

Agenda

Meeting: Board

Date: Thursday 3 July 2014

Time: 10.00am

Place: Committee Room 5, City Hall,
The Queen's Walk, London, SE1
2AA

Members

Boris Johnson, Chairman
Isabel Dedring, Deputy Chair
Peter Anderson
Sir John Armitt CBE
Sir Brendan Barber
Richard Barnes
Charles Belcher
Roger Burnley
Brian Cooke

Baroness Grey-Thompson DBE
Angela Knight
Michael Liebreich
Eva Lindholm
Daniel Moylan
Bob Oddy
Keith Williams
Steve Wright

This meeting will be open to the public. There is access for disabled people and induction loops are available.

Further Information

Copies of the papers and any attachments may be found at
www.tfl.gov.uk/corporate/about-tfl/how-we-work/how-we-are-governed.

If you have questions, would like further information about the meeting or require special facilities please contact: Shamus Kenny, Head of Secretariat; telephone: 020 7983 4913
email: ShamusKenny@tfl.gov.uk

For media enquiries please contact the TfL Press Office; telephone: 0845 604 4141; email:
PressOffice@tfl.gov.uk

Howard Carter, General Counsel
25 June 2014

Board
Thursday 3 July 2014

Agenda Part 1

1. Apologies for Absence and Chairman's Announcements

2. Declarations of Interests

General Counsel

Members are reminded that any interests in a matter under discussion must be declared at the start of the meeting, or at the commencement of the item of business.

Members must not take part in any discussion or decision on such a matter and, depending on the nature of the interest, may be asked to leave the room during the discussion.

3. Minutes of the Meeting held on 26 March 2014

General Counsel

The Board is asked to approve the minutes of the meeting held on 26 March 2014.

4. Matters Arising and Actions List

General Counsel

The Board is asked to note the updated actions list.

5. Commissioner's Report

Commissioner

The Board is asked to note the Commissioner's Report, which provides an overview of major issues and developments since the report to the meeting on 26 March 2014 and updates Members on significant projects and initiatives.

6. TfL Annual Report and Statement of Accounts for the Year Ended 31 March 2014

Managing Director, Finance

The Board is asked to approve the TfL Annual Report and Statement of Accounts for the year ended 31 March 2014, as recommended by the Audit and Assurance Committee.

7. Strategic Risk Management and Assurance Annual Report 2013/14

Managing Director, Finance

The Board is asked to note the Strategic Risk Management and Assurance Annual Report 2013/14, as recommended by the Audit and Assurance Committee.

8. Operational and Financial Performance and Investment Programme Reports – Fourth Quarter, 2013/14

Managing Director, Finance

The Board is asked to note the Operational and Financial Performance and Investment Programme Reports for the fourth quarter of 2013/14, as recommended by the Finance and Policy Committee.

9. Bank Station Capacity Transport and Works Act Order

Managing Director, Rail and Underground

The Board is asked to approve the submission by London Underground Limited of an application for an Order under the Transport and Works Act 1992 (TWAO) and for related consents to provide all the necessary rights in respect of the construction, operation and maintenance of the proposed upgrade of Bank station including any compulsory acquisition of land, as recommended by the Finance and Policy Committee.

10. Docklands Light Railway Franchise Procurement

Managing Director, Rail and Underground

The Board is asked to note an update on the procurement process being undertaken by Docklands Light Railway Limited for the new franchise for the provision of passenger operations and maintenance of the Docklands Light Railway and to approve the award of the contract.

11. Crossrail Limited – Appointment of Non-executive Directors

General Counsel

The Board is asked to approve one reappointment of a non-executive director and to delegate authority to approve a future appointment of a non-executive director to the Board of Crossrail Limited.

12. Report of the meetings of the Remuneration Committee held on 27 March and 3 June 2014

Committee Chairman, Baroness Grey-Thompson

The Board is asked to note the summary report.

13. Report of the extraordinary meeting of the Finance and Policy Committee held on 13 May and the ordinary meeting held on 5 June 2014

Committee Chairman, Peter Anderson

The Board is asked to note the summary report.

