

Transport for London

Minutes of the Meeting

**Conference Rooms 1 and 2, Palestra, 197 Blackfriars Road,
London, SE1 8NJ**

10.00am, Wednesday 27 July 2022

Members

Sadiq Khan (Chair)
Seb Dance (Deputy Chair)
Heidi Alexander
Julian Bell (via Teams, except for Minutes 54/07/22-56/07/22)
Kay Carberry CBE
Prof Greg Clark CBE (via Teams)
Bronwen Handyside (via Teams)
Anne McMeel
Dr Mee Ling Ng OBE
Dr Nelson Ogunshakin OBE
Mark Phillips (via Teams)
Marie Pye (via Teams)
Dr Nina Skorupska CBE
Dr Lynn Sloman MBE (via Teams)
Ben Story (via Teams)
Peter Strachan

Government Special Representative

Becky Wood (via Teams)

Executive Committee

Andy Byford	Commissioner
Howard Carter	General Counsel (via Teams)
Patrick Doig	Group Finance Director and statutory Chief Finance Officer
Stuart Harvey	Chief Capital Officer (via Teams)
Andy Lord	Chief Operating Officer
Lilli Matson	Chief Safety, Health and Environment Officer
Gareth Powell	Chief Customer and Strategy Officer
Tricia Wright	Chief People Officer (via Teams)

Also in attendance

Matt Brown	Director of Communications and Corporate Affairs (via Teams)
Sarah Gasson	Chief of Staff, Commissioner (via Teams)
Jackie Gavigan	Secretariat Manager (via Teams)
Lorraine Humphrey	Director of Risk and Assurance (via Teams)
Shamus Kenny	Head of Secretariat
Alex Williams	Director of City Planning

49/07/22 Apologies for Absence and Chair's Announcements

The Chair welcomed everyone to the meeting, which was being broadcast live on the Greater London Authority website and on YouTube to ensure the public and press could observe the proceedings and decision-making.

An apology for absence had been received from Anurag Gupta who was abroad and unable to join remotely due to the time difference. Julian Bell had given an apology for absence for part of the meeting as he was speaking at an event between 11am and 12 noon.

The meeting was quorate. The following Members joined the meeting via Teams and were able to participate in the discussions but did not count toward the quorum: Julian Bell, Professor Greg Clark CBE, Bronwen Handyside, Mark Phillips, Marie Pye, Dr Lynn Sloman MBE and Ben Story.

Executive Committee members Howard Carter, General Counsel, Stuart Harvey, Chief Capital Officer and Tricia Wright, Chief People Officer and the Government Special Representative, Becky Wood also attended the meeting via Teams.

The Chair had accepted the Finance Report as a late item on this agenda as it was vital that Members knew the most up to date information on TfL's financial position.

The Chair reported that TfL's programme of returning Night Tube services continued. Services had reopened on the Northern line from 2 July 2022 and an announcement on the return of Piccadilly line Night Tube services was imminent. The reopening of these services was ahead of schedule and allowed Londoners and visitors to make the most of all the capital had to offer in the evenings and provided late night commuters another safe way to return home.

On 18 July 2022, ahead of schedule, TfL successfully delivered into service the extension of London Overground services to Barking Riverside. The extension and new step-free station, along with the new Thames Clipper river service, supported the regeneration of the area and London's recovery. These transport facilities would enable the construction of 10,000 homes at Barking Riverside, plus a new school, healthcare facilities and a new district centre with commercial and leisure facilities, high-quality public spaces and connections to walking and cycling routes. The railway and river services created a reliable and accessible public transport alternative to car travel.

After 19 years at TfL, Gareth Powell would leave TfL in September 2022 to take on a new opportunity in the wider transport industry. He had held several roles at TfL including as Director of Strategy and Service Development in London Underground, Director of Public Transport and TfL Strategy, Managing Director of Surface Transport and most recently as Chief Customer and Strategy Officer and Deputy Commissioner. Gareth Powell had driven significant improvements and modernisation and would be missed on a personal and professional basis. The Board wished him every success for the future. While TfL embarked on an open and transparent recruitment process for the role of Chief Customer and Strategy Officer, Alex Williams would act as interim Chief Customer and Strategy Officer, Shashi Verma would report directly to the Commissioner given the importance of the future of road user charging and ticketing technology over the next period and Andy Lord would take up the Deputy Commissioner responsibilities.

An open recruitment campaign had also commenced to select a permanent Chief Finance Officer.

