

Transport for London

Minutes of the Finance and Policy Committee

Conference Rooms 1 and 2, Ground Floor, Palestra,
197 Blackfriars Road, London, SE1 8NJ
10.00am, Thursday 30 July 2015

Members

Peter Anderson Chairman
Daniel Moylan Vice Chairman
Sir John Armitt CBE
Brian Cooke
Angela Knight
Michael Liebreich
Eva Lindholm

Staff

Steve Allen Managing Director, Finance
Sarah Atkins Commercial Director, Rail and Underground (for Minute 74/07/15)
Alan Bristow Director of Road Space Management, Surface Transport (for
Minute 70/07/15)
Glynn Barton Head of Outcomes Delivery, Traffic Operations, Surface Transport
(for Minute 70/07/15)
Peter Blake Director of Service Operations, Surface Transport
Michael Bridgeland Head of Project Assurance, Finance
Nick Brown Managing Director, London Underground and London Rail
Howard Carter General Counsel
Tanya Coff Head of Finance, Rail and Underground Capital Projects and
London Rail Finance
Leon Daniels Managing Director, Surface Transport
Patrick Doig Director of Finance, Surface Transport
Garrett Emmerson Chief Operating Officer, Surface Transport
David Hughes Director of Major Programme Sponsorship, London Underground
(for Minutes 73/07/15 and 74/07/15)
Terry Morgan Chairman, Crossrail Limited
Gareth Powell Director, Strategy & Service Development, London Underground
Shashi Verma Director of Customer Experience (for Minutes 70/07/15 and
71/07/15)
Clive Walker Director of Internal Audit
Shamus Kenny Head of Secretariat
James Stanton Secretariat Officer

Also in Attendance

David James Chairman, Independent Investment Programme Advisory Group
Ian Fugeman Member, Independent Investment Programme Advisory Group
Paul Jenkins Member, Independent Investment Programme Advisory Group
Colin Porter Member, Independent Investment Programme Advisory Group

63/07/15 Apologies for Absence and Chair's Announcements

Apologies for absence were received from Isabel Dedring and Baroness Grey-Thompson DBE.

64/07/15 Declarations of Interests

The following interests were declared: Peter Anderson as a director of the Canary Wharf Group plc in relation to Crossrail and the Jubilee line upgrade; Daniel Moylan as a Councillor for the Royal Borough of Kensington and Chelsea, as a non executive director of Crossrail Limited (appointed by TfL) and as Chairman of Urban Design London; Sir John Armit as Chairman of the National Express Group plc, Deputy Chairman of the Berkeley Group plc and a Member of the Airports Commission; and Michael Liebreich as Chairman of the Advisory Board of Bloomberg New Energy Finance.

65/07/15 Minutes of the Meeting of the Finance and Policy Committee held on 17 June 2015

The minutes of the meeting held on 17 June 2015 were approved as a correct record and signed by the Chair.

66/07/15 Matters Arising and Actions List

Members had received a briefing note on the value and proposed disposal timetable for 55 Broadway. The proposed disposal would be referred to the Commercial Development Advisory Group for comment. An additional paper showing the changed assumptions consequent on the amended planning permission would be produced and shared with Members. **[Action: Graeme Craig]**

The Committee noted the Actions List.

67/07/15 Independent Investment Programme Advisory Group 2014/15 Annual Report

Steve Allen and David James introduced the Independent Investment Programme Advisory Group's (IIPAG) Annual Report for 2014/15. The Annual Report contained information on TfL's delivery of its Investment Programme for the period from April 2014 to March 2015, benchmarking and TfL's response to IIPAG's observations.

The contribution of the IIPAG in providing a useful level of challenge was recognised and the Annual Report would be used to facilitate further dialogue between the IIPAG and officers. Work was underway within TfL to examine improvements in the management of large commercial projects and the rationalisation of telecommunications contracts.

Officers advised that they were confident that TfL had appropriate capacity, including sufficient staffing levels and the right people in place, to carry out large commercial projects. The opportunity presented by a thorough review of commercial operations

within TfL had been recognised. Responsive systems were in place to learn lessons and to ensure that they were actively put into practice.