14. Report of the meeting of the Audit and Assurance Committee held on 18 June 2014

Committee Chairman, Keith Williams

The Board is asked to note the summary report.

15. Any Other Business the Chairman Considers Urgent

The Chairman will state the reason for urgency of any item taken.

16. Date of Next Meeting

Wednesday 24 September 2014 at 10.00am

17. Exclusion of Press and Public

The Board is recommended to agree 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 following items of business.

Agenda Part 2

Supplemental information relating to items on Part 1 of the agenda that is confidential or exempt from publication.

18. Bank Station Capacity Transport and Works Act Order

Managing Director, Rail and Underground

Exempt supplemental information relating to the item on Part 1.

19. Docklands Light Railway Franchise Procurement

Managing Director, Rail and Underground

Exempt supplemental information relating to the item on Part 1.

20. Crossrail Limited – Appointment of Non-executive Directors

General Counsel

Exempt supplemental information relating to the item on Part 1.

Transport for London

Minutes of the Meeting

**Committee Rooms 4-5, City Hall, The Queen's Walk, London
10.00am, Wednesday 26 March 2014**

Members

Boris Johnson	Chairman
Isabel Dedring	Deputy Chair
Sir John Armitt CBE	Member
Sir Brendan Barber	Member
Richard Barnes	Member
Charles Belcher	Member
Roger Burnley	Member
Brian Cooke	Member
Baroness Grey-Thompson DBE	Member
Angela Knight	Member (from 22/03/14)
Michael Liebreich	Member
Daniel Moylan	Member
Bob Oddy	Member
Keith Williams	Member
Steve Wright	Member

Staff

Steve Allen	Managing Director, Finance
Mike Brown	Managing Director, Rail and Underground
Howard Carter	General Counsel
Leon Daniels	Managing Director, Surface Transport
Michèle Dix	Managing Director, Planning (from 22/03/14)
Paul Doyle	Head of Property and Accommodation (for 33/03/14)
Vernon Everitt	Managing Director, Customer Experience, Marketing and Communications (from 22/03/14)
David Goldstone	Chief Finance Officer
Sir Peter Hendy CBE	Commissioner
Terry Morgan	Chairman, Crossrail Limited
Gareth Powell	Director of Strategy and Service Development, London Underground
Clive Walker	Director of Internal Audit
Shamus Kenny	Head of Secretariat

18/03/14 Apologies for Absence and Chairman's Announcements

Apologies for absence had been received from Peter Anderson and Eva Lindholm.

The Mayor announced that it was David Hendry's last meeting of the Board as the Finance Director of Surface Transport and thanked him for his service to TfL.

19/03/14 Declarations of Interest

The following interests were declared: Sir John Armitt as Chairman of the Olympic Delivery Authority, Chairman of the National Express Group plc, Deputy Chairman of the Berkeley Group plc and a Member of the Airports Commission; Sir Brendan Barber as Chairman of ACAS; Richard Barnes as a Councillor for the London Borough of Hillingdon; Charles Belcher as a member of Atos Origin Advisory Council on Transport; Baroness Grey-Thompson as a member of the London Legacy Development Corporation; Angela Knight as Chief Executive of Energy UK and a non-executive director of William Cook Holdings Limited; Michael Liebreich as Chairman of the Advisory Board of Bloomberg New Energy Finance; Daniel Moylan as a Councillor for the Royal Borough of Kensington and Chelsea, Chairman of Urban Design London and a non-executive director of Crossrail Limited (appointed by TfL); Bob Oddy on taxi related issues; and Steve Wright on matters relating to private hire vehicles.

20/03/14 Minutes of the Meeting held on 5 February 2014

The Board discussed its decision in minute 08/02/14 on Taxi Fares and Tariffs in relation to the Heathrow extra charge and agreed to amend resolution 9 of that minute to read: “approved reducing the Heathrow Airport extra that passengers pay from £3.20 to £2.80 and that a further paper would be submitted in September 2014 on the Board’s intention that the extra charge would cease to apply from 1 October 2014”.

