Inner London Ultra Low Emission Zone Expansion One Year Report. Greater London Authority. February 2023.  
<https://www.london.gov.uk/programmes-strategies/environment-and-climate-change/environment-and-climate-change-publications/inner-london-ultra-low-emission-zone-expansion-one-year-report>

£50 million in funding (to bring the total funding pot to £160 million) would allow the Scrappage Scheme to operate with expanded eligibility and higher grant levels until Spring 2024 (see MD3166).

- 1.8. However, since the Scrappage Scheme opened to all Londoners with an eligible car or motorcycle and the £50 million was allocated to TfL under MD3166, Londoners have shown great positivity in contributing to cleaner air in London by applying in the thousands to scrap their older, more polluting vehicles. Between August and December 2023, the total number of applications was around 14 per cent higher than anticipated, with a higher proportion of van applications to car applications. As such, TfL now estimates that the existing £160 million funding pot could shortly be fully committed to successful applicants. With weekly application volumes remaining in their thousands throughout November and December, there is likely to be an un-met demand for vehicle scrappage funding in London.
- 1.9. Extra funding would also continue to support those with protected characteristics, such as disabled people. Stakeholder engagement meetings with groups representing disabled people have consistently indicated that disabled people typically require longer to apply to the scheme. The additional funding would ensure the Scrappage Scheme continues to support people who have taken longer to apply.
- 1.10. Those to whom TfL's ULEZ grace periods apply ('Disabled' and 'Disabled Passenger Vehicle' Tax Class grace period; wheelchair accessible vehicles (WAV) grace period; disabled benefits grace period; minibuses used for community transport) may also decide that they would like to scrap their vehicle ahead of the grace period ending. Additional funding would support those within this group.
- 1.11. Scrappage schemes can also be used as an effective policy intervention in speeding up the removal of nitrogen oxides (NOx), fine particulate matter (PM<sub>2.5</sub>), and carbon dioxide (CO<sub>2</sub>) from London's roads. The evaluation report for the inner London ULEZ scrappage schemes estimated that these schemes had supported the faster removal of a total of 140 tonnes of NOx, 0.5 tonnes of PM<sub>2.5</sub>, and 2,000 tonnes of CO<sub>2</sub>.<sup>3</sup> The provision of further funding will help more people scrap their ULEZ non-compliant vehicles, with knock-on benefits in accelerating air quality improvement.
- 1.12. As such, a further £50 million in funding from the EIR is proposed to be allocated to TfL, bringing the total funding pot to £210 million, so the Scrappage Scheme can continue to operate. It is estimated that this additional funding will allow the Scheme to operate in 2024. It is proposed that the funding is paid by means of a section 121 revenue grant. Approval of the allocation of this £50 million is subject to the outcome and approval of the final draft 2024-2025 budget for the GLA Group (which includes the GLA: Mayor component budget).

### *Superloop Network*

- 1.13. Buses are London's most affordable form of public transport (costing £1.75, with the Hopper Fare allowing unlimited interchange within one hour). Buses are also London's most available and accessible mode of transport, with 96 per cent of Londoners living within 400 metres of the network and 95 per cent of stops providing level access.
- 1.14. In March 2023, the Mayor announced plans for the Superloop, a transformative network of express bus services in outer London to strengthen and improve public transport options to maximise the benefits of the London-wide ULEZ expansion. The Mayor of London originally identified £6 million for the Superloop from the 2023-2024 budget which supports TfL with delivering the network at pace with the intention that the support was continued annually in future budgets.
- 1.15. The Superloop is made up of 10 express bus routes, four existing and six new. TfL undertook public consultations on all new proposed routes between March 2023 and September 2023, with the

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<sup>3</sup> ULEZ Scrappage Schemes Evaluation Report. Transport for London. November 2022.

<https://tfl.gov.uk/cdn/static/cms/documents/ulez-scrappage-schemes-evaluation-report.docx>

exception of the SL5, which had previously undergone public consultation as part of the Silvertown Tunnel bus network. Further details are provided in the next paragraph.