The Chair also wished Marcia Williams every success for the future as she had recently left the role of Director of Diversity, Inclusion and Talent to take up a new opportunity. TfL has made significant progress in diversity, inclusion and talent and Tricia Wright would

consider how TfL took the next steps forward, building on the strategy in place to improve TfL's culture and ways of working.

As this was the last scheduled meeting of the Board before his departure in September 2022, Julian Bell was thanked for his service to the Board representing the interests of London Councils and the boroughs.

The Chair reminded those present that safety was paramount at TfL and encouraged Members to raise any safety issues during discussions on a relevant item or with TfL staff after the meeting.

50/07/22 Declarations of Interests

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

There had been no changes to declarations made by Members since the last meeting of the Board.

51/07/22 Minutes of the Meeting of the Board held on 8 June 2022

The minutes of the meeting of the Board held on 8 June 2022 were approved as a correct record and the Chair was authorised to sign them.

52/07/22 Matters Arising, Actions List and Use of Delegated Authority

Howard Carter introduced the paper. Since the meeting on 8 June 2022, there had been two uses of Chair's Action by the Chair of the Finance Committee in relation to approving short extensions to the funding settlement with Government. There had been no other use of specific authority delegated by the Board to Committees, nor any new Mayoral Directions to TfL.

Members noted the progress against the actions from previous meetings, as set out in Appendix 1 to the paper, most of which were completed.

The Board noted the paper.

53/07/22 Commissioner's Report

Andy Byford introduced the report, which provided a review of the major issues and developments since the last meeting, and updated Members on significant projects and initiatives.

The key issues arising from the overview and discussion are summarised below:

- 1 Late on the evening of 22 July 2022, a draft proposal for a funding settlement from Government was received and TfL had been working ceaselessly ever since to review the huge amount of detail it contained. Officers were reviewing the proposal to ensure it was fair and the conditions were realistic and deliverable. A short extension to the existing agreement had been requested to complete this work before it was considered by the Board.
- 2 The funding offer from Government could not be recommended to the Board if it was less than TfL needed and did not give a balanced budget. The Commissioner was determined to avoid the managed decline scenario but not at any cost, as the quantum and conditions of the deal needed to be acceptable.
- 3 TfL's response to the adverse weather experienced on 18 and 19 July 2022 was testament to its professionalism and ability, and that of its contractors and partners, that TfL was able to keep London moving for all those who needed it. The Commissioner thanked everyone involved in the emergency planning and delivery of services on those days, in such challenging conditions.
- 4 TfL was doing everything it could to protect the network against future temperature increases, helping to keep staff and customers safe and comfortable. Steps to protect against hot weather included an innovative trial of state-of-the-art cooling panels on a disused platform at Holborn station, to test its suitability for reducing temperatures on the deep Tube network.
- 5 In mid-July 2022, the Mayor published a report assessing the impact of the expanded Ultra Low Emission Zone (ULEZ) in its first six months of operation. The data indicated that the scheme was having a significant impact on reducing the number of older, more polluting vehicles driven in London. Nearly 94 per cent of vehicles driven in the zone now met the strict ULEZ standards on an average day, up from 87 per cent in the weeks before the zone expanded and up from 39 per cent in February 2017 when changes associated with the ULEZ began. There were also 67,000 fewer non-compliant vehicles in the zone on an average day compared to the period right before the ULEZ expanded, a fall of 54 per cent.
- 6 NO₂ concentrations in inner London were estimated to be 20 per cent lower than they would have been without the ULEZ and its expansion. In central London, NO₂ concentrations were estimated to be 44 per cent lower. However, compliance rates and air quality improvements in outer London, which was not currently covered by the ULEZ, continued to lag well behind those in central and inner London.
- 7 The Mayor had asked TfL to consult on expanding the ULEZ London-wide in August 2023. A larger ULEZ was vital for those living in the capital, especially those in outer London where air pollution had not fallen as fast as in central and inner London, and would also benefit those living outside it.
- 8 In 2019, toxic air contributed to more than 4,000 premature deaths in the capital, with the greatest number in outer London, and this issue urgently needed to be addressed.
- 9 The number of people killed on London's roads in 2021 fell to the lowest level on record, according to the Road Safety Data Factsheet. This was a 22 per cent

reduction in fatalities between 2020 and 2021, and a 44 per cent reduction in people killed or seriously injured on the roads from the 2005-09 baseline.

