

**24 March 2010:**

**Minutes of Board Meeting – Public.**

# **Transport for London**

## **Minutes of the Meeting**

**Committee Rooms 4-5, City Hall, The Queen's Walk, London  
10.00am, Wednesday 24 March 2010**

### **Members**

Boris Johnson  
Daniel Moylan  
Peter Anderson  
Claudia Arney  
Charles Belcher  
Christopher Garnett  
Sir Mike Hodgkinson  
Judith Hunt  
Eva Lindholm  
Steven Norris  
Bob Oddy  
Patrick O'Keeffe  
Kulveer Ranger  
Tony West  
Steve Wright

Chairman  
Deputy Chairman  
Member  
Member  
Member  
Member  
Member  
Member  
Member  
Member  
Member  
Member  
Member  
Member  
Member

### **Staff**

Steve Allen  
Sarah Atkins

Managing Director, Finance  
Director of Reviews and Legal, London Underground  
(for part)

David Brown  
Ian Brown  
Mike Brown  
Howard Carter  
Stephen Critchley  
Michèle Dix  
Vernon Everitt  
Peter Hendy  
Rob Holden  
Ellen Howard  
Richard Parry

Managing Director, Surface Transport  
Managing Director, London Rail  
Managing Director, London Underground  
General Counsel  
Chief Finance Officer  
Managing Director, Planning  
Managing Director, Marketing and Communications  
Commissioner  
Chief Executive, Crossrail  
Director of Corporate Governance  
Director of Strategy and Service Development,  
London Underground

David Waboso

Director of Line Upgrades, London Underground (for  
part)

Clive Walker

Interim Director of Internal Audit

Shamus Kenny

Head of Secretariat

## **16/03/10      Apologies for Absence and Declarations of Interest**

The Mayor welcomed Mike Brown to his first Board meeting since his appointment as Managing Director, London Underground. The Mayor, Commissioner and Board paid tribute to the work of Richard Parry who, as Acting Managing Director, had led London Underground pending Mike Brown's arrival.

Apologies for absence had been received from Dame Tanni Grey-Thompson and Keith Williams.

The following interests were declared: Daniel Moylan as Deputy Leader of the Royal Borough of Kensington and Chelsea, a director of the London Transport Museum and Chairman of Urban Design London; Peter Anderson as a director of the Canary Wharf Group plc in relation to Crossrail and the Jubilee Line upgrade; Christopher Garnett as a member of the Olympic Delivery Authority and non-executive director of Aggregate Industries Limited; Sir Mike Hodgkinson as a non-executive director of Crossrail Limited; Bob Oddy on taxi related issues; Steven Norris as a Board Member of the London Development Agency, as Chairman of AMT-Sybex Limited, as Executive Chairman of Jarvis plc, as a non executive director of Initiate Limited, as Chairman of Saferoad BLG Limited and as a non-executive director of Speedcheck Services Limited; Tony West as a member of Bexley Council's Public Transport Advisory Group; and Steve Wright on matters relating to private hire vehicles.

## **17/03/10      Minutes of the Meeting held on 3 February 2010**

The minutes of the meeting held on 3 February 2010 were approved as a correct record and signed by the Chairman.

## **18/03/10      Matters Arising and Actions List**

**The Actions List was noted.**

## **19/03/10      Commissioner's Report**

The Commissioner introduced his report, which provided an overview of major issues and developments since the last meeting on 3 February 2010 and updated Members on significant projects and initiatives.

The Commissioner advised that on 15 March 2010 London Underground (LU) had won 100 per cent of an adjudication for which Tube Lines Limited (TLL) had submitted a claim for £34m. TLL was also instructed to pay LU's costs.