Steve Allen advised that a review of TfL's commercial approach was being undertaken across the organisation and further information would be provided to Members in due course.
[Action: Steve Allen]

Members also discussed the recent changes to the assurance process for the investment programme which were expected to provide the Committee, Board and Mayor with a high and visible level of assurance. This additional assurance would be particularly beneficial with largescale Surface Transport projects and the development of commercial opportunities.

The work underway to rationalise and simplify TfL's telecommunications contracts was welcomed by the Committee. Members were keen that TfL had a robust process in place to ensure that TfL has fewer contracts and more manageable arrangements in the future.

The Committee noted the Independent Investment Programme Advisory Group's Annual Report for 2014/15 and endorsed TfL's management response, for approval by the Mayor.

68/07/15 Independent Investment Programme Advisory Group Appointments

Steve Allen and David James introduced the paper on the process by which additional members would be recruited to the IIPAG. The review of the Assurance and Approval Processes applicable to Investment Projects, previously considered by the Committee, had identified the need for additional expertise in information and systems technologies and in highways/transport planning.

A selection panel consisting of two members of the Committee, two senior officers nominated by the Commissioner and the Chairman of the IIPAG would be established. The panel would interview the candidates that the Mayor and Secretary of State for Transport had agreed to shortlist and would then make recommendations for appointment to the Mayor.

The selection panel would be consulted on the shortlisting of candidates.

[Action: Steve Allen]

The Committee approved the proposed process and selection panel to recommend two candidates for appointment by the Mayor to the Independent Investment Programme Advisory Group.

69/07/15 Project Monitoring – Project Approvals

Steve Allen presented the forward approval programme for projects with a value in excess of £50m, from July 2015 to January 2017. The Commissioner had approved Project Authority on two projects since the previous meeting of the Committee held on 17 June 2015. No Project Authority had been approved by the Managing Director Finance.

The Committee noted the forward approval programme for projects with a value in excess of £50m and details of the Project Authority granted by the Commissioner in accordance with delegated authority under TfL's Standing Orders.

70/07/15 Surface Intelligent Transport System

Leon Daniels introduced the paper on the Surface Intelligent Transport System (SITS) programme, which was intended to release capacity in the road network and reduce delay through the use of technology and systems. The Committee was asked to recommend that the Board approves additional project authority for the SITS to prepare for procurement.

Members were advised of the drivers behind the decision to explore the potential of SITS. TfL's current traffic management systems continued to be key to the operation of the road network, however they were not suitable for the challenges of increased population and traffic within London. There were significant potential benefits in joining these systems together into a more intelligent system, producing quicker reactions to traffic events. Faster, automated responses to live road conditions using a Predictive Signalling System would deliver £1,000m of benefits through delay reduction for all road users by 2036 at a benefit to cost ratio of 5:1. In addition, the Urban Traffic Control and some other systems were approaching obsolescence, and would need replacing soon anyway.

The Committee expressed support for additional preliminary work with a view to assessing the options available. Members noted that London was leading the way in this area and, as such, development of SITS would face significant challenges. Given the nature of the project, it was vital that a robust case with a significant level of assurance be developed prior to any decision to progress. This would require detailed involvement with the Committee in terms of setting the scope, procurement strategy, timetable and approach to the programme in terms of outcomes and intermediate deliverables involved.

There were particular challenges which would be involved in a unique and technically complex long term project such as SITS. Members recommended that the remaining Project Authority of up to £6.26m should be requested following an Assurance Review..

The Committee noted that the development of SITS would form part of a wider vision of how road space would be used in the future. It was agreed that a briefing on the road use strategy would be produced and circulated to Members. **[Action: Leon Daniels]**

The Committee noted the paper and recommended that the Board:

- 1 approves additional project authority for the Surface Intelligent Transport System, bringing the project total to £5.80m; and**
- 2 notes that the current estimated final cost for the Surface Intelligent Transport System is in excess of £100m and that further authorities be sought from the Board in due course.**

71/07/15 Cycle Hire Re-Let

Leon Daniels introduced the paper and the related supplemental information on Part 2 of the agenda. Project and Procurement Authority was sought to enable implementation of the recommended option for the Cycle Hire Re-let (CHR) Programme and the continued operation of the Cycle Hire Scheme.