1.16. The existing bus routes were rebranded and renumbered with the prefix 'SL' in Summer 2023 to improve passenger recognition of Superloop services and bring all services into one brand. The following routes form the Superloop:

- SL1 running North Finchley to Walthamstow Central. Public consultation on the proposed route ran between June and July 2023, with minor changes made following this, including an additional pair of stops in South Chingford and an additional stop in Meridian Water. The route was launched on 9 December 2023.
- SL2 running Walthamstow to North Woolwich. Public consultation on the proposed route ran between July and September 2023, with minor changes made following this to provide an additional pair of stops in Beckton. The route is planned to launch in Spring 2024.
- SL3 running Thamesmead to Bromley. Public consultation on the proposed route ran between July and September 2023, with minor changes made following this to re-route the southbound service between Bexleyheath and Sidcup. The route is planned to launch in Spring 2024.
- SL4 running Canary Wharf to Grove Park. Public consultation on the proposed route ran between November 2022 and January 2023 as part of the Silvertown bus network public consultation (with the SL4 identified as the X239). The route will launch in 2025 when the Silvertown tunnel opens.
- SL5 running Bromley to Croydon. Public consultation on the proposed route ran between July and September 2023, with minor changes made following this to change stops in Croydon and serve an additional stop. The route is planned to launch in Spring 2024.
- SL6 running Russell Square to Croydon (peak hours only). This route was rebranded in July 2023 from the X68.
- SL7 running Croydon to Heathrow. This route was rebranded in August 2023 from the X26.
- SL8 running Uxbridge to White City. This route was rebranded in August 2023 from the 607.
- SL9 running Heathrow Airport to Harrow. This route was rebranded in August 2023 from the X140.
- SL10 running Harrow to North Finchley. Public consultation on the proposed route ran between April and June 2023, with minor changes to the routing made following this. The route launched on 25 November 2023.

1.17. Delivering a network of this scale has resulted in additional funding requirements, to the order of £5.5 million. Approval of the allocation of this £5.5 million, from the Transport Services Funding Reserve (TSFR), is subject to the outcome and approval of the final draft 2024-2025 budget for the GLA Group.

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

### *Timeline of the Scrappage Scheme*

2.1. Since the initial decision was made on 24 November 2022 to expand the ULEZ London-wide and support the expansion with the Scrappage Scheme, support for individuals, charities, and businesses has been, and will continue to be, kept under review.



- 2.2. The initial eligibility criteria and grant levels TfL decided to adopt (in consultation with the GLA) were set out in MD3060. Grants were originally available for Londoners receiving certain low income and disability benefits, London-registered businesses with up to 10 employees, and charities operating in London.
- 2.3. Ahead of the launch of the ULEZ expansion in August 2023, TfL (in consultation with the GLA) made a number of successive changes to the eligibility criteria and grant levels for the Scrappage Scheme. These changes were set out in MD3166 (24 August 2023).
- 2.4. The current eligibility criteria for the scrappage scheme is as follows:
- Every Londoner with an eligible ULEZ non-compliant car or motorcycle (which meets the other existing vehicle criteria, including that the vehicle has been owned since before 31 January 2022) is eligible for a £2,000 grant for a car or £1,000 for a motorcycle. There are also options for receiving a higher value mobility credit package.
  - Londoners using wheelchair accessible vehicles or vehicles with certain other adaptations can apply for grants of £6,000 to retrofit or £10,000 to scrap their non-compliant vehicles.
  - London-registered businesses with fewer than 50 employees, sole traders, and charities operating in London can apply for grants of £6,000 to £11,500 to scrap, or in some cases retrofit, up to three vans or minibuses.

#### *Need for additional Scrappage Scheme funding*

- 2.5. As reported in the London-wide ULEZ First Month Report, the initial data from September 2023 (one month after the launch of the London-wide ULEZ) show that the ULEZ, supported by the Scrappage Scheme, has been highly effective at reducing the proportion and number of older, more polluting vehicles on London's roads.
- 2.6. The London-wide compliance rate for vehicles subject to the ULEZ standards during September 2023 was 95.3 per cent, up from 91.6 per cent in June 2023 and 39 per cent in February 2017 when changes associated with the ULEZ began.<sup>4</sup>
- 2.7. As of 14 January 2024, over 46,000 applications have been approved under the Scheme (encompassing cars, motorcycles, vans, and minibuses), with around £158 million paid out or committed to date. The Mayor has so far provided TfL with £160 million in funding for the Scrappage Scheme.
- 2.8. The Scrappage Scheme has been very successful in helping Londoners prepare for and adapt to the London-wide ULEZ expansion. However, whilst compliance rates are high, and almost half of London's households do not own a car, there are still drivers who wish to scrap their vehicles, as evidenced by continued high application volumes.
- 2.9. Paragraphs 1.7 to 1.9 set out the continued high demand for the Scrappage Scheme and further detail about what additional funding could support.
- 2.10. As a result, it is proposed that the Mayor increases the funding available to TfL to operate the Scrappage Scheme by a further £50 million. This would bring the total pot to £210 million. It is estimated that this additional funding will allow the Scheme to operate in 2024.
- 2.11. Given the continued high volume of applicants to the Scheme, this further funding will ensure that the Mayor is able to support many more Londoners to switch to cleaner, compliant vehicles. This will play a significant role in catalysing the switch to cleaner vehicles, and as a result, estimates suggest