The Board noted the changing position of the Department for Transport (DfT) in relation to the funding of the new Surrey Canal Road station on the East London Line. The DfT had previously said that it would provide £7m to fund the station provided a further £3m could be found. The London Borough of Lewisham had agreed that the £3m would be provided through TfL's local implementation plan process. However, the DfT now wished to review the business case for the station. The Mayor would write to the Secretary of State to encourage the DfT to honour its commitment. Failing timely



positive advice only passive provision would be made as otherwise the whole East London Line extension phase 2B project would be delayed.

The Commissioner advised that the Mayor had made the following appointments to the Investment Programme Advisory Group. David James (Chair), Derek Fryer, Charles Penny, Nicholas Pollard, Nigel Quick and Robin Whalley. The Group would provide independent scrutiny of the delivery of the TfL Investment Programme and would become operational in May 2010.

The extension of Oyster Pay As You Go to National Rail services continued to be a success. It was generating additional patronage as journeys become easier for passengers, benefitting the travelling public and increasing revenue for the relevant Train Operating Companies (TOCs). The Mayor would write to the Secretary of State to ask him to address the failure of TOCs in providing Oyster retail opportunities at National Rail stations in London.

The Learning and Skills Council had given approval to £5m funding for the Crossrail Tunnelling Training Academy in Ilford. This would provide training in scarce engineering skills, which would benefit the Crossrail project and the construction industry in general.

Members were assured that the trade unions would be consulted on the proposed changes to LU staffing and that LU was planning to deliver the changes without compulsory redundancies.

Members were pleased with the good progress on removing pedestrian guardrail from the Transport for London Road Network (TLRN). Once the next tranche of guardrail had been removed, TfL would continue to look at opportunities to remove guardrail on the TLRN but and encourage boroughs to remove guardrail from their roads.

The Commissioner also introduced Frank Douglas, who had recently been appointed as Group Human Resources Director. He would take forward a new and revitalised campaign of employee engagement, leadership capability and career development across the whole of TfL.

Members would be invited to ride, with the Mayor, one of the first two Cycle Superhighways and as part of that be given a presentation on the whole concept.

**[ACTION: David Brown]**

**The report was noted.**

## **20/03/10      2010/11 Budget**

Steve Allen introduced the report, which outlined TfL's detailed budget for 2010/11. The £9.2bn budget reflected both the Mayor's agreed budget for 2010/11 and changes that had arisen since the Business Plan had been approved. It was underpinned by a drive to deliver better tax and fare payer value through at least £5.2bn of efficiency savings that would be realised over the term of TfL's Business Plan, which ran to 2018.

The budget document would be published. This would set out key highlights of delivery planned during the year, which included the completion of a series of major projects and maintenance of extensive and frequent Tube and bus passenger services. It would

also set out the delivery of the Mayor's transport initiatives including on-going investment to upgrade the Tube and build Crossrail, the implementation of major cycling initiatives and efforts to smooth traffic flow.

**The Board approved the 2010/11 budget.**

**21/03/10      Treasury Management Strategy 2010/11**

Steve Allen introduced the report which proposed the TfL Treasury Management Strategy for the financial year 2010/11 and the renewal of the annual TfL Group Policy relating to the use of Derivative Investments.

**The Board approved:**

- 1      the Treasury Management Strategy, attached as Appendix 1 to the report;**
- 2      the TfL Group Policy Relating To The Use Of Derivative Investments, attached as Appendix 2 to the report; and**
- 3      the TfL policy on Minimum Revenue Provision.**

**22/03/10      Borrowing Limits**

Steve Allen introduced the report, which set out the proposed TfL borrowing limits and other Prudential Indicators under the CIPFA Prudential Code.

The Prudential Indicators supported planned capital expenditure, borrowing and treasury management activities and were consistent with the Treasury Management Strategy and the budget.