- 10 Although these figures were impacted by the pandemic, the Mayor's Transport Strategy target of a 70 per cent reduction in people killed or seriously injured in or by a bus from the 2005-09 baseline had been achieved for the second year in a row. TfL would continue in its utmost efforts to achieve its Vision Zero goal. The Commissioner had reaffirmed TfL's commitment to this at the Vision Zero summit in July 2022.
- 11 The Barking Riverside Extension opened to customers on 18 July 2022 and was an incredible boost to transport services in East London. The Commissioner, who attended the opening with the Mayor, congratulated and thanked all those who were involved in the project which was completed months ahead of schedule.
- 12 As with the Elizabeth line and the Northern Line Extension, the project demonstrated that the benefits of investment in public transport could have a massive impact, not just in the area where it was situated, but far beyond that. It benefitted the whole country from supporting jobs and businesses, and ensuring supply chains and manufacturers could retain the skill base and resources to satisfy transport projects easily and affordably in other regions. Businesses around the UK had benefited from the Barking Riverside Extension.
- 13 Stuart Harvey would look at the wayfinding and signage for the riverboat services at Barking Riverside, particularly the directions for the quickest route from the station.
[Action: Stuart Harvey]
- 14 Andy Lord would look at the potential to increase the frequency of the riverboat services at Barking Riverside pier.
[Action: Andy Lord]
- 15 The Commissioner commented on the current instances of industrial action impacting TfL services and was grateful to the colleagues who helped keep London moving during these events. It took an immense amount of work to plan for and deliver the best possible service during the disruption, and involved a great deal of complex working with a huge range of stakeholders and other agencies to provide the clearest picture of services available to customers. He urged the National Union of Rail, Maritime and Transport Workers (RMT) to reconsider the Tube strikes announced for August 2022 and to continue in talks with TfL and call off the industrial action.
- 16 The Elizabeth line continued to deliver an excellent service since its launch with the opening of the central section on 24 May 2022. There had been 22 million journeys across the whole line and over 11 million journeys on the central section. There were average daily journeys of 20,000 and up to 190,000 journeys on Saturdays, showing the popularity and benefits that the line already brought to so many Londoners.
- 17 TfL was working hard to deliver the final stages of the project and services from Reading, Heathrow and Shenfield would connect with the central tunnels in autumn 2022. Work continued to also open Bond Street station in autumn 2022. Full integration of services across the Elizabeth line was expected by May 2023.

- 18 TfL marked London Climate Action Week by launching the tender for its first power purchase agreement on 27 June 2022. TfL aimed to purchase more than 10 per cent of its required electricity from renewable energy sources and new build assets. As one of the largest consumers of electricity in the UK, TfL played a major part in meeting the Mayor of London's ambition for the capital to become a net zero-carbon city by 2030. The Mayor, through the London Environment Strategy, had also set TfL the goal of achieving a zero-carbon railway by 2030.
- 19 The launch of the tender formed part of TfL's long-term strategy to ensure that all the electricity used to power its services was generated by 100 per cent renewable origins. By using a phased approach, it would benefit from being able to learn and adapt as the renewable market evolved.
- 20 As previously reported, a review of TfL's current approach to cleaning services earlier this year had concluded that it was not recommended to insource the cleaning services under the current financial pressures. The Mayor had asked TfL to review the decision again in April 2023 when it hoped to achieve financially sustainability. The review of free travel for cleaners was ongoing.
- 21 Cleaners on the transport network, alongside other key workers, had done and continued to do an amazing job in these challenging times and TfL was extremely grateful for everything they were doing.
- 22 The decision to extend ABM's contract was made in accordance with TfL's Standing Orders, which included authority delegated by the Board to its Committees and the use of Chair's Action where decisions were required outside of the usual meeting cycle, in this case to meet procurement timelines. The Finance Committee took the decision on behalf of all Board Members via a Chair's Action, which had subsequently been published and reported to the next scheduled meeting of the Committee and to the Board at this meeting, both within the Commissioner's Report and under agenda item Report of the Meeting of the Finance Committee held on 22 June 2022.
- 23 Alex Williams confirmed that the results of the consultation on proposed reductions to bus services would be considered by the Customer Service and Operational Performance Panel in October 2022. **[Action: Alex Williams]**
- 24 Following the recent rise in coronavirus cases, the feasibility of using the Freedom Pass data to check whether older and disabled passengers were returning to the network at the same rate as other passengers would be looked at. **[Action: Shashi Verma]**
- 25 The Commissioner thanked Gareth Powell who, as reported by the Mayor at the start of the meeting, was leaving TfL. Gareth had been a vital member of the Executive team and had been at the heart of TfL for many years. As Managing Director of Surface Transport and as Chief Customer and Strategy Officer and Deputy Commissioner, he had been instrumental in helping to steer TfL through difficult times and had provided an incredible amount of insight and knowledge, which had created positive and substantive change within the organisation. He would be sorely missed and the Commissioner wished him all the very best for the future.

