

## **Transport for London**

### **Notes of a Meeting of the Members of the Finance and Policy Committee**

**Committee Rooms 1 and 2, Ground Floor, Palestra,  
197 Blackfriars Road, London, SE1 8NJ  
9.30am, Wednesday 23 January 2013**

#### **Members**

Peter Anderson	Chairman
Daniel Moylan	Vice Chairman

#### **Staff**

Steve Allen	Managing Director, Finance
Howard Carter	General Counsel
Leon Daniels	Managing Director, Surface Transport (for part)
Carl Devlin	Programme Director, Sub-Surface Railway Upgrades, London Underground (for part)
Garrett Emmerson	Chief Operating Officer Streets, Surface Transport (for part)
Nick Fairholme	Director of Congestion Charging and Traffic Enforcement, Surface Transport (for part)
David Goldstone	Chief Finance Officer
David Hendry	Director of Finance, Surface Transport
Simon Kilonback	Group Treasurer
John Mason	Director, Taxi and Private Hire, Surface Transport (for part)
Glen Pearson	Projects Finance Manager, Congestion Charging and Traffic Enforcement, Surface Transport
Guy Phillips	Integration and Controls Manager Sub-Surface Railway Upgrades, London Underground (for part)
Andrew Pollins	Director of Finance, Rail and Underground
Howard Smith	Chief Operating Officer, London Rail (for part)
David Waboso	Capital Programmes Director, London Underground (for part)
Clive Walker	Director, Internal Audit
Shamus Kenny	Head of Secretariat

#### **01/01/13 Apologies for Absence and Chairman's Announcements**

Apologies for absence were received from Isabel Dedring, Michael Liebreich and Eva Lindholm.

The quorum for a meeting of the Committee was three members. As the meeting was not quorate, the Chairman agreed that items for decision would be referred to the Board with the views of the Members present at the meeting. The next meeting of the Committee would be asked to adopt the notes of this meeting.

#### **02/01/13 Declarations of Interests**

Peter Anderson declared an interest as a director of the Canary Wharf Group plc in relation to Crossrail and the Jubilee line upgrade. Daniel Moylan declared an interest as a Councillor for the Royal Borough of Kensington and Chelsea and as Chairman of Urban Design London.

### **03/01/13 Minutes of the Meeting held on 27 November 2012**

The minutes of the meeting held on 27 November 2012 were noted. The Committee would be asked to approve them as a correct record at its next meeting.

### **04/01/13 Matters Arising and Actions List**

**Members noted the Actions List.**

### **05/01/13 The Autumn Statement 2012**

Steve Allen introduced the paper, which provided a briefing on the affect of the Chancellor's Autumn Statement 2012 on TfL, in particular government support for the Northern line extension to Battersea and the risks of reductions in TfL funding from the levels agreed in the last comprehensive spending review.

Discussions with government were continuing and would be reflected in the TfL Budget that would be submitted to the Board for approval on 27 March 2013. Further information would be provided to the Committee on the impact on the current Business Plan, including scenarios and risks reflecting different rates of reduction and the case being made to government to secure a longer term funding settlement. **[Action: Steve Allen]**

**Members noted the paper.**

### **06/01/13 Actuarial Valuation of the TfL Pension Fund**

Steve Allen introduced the paper, which provided an update on the progress of the valuation of the TfL Pension Fund (the "Fund") as at 31 March 2012, together with details of the movement in funding for the Public Sector and Tube Lines Sections, which had improved since the previous valuation in March 2009.

Members were informed of the nature of the ongoing discussions with the Fund's Trustee on agreeing the Technical Provisions and the schedule of payments required for the Recovery Plan. The deadline for completing the valuation process was 30 June 2013.

Members were advised that the Fund had an Investment Committee and an Alternatives and Liability Hedging Committee. A copy of the Fund's Investment Strategy would be provided to members of the Committee for information. **[Action: Steve Allen]**

**Members noted the paper.**

### **07/01/13 London Overground Capacity Improvement Programme**

Andrew Pollins and Howard Smith introduced the paper, which set out progress achieved by the London Overground Capacity Improvement Programme. It sought a recommendation that the Board grant Project and Procurement Authority for the programme, authority to enter into lease agreements for rolling stock and authority to place rolling stock contracts. The amounts requested were within the funding available in the Business Plan for this programme. Members also considered the related paper on Part 2 of the agenda, which contained exempt supplemental information.