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<sup>4</sup> Inner London Ultra Low Emission Zone Expansion One Year Report. Greater London Authority. 10 February 2023.  
<https://www.london.gov.uk/programmes-strategies/environment-and-climate-change/environment-and-climate-change-publications/inner-london-ultra-low-emission-zone-expansion-one-year-report>

this could support the scrapping or retrofit of thousands more vehicles<sup>5</sup>, accelerating the air quality benefits that are expected to be seen in London due to the ULEZ expansion.

- 2.12. The proposed £50 million additional funding would be paid to TfL by means of a revenue grant under section 121 of the GLA Act 1999. Although the GLA cannot mandate to TfL what it will use the funding for, TfL has confirmed that the funding will be earmarked to enable the Scrappage Scheme to operate for a longer period under its current eligibility rules and grant levels. The Mayor intends that the revenue grant should be made from the EIR. This additional funding will mean that TfL will have received £210 million in total from the GLA towards the Scrappage Scheme.

#### *Superloop funding*

- 2.13. Since March 2023, TfL has worked at pace to deliver the Superloop to ensure each part of the network is operational as early as possible, offering Londoners express travel options around outer London. Delivering a network of this scale has resulted in additional funding requirements to the order of £5.5 million. The ongoing operational costs of the network can be met through committed funding.
- 2.14. The first phase was the rebranding of the four existing routes, as outlined in paragraph 1.16. The rebranding involved external design changes to ensure that passengers could easily identify the Superloop network, including wrapping the buses, installing bus shelters where necessary, updating bus stop names to better reflect their location, changing the route numbers to be prefixed by 'SL', and updating bus stop information. To bring all buses to the same standard, it was also necessary to retrofit USB chargers into some buses used on these routes and add the new priority moquette to seats. Customer information was also updated across the network.
- 2.15. The second phase focused on five proposed new routes: SL1, SL2, SL3, SL5 and SL10. TfL undertook six-week public consultations between April and September on the new routes, engaging local stakeholders, advertising the consultations locally and providing information at bus stops to encourage people to respond to the consultation. Following consultation, TfL confirmed and tendered the routes to bus operators, which run TfL's bus routes. Contract prices for the tendering of the new Superloop services have been impacted by the pace of delivery, driven by the desire to support customers in outer London with more travel options.
- 2.16. The £5.5 million as a payment for 2023-2024 is required to meet the funding variance between the funded position and the total costs, which is principally due to accelerating the delivery timeframes for the extensive new network, ensuring it is on the ground as soon as possible.

### **3. Equality comments**

#### *Public Sector Equality Duty*

- 3.1. Under section 149 of the Equality Act 2010 ("the Equality Act"), as a public authority, the Mayor must have due regard to the need to eliminate unlawful discrimination, harassment and victimisation; and to advance equality of opportunity, and foster good relations, between people who share a protected characteristic and those who do not when exercising his functions. This is known as the Public Sector Equality Duty. Protected characteristics under the Equality Act are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation, and marriage or civil partnership status (the duty in respect of this last characteristic is to eliminate unlawful discrimination and other prohibited conduct under the Act only).
- 3.2. The Public Sector Equality Duty applies to the Mayor's decision to grant TfL £50 million pursuant to section 121 of the Greater London Authority Act 1999. As noted above, TfL has confirmed that it intends to use the grant for the purpose of adding to the funds available for the Scrappage Scheme in light of continued high demand for the Scheme. It is therefore relevant that the Mayor takes into

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<sup>5</sup> The exact number will depend on the mix of vehicles scrapped or retrofitted.

account the impacts on people with protected characteristics who will use the additional funding when making his decision whether to grant the £50 million to TfL (see paragraphs 1.9 and 1.10).

- 3.3. The Scrappage Scheme is expected to continue to have a positive impact on people who have a protected characteristic through the benefits to air quality that will result from an increased number of non-compliant vehicles being scrapped or retrofitted.
- 3.4. The Superloop is also expected to have a positive impact on people who have a protected characteristic. As noted above, buses are London's most affordable, available and accessible mode of public transport. The Superloop provides quicker and cheaper connections between outer London's town centres and other key demand hubs when compared with other public transport or private vehicle options. Each public consultation was accompanied by a full Equalities Impact Assessment, which considered the impact on people with protected characteristics.