- 26 Whilst the recruitment for Gareth Powell's replacement was ongoing, the Commissioner expressed his thanks to Alex Williams, Shashi Verma and Andy Lord for taking on the extra responsibilities that the Mayor outlined.
- 27 The Commissioner also thanked Marcia Williams, Director of Diversity, Inclusion and Talent, who departed TfL last week. Marcia had made a huge impact in a short space of time since arriving in a very important field for TfL. He wished her all the very best of luck in her new role.

The Board noted the Commissioner's Report.

54/07/22 Elizabeth Line Operations and Further Opening Stages

Andy Byford introduced the item, which provided a status update of the Elizabeth line operations and on the readiness for further opening stages of the Elizabeth line railway, including the remaining work on the Crossrail project.

Members noted the very good reliability and performance of the operational service to date. In its first four weeks of operation as the Elizabeth line there had been around 10.25 million passenger journeys across the whole route, of which around five million were estimated to have been on the section from Paddington to Abbey Wood, averaging over 200,000 journeys per day on the central section. Future reports to the Elizabeth Line Committee would provide an assessment of how many journeys were new and revenue generating and how many were transfers from existing TfL services. This was difficult to assess at present due to the impact of recent hot weather and industrial action impacting passenger numbers.

Work continued to complete the outstanding works at Bond Street station, which remained on target to open in autumn 2022. Good progress was also being made on updating signalling software to allow the connection of the central tunnel section to the east and west sections. This would enable more intensive services and the next phase of direct services to operate from autumn 2022 with full services across the entire route still on schedule for May 2023.

There were still budget pressures with the project, but this was being managed.

The Board noted the paper.

55/07/22 TfL Annual Report and Statement of Accounts for the Year Ended 31 March 2022

Gareth Powell and Patrick Doig introduced the item, which presented the draft Annual Report and TfL Group Statement of Accounts for the year ended 31 March 2022. The contents had been considered in detail by the Audit and Assurance Committee at its meeting on 6 June 2022 and its comments had been addressed in the current drafts.

While TfL remained on track for financial sustainability in 2023, through tight control of its costs, it was facing challenges related to its funding, the cost of living crisis and rising costs through inflation.

The Board was being asked to approve the Annual Report for the year ended 31 March 2022. The report demonstrated the significant work TfL had delivered in challenging circumstances.

The Board was not being asked to delegate approval of the Annual report and Accounts to the Audit and Assurance Committee. The financial statements were prepared on a going concern basis but until Government funding was agreed there was a material uncertainty as to whether TfL had a balanced budget. The statutory Chief Finance Officer and TfL's external auditors, Ernst & Young LLP (EY), needed time to work through and consider the funding proposals received from Government late on the evening of 22 July 2022 and further amended following requests for clarification. EY was unable to provide an audit opinion that TfL was a going concern until a funding settlement had been agreed. The statutory Chief Finance Officer was confident that this would be achieved, as the Government had committed to ensuring TfL was properly funded to achieve a balanced budget. The Chair of the Audit and Assurance Committee had also had meetings with the statutory Chief Finance Officer and EY.

The accounts would be ready for approval by the Audit and Assurance Committee in September 2022 to meet the statutory deadline for approval. A separate audit process was in place for Crossrail Limited.

Members congratulated all staff involved in the production of the documents, which reflected their professionalism and commitment to deliver for London. Members noted that the conditions of TfL's funding settlements included a demand to raise additional revenue and several potential mechanisms were being considered including changes to the older person's Freedom Pass. All changes would be subject to full impact assessments and, as appropriate stakeholder engagement and/or consultation.

The Board noted the paper and:

- 1 approved the 2021/22 Annual Report;**
- 2 authorised the Chief Customer and Strategy Officer to make any further design or editorial changes to the Annual Report as may be required, including changes to reflect the position on TfL funding;**
- 3 considered the Statement of Accounts and, recognising that a decision on approval of the Statement of Accounts could not currently be made, delegated approval of the Statement of Accounts to the Audit and Assurance Committee and the provisions of Standing Order 108 were disapplied for these purposes;**
- 4 subject to the approval of the Audit and Assurance Committee, agreed that the statutory Chief Finance Officer would make any adjustments arising from the work prior to the auditors, Ernst & Young LLP, signing their opinion, or from any comments made by the board of any subsidiary company. Should any changes be required to the Statement of Accounts, other than the going concern conclusion which, in the opinion of the statutory Chief Finance Officer, were material, he would seek the approval of the Board or the Audit and Assurance Committee to these changes;**
- 5 noted that the Chair of the Audit and Assurance Committee would sign and date the Statement of Accounts in due course;**