The existing contract was due to expire on 31 July 2017. Following careful consideration of the different options for delivery, the contracting arrangements for the Cycle Hire scheme would move away from reliance on a single provider. Various service elements would be let as separate lots through a combination of existing and new contracts and by utilising TfL's in-house capability. This approach would support the Mayor's "Vision for Cycling in London" by facilitating early integration with TfL's Oyster and Contactless Payment Card (CPC) back office systems and supporting the potential installation of Oyster and CPC readers at docking stations in the future. The Cycle Hire Re-let Programme would deliver the continuation of the Cycle Hire scheme services, including back and front office systems, contact centre, on street fixed assets, scheme integration, bike management and supply, for launch by 1 August 2017.

Under Standing Orders, the authority sought was reserved to the Board. On 26 March 2015, the Board delegated to the Finance and Policy Committee authority to approve any matter reserved to the Board from 2 July to 23 September 2015. Authority was requested now to align with the intended date for issuing the tender for those elements of the CHR Programme which were to be tendered in the market and to allow delivery of the CHR Programme and a smooth transition of the Cycle Hire services prior to the expiry of the current contract with Serco Limited.

The Committee noted the paper and the supplemental information on Part 2 of the agenda and exercised the authority delegated by the Board to:

- 1 grant Project Authority of the amount stated in the paper on Part 2 of the agenda to deliver the Cycle Hire re-let and continued operation of the scheme as described in this paper and the paper on Part 2 of the agenda;**
- 2 grant Authority of the amount stated in the paper on Part 2 of the agenda to receive income subsequently from the operation of the scheme;**
- 3 in respect of the estimated cost of the delivery of the Cycle Hire re-let programme and operation of the scheme the Committee:**
 - (a) noted that there was insufficient Financial Authority in the TfL Business Plan in respect of such costs up to March 2024;**
 - (b) granted additional Financial Authority of the amount stated in the paper on part 2 of the agenda in respect of such costs up to March 2024, and**
 - (c) noted that, as the contracts for delivery of the re-let of the Cycle Hire scheme would have a duration beyond the end of the current Business Plan, future Business Plans would need to provide for the remaining years of operation;**
- 4 grant Procurement Authority of the amount stated in the paper on Part 2 of the agenda and approved TfL or a Subsidiary (as described in paragraph 2.2**

of the report submitted) to enter into the agreements described in the paper on Part 2 of the agenda, which support delivery of the Cycle Hire re-let and continued operation of the scheme (“Agreements”) and that further Procurement Authority would be sought in due course;

- 5 authorise the TfL Officers and Subsidiaries (as described in paragraph 8 below) to finalise the terms of the Agreements;
- 6 authorise the agreement and execution (whether by deed or otherwise) on behalf of TfL or any Subsidiary (as appropriate) of any documentation to be entered into in connection with the completion and implementation of the Agreements and any of the matters referred to in them (including, without limitation, all agreements, licences, deeds, guarantees, indemnities, announcements, notices, contracts, certificates, letters or other documents);
- 7 authorise TfL Officers and Subsidiaries to do all such other things as they consider necessary or desirable to facilitate the execution and implementation of the Agreements and the matters referred to in them; and
- 8 The following Officers and Subsidiaries shall have delegated authority:
 - (a) TfL Officers: the Commissioner, Managing Director Finance, Managing Director Surface Transport and General Counsel; and
 - (b) Subsidiaries: Subsidiaries of TfL including Transport Trading Limited and any other subsidiary (whether existing presently or to be formed) of Transport Trading Limited and any of the directors of the relevant company shall be authorised to act for and on behalf of that company.