**The Board approved:**

- 1      the revised Authorised Limit, Operational Boundary and other Prudential Indicators for 2009/10, as set out in Appendix 1 to the report;**
- 2      the TfL Prudential Indicators, as set out in Appendix 1 to the report, for 2010/11 and the following two years;**
- 3      the Treasury Indicators, as set out in Appendix 2 to the report, for 2010/11 and the following two years; and**
- 4      the increase in the overdraft limit to £200 million.**

**23/03/10      Project Approvals at Feasibility Stage**

Steve Allen introduced the report, which proposed changes to the arrangements for approving projects, and in particular, the stage of development at which authority to proceed with projects should be requested.



## **The Board:**

- 1 approved that authority to grant approval for a project should be in accordance with the table in Appendix 2 of the report; and**
- 2 authorised General Counsel to make any consequential changes to Standing Orders necessary to implement or clarify the proposals.**

### **24/03/10      LU Delivery of Victoria and Sub-Surface Lines Upgrade – Progress Update**

Mike Brown introduced the report, which provided an update on the line upgrade programmes on the Victoria line and Sub-Surface lines (comprising the Metropolitan, Hammersmith & City, Circle and District lines). The programmes had been inherited from Metronet on TfL's acquisition of the former Metronet Public Private Partnership business in 2008 and LU had taken direct management control of live programmes in the implementation phase. The report also provided a clear comparison in performance with the upgrade programmes being delivered by Tube Lines Limited (TLL) through the Public Private Partnership.

LU continued to work with TLL to encourage it to review its approach to delivering signalling upgrades on the Jubilee and Northern lines to minimise the disruption to the travelling public. The Board would receive a paper on like-for-like comparisons between upgrade work on the Victoria, Jubilee and Northern lines and regular updates on LU delivery of the Victoria and Sub-Surface lines upgrades. **[ACTION: Mike Brown]**

**The report was noted.**

### **25/03/10      PPP Update**

Richard Parry introduced the report, which summarised the Arbiter's findings published on 10 March 2010 and the implications for TfL and LU. It addressed the impact of the Arbiter's findings on the affordability of the works to be undertaken by TLL in the second Review Period of the PPP Contract and described how the Arbiter had addressed the responses made by the Mayor, TfL and LU on this and other matters.

Despite the robust representations made, the Board was disappointed with the Arbiter's response and that he had not provided his detailed legal reasoning. He continued to believe that he was not bound by TfL's Affordability Constraints and that TLL should not be obliged to raise finance itself. Without that obligation, there would be no independent source of scrutiny and assurance as to the credibility of TLL's plans for delivering the PPP Contract in Review Period 2, despite its last cost submission being £1.4bn above the sum of £4.459bn awarded by the Arbiter.

The Board reiterated its position that fare payers and tax payers should not be required to make excessive payments to TLL or sacrifice needed improvements to the transport system. Further representations would be made to the Arbiter on his draft directions by 9 April 2010. He was expected to make his final directions on Infrastructure Service Charges and financing issues by 29 April 2010.

**The report was noted.**

**26/03/10      Smoothing Traffic Flow**

David Brown introduced the report, which updated the Board on the actions being taken by TfL to deliver the Mayor's smoothing traffic flow agenda, which sought to improve the reliability and predictability of journeys in the Capital. The Board welcomed the considerable progress made to date.

TfL would consider talking to utility regulators to look at using licence conditions to ensure best practice and would continue its efforts to convince the Government to introduce a lane rental scheme to provide a stronger financial incentive for work promoters to minimise disruption to the travelling public.

The Surface Transport Panel would consider a report on the outcomes from the Road Management Summit held on 12 March 2010, which was attended by representatives of the major utilities and London Boroughs. **[ACTION: David Brown]**

**The report was noted.**

**27/03/10      Special Services Agreement with the Metropolitan Police Authority**

David Brown introduced the report, which updated the Board on the development of the revised Special Services Agreement (SSA) between TfL and the Metropolitan Police Authority (MPA) for the continuing provision of special "non-core" policing services. The SSA would consolidate the current arrangements into a single agreement that reflected new organisational arrangements in the Metropolitan Police Service.

The Board noted that the services to date had delivered substantial reductions in crime and disorder on the transport system.