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

##### *Risks and issues*

- 4.1. Since the August 2023 extension of Scrappage Scheme eligibility, existing funds have depleted faster than originally estimated. As stated above (paragraph 2.10), the grant of £50 million is expected to enable the scheme to remain open in 2024, therefore mitigating any potential negative impact on people with protected characteristics who may not yet have submitted an application.
- 4.2. The scheme, and available scrappage funds, will continue to be monitored by TfL to seek to mitigate any potential negative impacts on people with protected characteristics.
- 4.3. While demand levels have remained high since the Scrappage Scheme eligibility was expanded in August, there remain uncertainties around how eligible users of the Scrappage Scheme may take up the funding, particularly as the ULEZ has now been in operation for five months. To mitigate these risks, the Mayor, GLA officials and TfL have engaged, and will continue to engage, with community groups and stakeholders London-wide.
- 4.4. The Superloop funding provides a payment to TfL from GLA Group reserves for 2023-2024. The funding will cover the small funding gap this year associated with branding and running the network and, as such, there are no identified risks to spending this.

##### *Links to Mayoral Strategies and priorities*

##### **London Environment Strategy**

- 4.5. The Mayor's London Environment Strategy was published in May 2018 and prioritises reaching legal air pollutant levels as soon as possible by the most effective route.
- 4.6. Proposal 4.2.4.b states:  
*"The Mayor will work with the government to achieve full legal compliance with UK and EU legal limits as soon as possible. Comprehensive and coordinated action is needed at a national level to achieve legal limits as quickly and effectively as possible. A national vehicle scrappage fund is essential if compliance costs to people and businesses of such action is to be minimised. It is only right that the government provides this help, given that national fiscal policy has encouraged dieselisation over many years, meaning many people bought polluting vehicles in good faith."*
- 4.7. Proposal 4.2.1.d states:  
*"The Mayor aims to reduce emissions from private and commercial vehicles by phasing out and restricting the use of fossil fuels, prioritising action on diesel."*

## Mayor's Transport Strategy

- 4.8. The Mayor's Transport Strategy published in March 2018 refers to taking action to reduce emissions from vehicles on London's streets. Policy 6 states:

*"The Mayor, through TfL and the boroughs, and working with stakeholders, will take action to reduce emissions – in particular diesel emissions – from vehicles on London's streets to improve air quality and support London reaching compliance with UK and EU legal limits as soon as possible. Measures may include promoting electrification and responsible procurement."*

- 4.9. Proposal 28 states:

*"The Mayor proposes that Government amends fiscal incentives, including vehicle excise duty, so that only the cleanest vehicles are incentivised for purchase; and implements a national diesel vehicle scrappage fund to enable cities to take the most polluting vehicles off their streets."*

- 4.10. The addendum to the Mayor's Transport Strategy, Proposal 24.1, was published in November 2022 and specifically seeks to tackle the triple challenges of toxic air pollution, the climate emergency and traffic congestion through road user charging schemes including by expanding the ULEZ London-wide.

- 4.11. With regard to public transport, Policy 15 states:

*"The Mayor, through TfL and the boroughs, and working with stakeholders, will transform the quality of bus services so that they offer faster, more reliable, accessible, comfortable and convenient travel by public transport, while being integrated with, and complementing, the rail and Tube networks."*

- 4.12. Policy 57 states:

*"The Mayor, through TfL, will adjust bus service volumes, and consider new types of bus service, to support measures to reduce car use in conjunction with improvements to rail services and walking and cycling environments."*

- 4.13. The supporting text notes that "in places where this is possible, express routes could help to provide orbital connectivity around outer London, something that was previously only thought achievable through rail provision". The Superloop delivers on this.

### *Impact assessments and consultations*

- 4.14. TfL conducted engagement on the ULEZ and its mitigations, including a scrappage scheme, both before and after the launch of the Scrappage Scheme in January 2023. This will continue as part of TfL's monitoring of the Scheme.
- 4.15. The Scrappage Scheme was designed and targeted in response to issues identified in the Equality Impact Assessment as part of the Integrated Impact Assessment undertaken for the London-wide ULEZ expansion.
- 4.16. As noted in section three, public consultations were held for each of the ten Superloop routes. Each public consultation was accompanied by a full Equalities Impact Assessment.

### *Conflicts of interest*

- 4.17. There are no conflicts of interest to note for any of the officers involved in the drafting or clearance of this decision form.