**Members recommended that the Board:**

- 1 note the paper;**
- 2 grant Project and Procurement Authority for the infrastructure capital expenditure and operating expenditure (including rolling stock leasing costs) as detailed in the supplemental paper included on Part 2 of the agenda;**
- 3 grant authority to enter into lease agreements ending in 2027 for additional rolling stock;**
- 4 grant approval to place rolling stock contracts and enter into associated agreements;**
- 5 delegate to the Subsidiaries and TfL Officers (as described in paragraph 7 below) authority to approve and finalise the terms of the lease agreements, rolling stock contracts and associated agreements and 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 such agreements (including, without limitation, all agreements, deeds, guarantees, indemnities, announcements, notices, contracts, certificates, letters or other documents); and**
- 6 authorise the TfL Officers and Subsidiaries to do all such other things as they consider necessary or desirable to facilitate such agreements.**
- 7 The following Officers and Subsidiaries shall have delegated authority:**
  - (a) TfL Officers: the Commissioner, Managing Director Rail and Underground, Managing Director Finance and General Counsel.**
  - (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.**

### **08/01/13 Sub-Surface Railway Upgrade Revised Programme Authority**

Andrew Pollins and David Waboso introduced the paper, which sought a recommendation that the Board approve an increase in the overall Sub-Surface Railway Upgrade Programme (SUP) Project Authority to allow three budgeted projects to be included within the scope of the SUP to enable more efficient delivery.

Members were provided with additional information on the scope of each of the projects and the source of their current funding and assured that project teams always sought to deliver projects within or below budget. This information would be included in the paper to the Board.

A paper would be submitted to a future meeting of the Committee providing more information on the arrangements through which project sponsors reviewed and prioritised requests for additional work and ensured value for money, under the revised project sponsorship arrangements. The paper would include evidence of the cultural commitment within project teams to deliver within or below budget. **[Action: Mike Brown]**



**Members recommended that the Board:**

- 1 note the paper; and**
- 2 increase the Project Authorities for the Sub-Surface Railway Upgrade Programme (SUP) sub-programmes and increase the total SUP Project Authority to £4243.9m.**

**09/01/13 Total Purchased Services Contracts**

Andrew Pollins introduced the paper, which sought a recommendation that the Board approve increased procurement authority for the Total Purchased Services (TPS) group of contracts (which primarily supported maintenance activities in London Underground) in order to maintain their utility over the five year contract lifespan to 2015. The paper also sought a recommendation that authority be delegated to Officers, to agree further increases in authority for individual contracts forming part of the TPS programme in accordance with the financial limits set out in TfL's Standing Orders. Members also considered the related paper on Part 2 of the agenda, which contained exempt supplemental information.

Members requested that the paper to the Board include information showing that the savings target for the TPS group of contracts would increase by a value at least proportionate to the level of increased authority being sought.

The Committee would consider a request to delegate future authority to Officers, once a framework was in place that showed how drawing more projects into the TPS group of contracts would improve efficient delivery and increase savings and how this would be reported back to the Committee.

**Members recommended that the Board:**

- 1 note the paper;**
- 2 approve an increase from the current procurement authority of £583m by £16m for the Total Purchased Services (TPS) contracts to £599m; and**
- 3 authorise TfL Officers to agree further increases in procurement authority for individual contracts forming part of the TPS programme in accordance with the financial limits set out in TfL's Standing Orders applicable to each individual contract.**

**10/01/13 Taxi and Private Hire Licence Fees**

Leon Daniels and John Mason introduced the paper, which provided details of the proposed changes to taxi and private hire licence fees with effect from 2 April 2013. The Board would also be asked to note the changes, at its meeting on 6 February 2013.

**Members noted the changes to taxi and private hire licence fees effective from 2 April 2013. The changes were:**

- 1 a 33.8 per cent reduction of £52 to the total fee for taxi vehicles;**

- 2 a 12.3 per cent reduction of £14 to the total fee for private hire vehicles;
- 3 a 4.6 per cent reduction of £12 to the total fee for private hire drivers;
- 4 a 18.8 per cent increase of £235 to the total fee for small private hire operators (those with one or two vehicles);
- 5 a 17.3 per cent increase of £416 to the total fee for standard private hire operators (those with three vehicles or more);
- 6 a 20 per cent increase of £50 to the Knowledge of London appearance fee; and
- 7 a 50 per cent increase of £50 to the Knowledge of London written examination fee.