**The Board approved in principle the terms of the Special Services Agreement (SSA) and delegated to the Commissioner or, in his absence, Managing Director of Finance, the authority to negotiate and agree the final terms of the SSA and its execution and any ancillary documentation to be entered into in connection with the SSA.**

**28/03/10      TfL's Response to Consultations on the Mayor's Climate Change Adaption Strategy and the Mayor's Climate Change Mitigation and Energy Strategy**

Michèle Dix introduced the report, which set out TfL's draft responses to the Mayor's Climate Change Adaptation Strategy public consultation and the Climate Change Mitigation and Energy Strategy Assembly and Functional Body consultation.

**The Board approved the responses from TfL on the Climate Change Adaptation Strategy public consultation draft and the Climate Change Mitigation and Energy Strategy Assembly and Functional Body draft, as set out in the Appendix to the report.**



**29/03/10      Transport for London (London Trams Restructuring) Transfer Schemes 2010**

Steve Allen introduced the report, which set out proposals for the making of two transfer schemes under the Greater London Authority Act 1999 ("GLA Act") to transfer, subject to the Mayor's approval, all property, rights and liabilities of Tramtrack Lease Financing Limited ("TLFL") and Tramtrack Leasing Limited ("TLL") to Tramtrack Croydon Limited. The purpose of these transfer schemes was so that TLFL and TLL could subsequently become dormant companies, resulting in costs savings and a reduced administrative burden.

**The Board:**

- 1      noted the report;**
- 2      approved the making of the Transport for London (London Trams Restructuring) Transfer Schemes 2010 to transfer all property, rights and liabilities from Tramtrack Lease Financing Limited (TLFL) and Tramtrack Leasing Limited (TLL) to Tramtrack Croydon Limited;**
- 3      approved the submission of the transfer schemes to the Mayor for his approval; and**
- 4      authorised the TfL Officers and Subsidiaries described at paragraph 5 below:**
  - (a)    to agree the form of the transfer schemes;**
  - (b)    to seek the Mayor's approval of the transfer schemes; and**
  - (c)    to do all such other things as they consider necessary or desirable to facilitate the making and implementation of the transfer schemes.**
- 5      The following Officers and Subsidiaries shall have delegated authority:**
  - (a)    TfL Officers: the Commissioner, Managing Director Finance, Managing Director London Underground, Managing Director London Rail, Chief Finance Officer, General Counsel and the Director of Finance, London Rail; and**
  - (b)    Subsidiaries: Subsidiaries of TfL including Transport Trading Limited and any other subsidiary of Transport Trading Limited.**

**30/03/10      Transport Trading Limited – Appointment**

Howard Carter introduced the report, which sought the appointment of Mike Brown, as the new Managing Director, London Underground, to Transport Trading Limited, a wholly-owned subsidiary of Transport for London.

**The Board approved the appointment of Mike Brown as a Director of Transport Trading Limited.**



**31/03/10      Report from the Meeting of the Audit Committee – 4 March 2010**

The Chair of the Committee, Judith Hunt, gave an update to the Board on the meeting of the Audit Committee held on 4 March 2010.

**The report was noted.**

**32/03/10      Report from the Meeting of the Finance and Policy Committee – 9 March 2010**

The Chair of the Committee, Peter Anderson, gave an update to the Board on the meeting of the Finance and Policy Committee held on 9 March 2010.

**The report was noted.**

**33/03/10      Report from the Meeting of the Safety, Health and Environment Assurance Committee – 12 March 2010**

The Chair of the Committee, Tony West, gave an update to the Board on the meeting of the Safety, Health and Environment Assurance Committee held on 12 March 2010.

**The report was noted.**

**34/03/10      Any Other Business**

There being no further business, the meeting closed at 11.25am.

The next scheduled meeting would be held on Wednesday 23 June 2010 at 10.00am.

Chair:



Date:

23 ~~14~~ June 2010