6 confirmed overall approval of the provision of an ongoing guarantee by Transport Trading Limited of all the outstanding liabilities of those of its subsidiary companies listed below, such guarantee enabling those subsidiaries to be exempt from the need to have their accounts audited:

- (a) Woolwich Arsenal Rail Enterprises Limited;**
- (b) City Airport Rail Enterprises Limited;**
- (c) London Underground Limited;**
- (d) LUL Nominee BCV Limited;**
- (e) LUL Nominee SSL Limited;**
- (f) Docklands Light Railway Limited;**
- (g) Tube Lines Limited;**
- (h) Rail for London Limited;**
- (i) Rail for London (Infrastructure) Limited**
- (j) Tramtrack Croydon Limited;**
- (k) London Buses Limited;**
- (l) London Bus Services Limited;**
- (m) London River Services Limited;**
- (n) Transport for London Finance Limited;**
- (o) Victoria Coach Station Limited;**
- (p) TTL Properties Limited;**
- (q) TTL Blackhorse Road Properties Limited;**
- (r) TTL Build to Rent Limited**
- (s) TTL Earls Court Properties Limited;**
- (t) TTL FCHB Properties Limited;**
- (u) TTL Kidbrooke Properties Limited;**
- (v) TTL Landmark Court Properties Limited;**
- (w) TTL Northwood Properties Limited;**
- (x) TTL South Kensington Properties Limited;**
- (y) TTL Southwark Road Properties Limited; and**
- (z) TTL Wembley Park Properties Limited; and**

7 noted that, as a result of the application of IFRS 9 Financial Instruments, TfL's auditors, Ernst & Young LLP, requested that letters of financial support previously provided by Transport for London in respect of the liabilities of its subsidiaries be re-signed annually by TfL's statutory Chief Finance Officer. Board approval for the issue of such letters was granted when the subsidiaries were first established or acquired; and

8 noted that, on 28 June 2022, the letters of financial support previously provided by Transport for London to TTL Properties Limited and its subsidiaries were withdrawn and replaced by letters of financial support from TTL Properties Limited to its subsidiaries.

56/07/22 Safety, Health and Environment Annual Report 2021/22

Lilli Matson introduced the item, which presented the Safety, Health and Environment (SHE) Annual Report for the 2021/22 financial year (1 April 2021 to 31 March 2022). Most data presented covered that range, except for some road safety and work-related violence data, which was clearly highlighted.

The safety of customers and staff remained an absolute commitment and focus for TfL. There had been 105 transport worker deaths as a result of Covid-19 and so while TfL had been agile, and risk assessed in liaison with public bodies as London came out of the coronavirus pandemic restrictions, TfL would continue to be vigilant.

Members welcomed the work TfL had undertaken in 2021/22, which saw TfL continue to make good progress on many of its scorecard targets. It was recognised that there was always more to do, with specific areas requiring significant progress and focus.

TfL was committed to a Vision Zero approach to road safety. The number of people killed and seriously injured had fallen substantially, with the interventions made to address the risks posed by heavy goods vehicles to vulnerable road users having a positive impact. The reduction in pedestrian injuries showed the benefit of the healthy streets approach to reduce speeds and introduce Low Traffic Neighbourhoods, although funding uncertainty threatened this progress. Challenges remained and latter trends suggested that road risk was trending back towards pre-pandemic levels.

Customer safety relating to slips, trips and falls remained a concern, with major contributory factors being alcohol consumption and reduced use of handrails due to concerns about coronavirus, despite the promotion of enhanced cleaning regimes.

TfL was currently being prosecuted by the Office of Rail and Road in relation to the tragic tram overturning at Sandilands in 2016. TfL kept every victim in mind and had made significant improvements to safety systems on the tram network.

On staff safety, there had also been a significant 42 per cent decline in workforce injuries on capital delivery compared to the last pre-pandemic year of 2019/20. Muscular-skeletal issues and mental health continued to have the biggest impact on long-term staff absence. Members noted the range of health and wellbeing activities to support staff and that this was supported by a strategy to ensure it was evidence led and continued to be refined. The results of the current monitoring of the impact of the Well@TfL bus would be provided to Marie Pye.