### **11/01/13 Taxi Fares and Tariffs – Annual Revision**

Leon Daniels and John Mason introduced the paper, which provided an update on the outcome of the annual taxi fares and tariffs consultation. It also sought a recommendation that the Board approve the proposed changes to the taxi fares and tariffs, with the changes coming into effect on 6 April 2013.

#### **Members recommended that the Board:**

- 1 note the paper;
- 2 approve an increase to taxi fares by 1.7 per cent and the making of a London Cab Order to implement the new fares, with effect from Saturday 6 April 2013 to be signed by the Commissioner (or in his absence the Managing Director of Surface Transport);
- 3 approve a 40 pence additional charge to be implemented only if London retail diesel prices (as measured by the Arval index) reach the threshold level set by TfL of 180.3 pence per litre between Saturday 6 April 2013 and Friday 4 April 2014 and which, if implemented, would not extend beyond Friday 4 April 2014;
- 4 approve an 80 pence increase to the Heathrow extra, which is payable for journeys starting at Heathrow Airport, and which would increase the extra from £2.40 to £3.20;
- 5 approve automatically adding the extra £4 charge payable by passengers for taxi journeys made between 20:00 on 24 December and 06:00 on 27 December or between 20:00 on 31 December and 06:00 on 2 January to the taxi meter; and
- 6 approve no change to the current requirements on drivers accepting card payments or the surcharges for card payments.

## **12/01/13 Congestion Charging and Traffic Enforcement Contract Re-let Project**

Nick Fairholme introduced the paper, which provided information on the Congestion Charging and Traffic Enforcement Re-let Project. It also sought a recommendation that the Board approve Project and Procurement Authority for the project. Members also considered the related paper on Part 2 of the agenda, which contained exempt supplemental information.

Subject to the Board agreeing the recommendations, a progress report, including a request for any further authority required, would be submitted to the Committee in early 2014.

### **Members recommended that the Board:**

- 1 note the paper and the proposed arrangements for the Congestion Charging and Traffic Enforcement Contract Re-let Project, including the recommended Option, as set out in the paper on Part 2 of the agenda;**
- 2 note the Project has the Financial Authority amount to 2021/22 currently set aside in the TfL Business Plan;**
- 3 grant Project Authority to the value as set out in the paper on Part 2 of the agenda and procurement authority as described in the paper on Part 2 of the agenda; and**
- 4 note the project would return to the Committee in early 2014 with an update on progress and requesting any additional authority that may be required.**

## **13/01/13 Better Junctions Programme**

Garrett Emmerson introduced the paper, which provided information on the Better Junctions Programme. The objective of the programme was to create road junctions that were safer, attractive and more functional for cyclists, vulnerable road users and other transport modes.

Project Authority was being sought to cover costs incurred by the Programme to December 2013 and so enable the completion of 100 junction reviews, 50 improvement schemes, and a programme of off-street trials. The junctions had been prioritised following an evaluation of Killed and Seriously Injured figures from the previous three years and the effectiveness of each junction change would be monitored so that lessons were learnt for work on improving other junctions.

### **Members recommended that the Board:**

- 1 note the paper; and**
- 2 approve Project Authority of £16.5m, provided for within the current Business Plan, to cover costs incurred by the Programme to December 2013 and so enable the completion of 100 junction reviews, 50 improvement schemes, and a programme of off-street trials.**

### **14/01/13 Any Other Business the Chair Considers Urgent**

There were no additional items of business raised.

### **15/01/13 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 appendices to the papers on the Actuarial Valuation of the TfL Pension Fund, the London Overground Capacity Improvement Programme, the Total Purchased Services Contracts and the Congestion Charge and Traffic Enforcement Contract Re-let Project. Each of these papers contained information relating to the financial or business affairs of a person or authority.

The meeting closed at 11.10am.

The next meeting would be held on 13 March 2013 at 9.30am.

Chair:



Date:

13 March 2013