72/07/15 Crossrail Stations Upgrades

Nick Brown and David Hughes introduced the paper. On 17 June 2015, the Committee had approved Project Authority in relation to the Crossrail On Network Stations Improvement Programme (ONSIP). The Committee was asked to consider related matters on the delivery of part of that programme and to approve further Procurement Authority in relation to the Crossrail train operating concession in that regard.

Under Standing Orders, the authority sought was reserved to the Board. On 26 March 2015, the Board delegated to the Finance and Policy Committee authority to approve any matter reserved to the Board from 2 July to 23 September 2015. Authority was sought now to allow Mass Transit Railway Corporation (Crossrail) Limited (MTR) to be instructed to procure the station works in line with the project programme, leading to completion of the stations upgrade works to the east of London in time for the launch of the new Crossrail trains and branding in May 2017.

The Committee noted the paper and under the authority delegated by the Board:

- 1 approved an increase of £55m in the Procurement Authority to a total of £1,399m for the Crossrail train operating contract with Mass Transit Railway Corporation (Crossrail) Limited (the MTR Contract) to deliver the station upgrades as described in this paper and approved making the necessary

amendments to the MTR Contract to enable the station upgrades to be undertaken;

- 2 authorised the TfL Officers and the Subsidiaries (as described in paragraph 5 below) to finalise the terms of the amendment to the MTR Contract;**
- 3 authorised the agreement and execution (whether by deed or otherwise on behalf of TfL or any Subsidiary (as appropriate)) of any documentation to be entered into in connection with the completion and implementation of the amendment to the MTR Contract and any of the matters referred to in it (including, without limitation, all agreements, deeds, guarantees, indemnities, announcements, notices, contracts, certificates, letters or other documents); and**
- 4 authorised TfL Officers and Subsidiaries to do all such other things as they consider necessary or desirable to facilitate the execution and implementation of the amendment to the MTR Contract and the matters referred to in it.**
- 5 The following Officers and Subsidiaries shall have delegated authority:**
 - (a) TfL Officers: the Commissioner, Managing Director Finance, Managing Director Rail and Underground and General Counsel; and**
 - (b) Subsidiaries: Subsidiaries of TfL including Transport Trading Limited and any other subsidiary (whether existing presently or to be formed) of Transport Trading Limited and any of the directors of the relevant company shall be authorised to act for and on behalf of that company.**

73/07/15 Barking Riverside Extension

Nick Brown and David Hughes introduced the paper and the related supplemental information on Part 2 of the agenda. Additional Project Authority of £2.7m was sought to enable critical path Transport and Works Act Order (TWAO) preparation and the development of the Barking Riverside Extension to continue to stage 4 of the Governance for Railway Investment Projects (GRIP) process. Authority to submit the TWAO application would be sought from the Board in December 2015 alongside additional Project Authority to advance the scheme to detailed design.

Under Standing Orders, the authority sought was reserved to the Board. On 26 March 2015, the Board delegated to the Finance and Policy Committee authority to approve any matter reserved to the Board from 2 July to 23 September 2015. Authority was sought now to ensure the Barking Riverside extension design work continued uninterrupted along with preparation of the documentation for a TWAO application in early 2016.

The issues raised by the Independent Investment Programme Advisory Group (IIPAG) would be addressed in a briefing paper to Members.

[Action: David Hughes and Richard De Cani]

The Committee noted the paper and the supplemental information on Part 2 of the agenda and agreed that:

- 1 under the authority delegated by the Board, additional Project Authority of £2.7m, increasing the total Project Authority to £4.7m, should be approved, to continue the development of the Barking Riverside Extension and to prepare documentation for a Transport and Works Act Order (TWAO) application in early 2016; and**
- 2 endorsed the submission of a paper to the Board in September 2015 seeking approval to submit a TWAO application and approval to enter into a funding agreement with Barking Riverside Limited (BRL).**

74/07/15 Jubilee and Northern Lines Additional Trains

Nick Brown and David Hughes introduced the paper and the related supplemental information on Part 2 of the agenda. Additional budgeted Project Authority was sought to progress the Invitation to Tender stage of the procurement of additional trains for the Jubilee and Northern lines. A further paper would be submitted in September 2016 seeking Project and Procurement Authority to award a contract.