[Action: Lilli Matson]

TfL had seen higher levels of workplace violence and aggression as coronavirus pandemic restrictions were lifted and had put in place a strategy to address this. Members noted that the percentage of staff willing to support a police investigation for violence and public order offences recorded had reduced, particularly among bus drivers who made up the greatest proportion of victims. TfL was working with the police and bus operating companies to address this. A note would be provided to Anne McMeel on the reporting of offences by bus drivers.

[Action: Lilli Matson]

On environmental matters, TfL had published a Corporate Environment Plan, developed around the key themes of climate emergency, air quality, sustainable resources, green infrastructure and best environmental practices. It worked alongside the Sustainability Report and set out TfL's plan for improving its environmental performance. The impact of flooding in 2021 and the recent heatwave was being monitored and factored into TfL's plans for environmental adaptation. Members welcomed TfL's approach to the greater use of renewable energy supplies, which would help the environment and reduce energy costs. The Chair commended TfL's work, which went above and beyond other global cities, while recognising that 95 per cent of London's streets were under the control of boroughs who had lost half of their funding over the last decade.

The Board noted the Safety, Health and Environment Annual Report 2021/22.

57/07/22 Finance Report - Quarter 1 Results and Forecast, 2022/23

The Chair had agreed to the late publication of the report, to allow for the latest information available on TfL's financial position to be provided.

Patrick Doig introduced the report, which set out TfL's financial performance for Quarter 1, 2022/23 (1 April 2022 to 25 June 2022) and the latest view on its full-year outturn for 2022/23. It provided a summary of year-to-date financial performance against the TfL Budget approved by the Board on 23 March 2022 and the prior-year comparison. It also detailed the context in which TfL was currently operating, including the path to financial sustainability and the importance of securing long-term funding.

The only reason that TfL required Government revenue support was due to the coronavirus pandemic. At the last meeting of the Board, the financial data presented for 2021/22 demonstrated that TfL's approach of tight cost control and re-building revenue meant it was on a declining trajectory of Government revenue support and on the path back to financial sustainability.

The performance results for Quarter 1 and the latest forecast for the remainder of the year demonstrated that, despite the headwinds and risks TfL faced, it was on-track to deliver its Budget and therefore to achieve financial sustainability from April 2023. TfL's Budget was balanced but assumed Government revenue support of around £900m for the remainder of the year. The current funding settlement expired on 28 July 2022, and late evening on Friday 22 July 2022, TfL had received a draft proposal from Government for further funding support. Given the short time it had to understand and consider the long and detailed proposal, TfL had requested a further short-term extension of the current agreement to allow for completion of this work.

Securing sufficient Government funding was critical to balancing TfL's Budget this year but also to avoiding the managed decline scenario on which the Budget was based. The managed decline scenario meant significant service reductions, declining asset condition and no new enhancement projects. TfL was working hard with Government to find a way to avoid this scenario being realised.

The Quarter 1 results showed passenger income and journeys broadly in line with Budget. The total number of journeys was 76 per cent of pre-pandemic levels, just behind expectations due to the impact of industrial action on Tube journeys in Period 3 (29 May to 25 June 2022).

Operating costs were within one per cent of budget, £16m lower than expected. On road user charging, TfL was experiencing higher levels of bad debt, partly due to higher volumes of Penalty Charge Notices (PCNs) but also with lower payment rates on PCNs during the initial discounted period. These pressures had so far been offset by the saving on TfL's employer pension contributions, reflecting the recent triannual revaluation which showed the scheme was currently in surplus, even on the private sector basis which it was currently valued.

Total capital expenditure was just £4m, one per cent, lower than Budget, which showed strong, controlled delivery in the face of significant uncertainty.

Cash balances were broadly in line with the end of last year with an average of £1.2bn, in line with the funding settlement conditions. At the end of Quarter 1, cash balances returned to just over £1.2bn at the end of the original funding settlement period on 24 June 2022. This was slightly below the £1.3bn anticipated, due to a VAT receipt received a few days later in Period 4 (26 June to 23 July 2022). Forecasting the timing of VAT receipts around quarter-end was a challenge but this did not impact TfL's underlying liquidity position.

The Quarter 1 forecast for the full year outturn provided updated assumptions for the latest trends and showed that TfL was forecast to continue to deliver in a controlled manner against its Budget. Crucially, the data showed that the forecast funding requirement for Government revenue support this year remained unchanged at £1.2bn for the full year, of which TfL had secured around £300m.