## **5. Financial comments**

- 5.1. This decision proposes that TfL's budget for the London Vehicle Scrappage Scheme be increased by a further £50 million. The sums due under this decision will be transferred to TfL by means of a revenue grant to be paid by the GLA to TfL under section 121 of the GLA Act 1999. As outlined above, the



£50 million that is to be allocated to TfL for the Scrappage Scheme, will be funded from the Environmental Improvement Reserve (EIR) in 2023-2024.

- 5.2. This decision also proposes to provide £5.5 million to TfL towards the funding gap required to deliver the Superloop. As outlined above, this will be funded from the Transport Services Funding Reserve (TSFR) in 2023-2024.
- 5.3. The Mayor's GLA Group Budget Proposals and Precepts 2024-2025 Consultation Document, published in December 2023, reported the forecast closing balance, as at 31 March 2024, to be £84.4 million for the EIR and £100 million for the TSFR. The use of these balances as set out in this decision have been included in the draft 2024-25 GLA Group budget, and are intended to be included in the final draft 2024-25 GLA Group budget, due to be published on 14 February 2024. Therefore, if this decision and the GLA Group budget is approved, the required funding can be provided from within available resources.
- 5.4. Although the GLA cannot stipulate what the funding will be used for TfL has confirmed that the funding will be earmarked towards its revenue expenditure in connection with the Scrappage Scheme (£50 million) and the Superloop (£5.5 million). Expenditure by TfL on both is to be allocated to revenue expenditure in accordance with section 121(4) of the GLA Act 1999, which prevents grants paid under section 121 from being used for capital expenditure.
- 5.5. The approval and expenditure of these funds is agreed in principle, subject to confirmation as part of the annual budget setting process for the 2024-2025 GLA Group Budget.

## **6. Legal comments**

- 6.1. The establishment and operation of the Scrappage Scheme falls within scope of TfL's functions having been delegated the required powers by the Mayor pursuant to MD2661. Under the terms of MD2661, TfL establishes, administers and operates vehicle scrappage schemes under a delegation by the Mayor of general powers under section 30 of the GLA Act 1999. That delegation is made under section 38 of the Act, and by virtue of section 38(7), functions delegated by the Mayor to TfL become TfL's own functions.
- 6.2. The Superloop forms part of the London Bus Network and is a TfL function under section 181 of the GLA Act 1999.
- 6.3. A grant under section 121 of the GLA Act 1999 cannot be made subject to any limitation by the GLA in respect of the expenditure to which it may be applied by TfL; however, it is permissible and considered relevant to the Mayor's decision whether to make the grant for TfL to confirm its intended use. As stated above, in this instance, the £50 million will be added to the funds available to support the Scrappage Scheme and the £5.5 million to those available for the Superloop. In addition, a grant under section 121 of the GLA Act 1999 may only be applied by TfL towards revenue (rather than capital) expenditure. Both payments are considered to be revenue expenditure and will be allocated accordingly.

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

- 7.1. If approved, the GLA will arrange for the transfer of funds to TfL as soon as possible after the decision is made.
- 7.2. As the Scrappage Scheme is currently live, the funding can be deployed rapidly within the existing scheme structures.
- 7.3. The impact of the Scrappage Scheme is kept under review. The Scrappage Scheme is expected to end once the funding has been exhausted. The Mayor continues to lobby for national scrappage funding or a targeted national scheme from central Government to support successful local schemes such as

the London Scrappage Scheme. This would enable cities across the country to accelerate the removal of the most polluting vehicles from the UK's roads.

- 7.4. The majority of the Superloop network is now active, meaning TfL has contracts with bus operators to run each of the services. Three further routes due to launch in the next three months and contracts have been entered into with operators to run these services. The funds provided by the GLA will be used by TfL to meet the small funding gap between committed cost and allocated funding.

**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 either be published 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:

Taryn Ferguson and Vanessa Harrison have 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:

Shirley Rodrigues and Seb Dance have been consulted about the proposal and agrees the recommendations.

✓

#### Advice:

The Finance and Legal teams have commented on this proposal.

✓

#### Corporate Investment Board

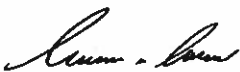
This decision was agreed by the Corporate Investment Board on 29 January 2024.

✓

### INTERIM CHIEF FINANCE OFFICER:

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

**Signature:**



**Date:**

30/01/2024

### CHIEF OF STAFF:

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

**Signature:**



**Date:**

29/01/2024