The additional trains were required for three projects:

- (a) Jubilee Line World Class Capacity, which will increase the number of trains per hour (tph) on the Jubilee line from 30tph (current peak service) to up to 36tph peak service by 2019;
- (b) Northern Line World Class Capacity, which will increase the number of trains per hour on the Northern line from 22/26tph (current peak service) to 30tph peak service by 2021; and
- (c) Northern Line Extension, which will deliver as per the Journey Time Capability obligation to the Battersea developer from January 2020.

Under Standing Orders, the authority sought was reserved to the Board. On 26 March 2015, the Board delegated to the Finance and Policy Committee authority to approve any matter reserved to the Board from 2 July to 23 September 2015. Authority was sought now to allow the project to progress.

The Committee, under the authority delegated by the Board, approved additional project authority of £4.62m, increasing the total project authority to £6.027m with an expiry date of 30 November 2016.

75/07/15 Tottenham Court Road West Over Station Development

Steve Allen introduced the paper and the related supplemental information on Part 2 of the agenda. The paper sought approval of authority to procure completion of the shell and core of the over site development above the new Crossrail station at Tottenham Court Road West using the current contractor, Laing O'Rourke (LOR), for the Crossrail Main Station contract.

The Committee:

- 1 noted the paper and the supplemental paper on Part 2 of the agenda; and**

- 2 approved additional Project Authority, as set out in the paper on Part 2 of the agenda, for the over site development of the Crossrail station at Tottenham Court Road West (the OSD).**

76/07/15 Any Other Business the Chair Considers Urgent

In accordance with section 100(B)(4) of the Local Government Act 1972, the Chairman agreed to accept an item on the appointment of the Commissioner of Transport as an item of urgent business on the grounds that the appointment should be progressed as soon as possible. The paper had been circulated to Members and published on tfl.gov.uk on 29 July 2015.

Appointment of the Commissioner of Transport

Howard Carter introduced the paper relating to the proposals to agree the selection process for the appointment of a Commissioner for Transport for London.

On 26 March 2015, the Board delegated to the Committee the authority to act as the Board between the meetings of the Board on 1 July and 24 September 2015. The paper had been submitted to the Committee in its capacity to act under delegated authority from the Board.

The Committee noted:

- 1 the proposals to agree the selection process for the appointment of a Commissioner for Transport for London; and**
- 2 the membership of the panel to assist with the appointment process, comprising: Daniel Moylan (lead), Peter Anderson, Brendan Barber, Brian Cooke, Baroness Grey-Thompson DBE and Eva Lindholm.**

77/07/15 Exclusion of Press and Public

The Committee agreed to exclude the press and public from the meeting, in accordance with paragraph 3 of Schedule 12A to the Local Government Act 1972 (as amended), in order to consider the exempt information in relation to the items on: Cycle Hire Re-Let; Barking Riverside Extension; Jubilee and Northern Lines Additional Trains; and Tottenham Court Road West Over Station Development.

The meeting closed at 12 noon.

The next meeting would be held on Thursday 15 October 2015 at 10.00am.

Chair: _____

Date: _____

Transport for London

Minutes of the Finance and Policy Committee

Balham Room, 2nd Floor, Palestra, 197 Blackfriars Road,
London, SE1 8NJ
12.30pm, Monday 28 September 2015

Members

Peter Anderson	Chairman
Daniel Moylan	Vice Chairman
Brian Cooke	
Angela Knight	

Staff

Gary Bain	Head of Commercial, Operations, London Underground
Nick Brown	Managing Director, London Underground and London Rail
Howard Carter	General Counsel
Nicola Cox	Principal, Commercial Finance
Martin Faulkner	Head of Commercial, JNP Operations, London Underground
Ian Nunn	Chief Financial Officer
Andrew Pollins	Finance Director Rail & Underground
Shamus Kenny	Head of Secretariat
James Stanton	Secretariat Officer

36/09/15 Apologies for Absence and Chair's Announcements

Apologies for absence were received from Sir John Armit, Isabel Dedring, Baroness Grey-Thompson DBE, Michael Liebreich and Eva Lindholm.