The Government revenue funding requirement for 2022/23 had remained unchanged for the past 12 months, since the Revised Budget approved in July 2021. Since then, TfL had overcome huge unforeseen challenges, such as the delay in the removal of the last coronavirus restrictions, the delta variant, the omicron waves, the invasion of Ukraine, the cost-of-living crisis and the disruption to global supply chains. Despite these challenges, TfL's tight data-driven financial discipline, agile planning and the collective efforts of everyone across the organisation ensured that the revenue funding requirement had remained the same.

Passenger income was expected to be broadly in line with Budget, with average demand of 80 per cent against pre-pandemic levels over the full year. In the two weeks in Period 4 directly before the school summer holidays, the data showed 80 per cent of pre-pandemic demand which provided confidence that the Budget for the year was set at the right level. However, there was still a great deal of variability on passenger income forecast scenarios ranging from +£350m to -£150m. Whilst there had been steady incremental growth, continued strike disruption either on TfL's network or National Rail could lead to a fall in customer confidence and undo some of the excellent work done to get customers back onto the network.

The forecast incorporated around £200m of risks that had crystallised since the Budget was set. The key changes were higher inflation, with the latest assumption on RPI at 9.4 per cent compared to 5.7 per cent in the Budget, and the trend of lower congestion charge and Ultra Low Emission Zone volumes than budgeted. These risks were balanced against opportunities which had crystallised, primarily driven by a reduction in TfL's pension charges and payments following recent valuations, improved advertising income as the market had recovered faster than expected, and the opening of the Elizabeth line.

The need to resolve funding with Government remained TfL's most important risk and was the top priority and main focus of the Executive team, however, TfL faced a range of other risks. If Government funding was secured, TfL was confident it could manage the remaining net risks through a combination of management action including working capital management and cost control, contingencies and other tailwinds. These other key risks were cost-of-living challenges, inflation, interest rates and delivering £730m of savings to 2024/25.

TfL was delivering on its savings programme and real term, like-for-like costs were lower than 2018/19, reflecting the impact of the savings programme during the pandemic. This

was over and above the savings delivered since 2015/16. In total, like-for-like costs were almost 20 per cent lower than 2015/16 in real terms. TfL had shown it could deliver cost reduction through detailed data analysis, hard work and effective collaboration.

Patrick Doig confirmed that the ongoing industrial action represented a revenue risk to TfL and he would circulate the data on the revenue impact for TfL of either a National Rail strike, TfL industrial action or combined strikes to the Board. **[Action: Patrick Doig]**

The Board noted the report.

58/07/22 Slavery and Human Trafficking Statement

Stuart Harvey introduced the item. The Modern Slavery Act 2015 required the publication of an annual slavery and human trafficking statement (the Statement). The paper described the activity undertaken in compliance with the Act and sought approval of a statement for the financial year 2021/22 that was required to be made and published. The Safety, Sustainability and Human Resources Panel considered and supported the statement at its meeting on 29 June 2022, as part of a wider paper on responsible procurement. Each TfL subsidiary entity listed on the Statement also considered and approved it.

All suppliers were risk assessed using the Cabinet Office tool and all 54 medium- to high-risk suppliers were invited to complete the Modern Slavery Assessment Tool, with 50 per cent completing the assessment. Further work was being undertaken to extend the number of suppliers asked to use the assessment tool and to assist them to increase the completion rate.

Members noted that the Statement focussed on TfL's suppliers. Through TTL Properties Limited, TfL was also a commercial landlord and it took steps to address risks in this area, including all property managers having specific training on modern slavery and human trafficking. Future statements would contain more detail on how TfL managed risks relating to its role as a landlord. **[Action: Stuart Harvey]**

The Board noted the paper and:

- (a) approved the draft TfL Slavery and Human Trafficking statement appended to the paper; and**
- (b) authorised the General Counsel to agree the final form of the Statement.**

59/07/22 Report of the meeting of the Finance Committee held on 22 June 2022

The Chair of the Committee, Anne McMeel, introduced the item. The Committee was updated on TfL's financial position, covered earlier in this meeting.

The Committee noted the income TfL had received over the last year from developers, through planning obligations and other funding mechanisms to deliver its transport priorities. Given TfL's financial situation, as a result of the coronavirus pandemic, TfL was more reliant on these sources of income to continue to develop much-needed transport

schemes that mitigated and drove growth and enabled it to deliver the Mayor's Transport Strategy and London Plan.

Ahead of the first meeting of the Land and Property Committee, the Finance Committee approved a bespoke Treasury Management Strategy and Policy for TTL Properties Limited (TTLP), endorsed TTLP entering into the non-recourse revolving credit facility for up to £200m (subsequently approved by TfL's statutory Chief Finance Officer) and the phasing out of the existing TfL and Transport Trading Limited guarantees in favour of TTLP and its subsidiaries over the next financial year.