The meeting had been called with less than five clear working days' public notice in accordance with Standing Order 31. The Chairman had agreed, in accordance with Section 100B(4)(b) of the Local Government Act 1972, that the meeting be called as a matter of urgency in order to deal with the business listed at Minute 38/09/15.

The Chairman accepted the reasons for urgency in agreeing to receive the report, noting that the Board had delegated the decision so as to allow for further information to be presented to Members on the issue and that a decision on the notice to either renew, or not, the Alstom Northern Line Train Service Contract had to be served by 30 September 2015.

37/09/15 Declarations of Interests

The following interests were declared: Peter Anderson as a director of the Canary Wharf Group plc in relation to Crossrail and the Jubilee line upgrade; and Daniel Moylan as a Councillor for the Royal Borough of Kensington and Chelsea, as a non executive director of Crossrail Limited (appointed by TfL) and as Chairman of Urban Design London.

38/09/15 Alstom Northern Line Train Service Contract: Renewal to 2027

At its meeting on 24 September 2015, the Board agreed that further information was required for Members to make a decision on whether to renew the Alstom Northern Line Train Service Contract NLTSC into the Secondary Usage Period. As a notice to either renew or not must be served by 30 September 2015, the Board delegated all necessary authority to the Finance and Policy Committee to make any decisions on this matter.

Nick Brown introduced the paper and related supplemental information on Part 2 of the agenda. The paper set out TfL's contractual position with regard to the NLTSC. Members were provided with a summary of the discussions with Alstom on this contract and the wider commercial relationship.

Members agreed that the NLTSC contract should be renewed into the secondary period. Officers would continue negotiations to secure the best contractual terms with Alstom on all aspects of the current contractual and commercial relationship. Going forward, Members requested a paper to a future meeting setting out the vision for the management of NLTSC contract over the next 15 years. This would include the objectives TfL wished to achieve and the way in which the contract would be managed to deliver this. **[Action: Nick Brown]**

The Committee discussed TfL's major procurement and tendering process and the need for engagement with Members at key decision points, in particular prior to the issuance of the Invitation To Tender (ITT).

A further discussion on train procurement strategy would be held before issuance of the New Tube for London Invitation to Tender, planned for autumn 2015.

[Action: Nick Brown]

The Committee noted the paper and the supplemental information on Part 2 of the agenda, and agreed that:

- (a) the Alstom Northern Line Train Service Contract be renewed into the Secondary Usage Period;**
- (b) the agreement and execution (whether by deed or otherwise on behalf of TfL or any Subsidiary (as appropriate)) of any documentation to be entered into in connection with the renewal or in connection with the renewal or potential realignment be authorised;**
- (c) TfL Officers and Subsidiaries be authorised to do all such other things as they consider necessary or desirable to facilitate the renewal of the contract; and**
- (d) The following Officers and Subsidiaries shall have delegated authority:**
 - (i) TfL Officers: the Commissioner, Managing Director Finance, Managing Director Rail and Underground, General Counsel, Chief Finance Officer; and**
 - (ii) Subsidiaries: Subsidiaries of TfL including Transport Trading Limited and any other subsidiary (whether existing presently or to be formed) of**

Transport Trading Limited and any of the directors of the relevant company shall be authorised to act for and on behalf of that company.

39/09/15 Any Other Business the Chair Considers Urgent

There was no urgent business.

40/09/15 Exclusion of Press and Public

The Committee agreed to exclude the press and public from the meeting, in accordance with paragraph 3 of Schedule 12A to the Local Government Act 1972 (as amended), in order to consider the exempt information in relation to item 3809/15 on Alstom Northern Line Train Services Contract: Renewal to 2027.

The meeting closed at 1.57pm.

The next meeting would be held on Thursday 15 October 2015 at 10.00am.

Chair: _____

Date: _____