As reported under the Commissioner's Report above, the Committee also discussed its approval of the extension of the Cleaning Services contract with ABM by Chair's Action, following consultation with Members on the Committee. An update would be provided to the next meeting on the review of travel concessions for cleaning contractors.

[Action: Tricia Wright]

The Board noted the report.

60/07/22 Report of the meeting of the Safety, Sustainability and Human Resources Panel held on 29 June 2022

The Chair of the Panel, Dr Lynn Sloman CBE, introduced the item. As always, the Panel meeting had a strong focus on safety issues, including an update on road safety performance and the e-scooter trial.

On Human Resource issues, the Panel discussed the attraction and retention of employees and welcomed the work on building an employee proposition.

The Board noted the report.

61/07/22 Report of the meeting of the Land and Property Committee held on 30 June 2022

The Chair of the Committee, Professor Greg Clark CBE, introduced the item. As this was the first meeting of the Committee, a lot of time was spent on establishing a common baseline and fundamentals for all Members. The Committee was overseeing the activity of what was effectively a £2bn start-up business charged with helping to deliver the Mayor's housing targets and revenue to support TfL's financial sustainability.

The Committee noted the investment strategy, business plan and assurance arrangements, including the recruitment of specialist resource for the Independent Investment Programme Advisory Group. It also noted the approvals given by the Finance Committee on 22 June 2022.

A forward programme of briefings and site visits was being prepared for Members.

The Board noted the report.

62/07/22 Report of the meeting of the Remuneration Committee held on 6 July 2022

The Chair of the Committee, Kay Carberry CBE, introduced the item. The Committee considered the benchmarking data on senior remuneration, which showed TfL had fallen behind its two peer groups. This, along with the impact of funding uncertainty, was driving an exodus of senior staff talent.

The Committee considered the Commissioner's assessment of his performance and that of the staff within its remit. Due to the impact of the coronavirus pandemic on TfL's funding, the Committee had previously agreed to defer the payment of 2019/20 awards by one year, to make no awards for 2020/21. It had also made the payment of any awards for the years 2021/22 and 2022/23 contingent on TfL being free of extraordinary Government funding for revenue support by 1 April 2023. As a result, no performance award payments were made for 2021/22.

The Committee recognised the hard work and commitment of staff to deliver all that TfL had achieved over the last year against a difficult background including the financial uncertainty. It commended the Commissioner's commitment, made in March 2022, not to accept any performance awards for 2021/22 and 2022/23.

The Board noted the report.

63/07/22 Report of the meeting of the Customer Service and Operational Performance Panel held on 13 July 2022

The Vice-Chair of the Panel, Marie Pye, introduced the item as she had chaired the meeting. She highlighted the Panel's discussion on assisted transport services, which set out how they were operating and the tools being used to encourage users back onto these services and general public transport after the coronavirus pandemic.

The Panel also had a good discussion on customer safety and security, including the use of the revenue protection programme to detect and address chronic fare evasion.

The Board noted the report.

64/07/22 Report of the meeting of the Elizabeth Line Committee held on 14 July 2022

The Chair of the Committee, Heidi Alexander, and the Vice-Chair of the Committee, Anne McMeel (who had chaired the meeting), introduced the item. Most of the key issues considered by the Committee had been covered earlier in this meeting.

The Committee received the final report from the Crossrail Complaints Commissioner and would monitor the progress toward closing out the four unresolved issues. It thanked Stephen Jolly and his office for their valued contribution in helping to manage community and stakeholder engagement.

As reported earlier in this meeting, the next meeting of the Committee would consider initial data on the number of journeys that were assessed to be new and revenue generating and how many were passengers transferring from other TfL services.

The Board noted the report.

65/07/22 Report of the meeting of the Programmes and Investment Committee held on 20 July 2022

The Chair of the Committee, Ben Story, introduced the item. He thanked TfL staff for the high-level of disclosure on projects which enabled the Committee to identify and discuss challenges and issues. He also welcomed the continued open cooperation between staff and the Project Assurance team and the Independent Investment Programme Advisory Group that ensured that good advice was taken on board and recommendations acted upon.

The Board noted the report.

66/07/22 Any Other Business the Chair Considers Urgent

There was no other urgent business.

67/07/22 Date of Next Meeting

The date of the next meeting was scheduled for Wednesday 12 October 2022 at 10.00am.

The meeting closed at 12.37pm.

Chair: _____



Date: _____