Subject to the change to resolution 9 of minute 08/02/14, as set out above, the minutes of the meeting held on 5 February 2014 were approved as a correct record and the Chairman was authorised to sign them.

21/03/14 Matters Arising and Actions List

The Actions List was noted.

22/03/14 Commissioner’s Report

Sir Peter Hendy introduced his report, which provided an overview of major issues and developments since the report to the meeting on 5 February 2014, and updated Members on significant projects and initiatives.

With deepest regret, the Commissioner reported on three recent tragic deaths. Rene Tkacik, a sub-contractor of BAM Nutall, Ferrovia, Kier (BFK) died on 7 March as a result of an accident on a Crossrail site managed by BFK. A contractor employed by Clancy Docwra died on 2 March as a result of an accident on the DLR site at Pudding Mill Lane, managed by Clancy Docwra. Peter Van De Bulk, an apprentice working for TfL in the Programme Management Office died on 11 March as a result of a collision with an Arriva bus at Euston Bus Station. Leon Daniels reported on the recent death of an Abellio passenger on a commercial bus service at the Cromwell Road, Kingston bus station. All of these incidents were being appropriately investigated. The Commissioner also reported the death of Bob Crow, General Secretary of the RMT. His thoughts were with the family and friends of all the deceased.

Following the regrettable dispute on London Underground, there was engagement with the trades unions on the Fit for the Future – Stations programme. Both parties would go back to ACAS on 11 April, following a week's delay after the death of Bob Crow.

The Commissioner highlighted how TfL managed the bus network to cope with extra demand caused by population increase, the joint announcement on 7 March by the Mayor and TfL on six key commitments to deliver road safety improvements across the Capital and the good progress made in conjunction with London Councils on proposals to ban HGVs that were without appropriate safety equipment.

TfL had launched its new website on 25 March. It had also reached agreement with search engine providers to ensure TfL, rather than unauthorised third-party websites, appeared in 'congestion charge' search results.

On 4 March, Fitch had confirmed TfL's credit rating as AA with a stable outlook. On 7 March, TfL had successfully agreed a 50-year £370m bond, at a fixed rate of four per cent per annum. The bond had a delayed settlement as it formed part of TfL's £650m incremental borrowing requirement for 2014/15.

Members commended all of the winners of awards at the 11th annual London Transport Awards ceremony and the national HR Distinction Awards.

The decision of the European Commission to commence the first stage of a legal process against the UK Government for not meeting NO₂ limit values was discussed. Air quality was an issue for a number of other cities in the UK and Europe. The work being undertaken in London to reduce air pollution was noted.

Vernon Everitt confirmed that there was a continuing publicity campaign to encourage customers with contactless bank cards to clearly present the Oyster or bank card that they wanted charged onto the card readers. There were no incidents of double charging but mixing payments between cards meant daily and weekly caps might not be activated.

The Board noted the Commissioner's report.

23/03/14 Operational and Financial Performance and Investment Programme Reports – Third Quarter 2013/14

Steve Allen introduced the Operational and Financial Performance and Investment Programme Reports for the Third Quarter of 2013/14 (14 September – 7 December 2013). Mike Brown and Leon Daniels commented on the performance of their operational businesses.

The highlights from the reports were:

- TfL was very closely tracking its budget. While cash balances were higher than forecast, partly due to the rephasing of Crossrail funding, this was all allocated to future investment programmes.
- The Hammersmith & City line was now serviced entirely by the new S Stock trains and roll out to the District line remained on target for completion in 2016.

- The Invitation to Tender for the Sub-surface Railway Automatic Train Control signalling contract reprocurement would be issued in April with final delivery of the signalling still expected in 2018.
- Excellent progress had been made on the Northern line upgrade, which would finish within budget with the physical works completed in May, seven months ahead of target. This was being achieved with significantly less disruption to passengers than the Jubilee line upgrade. When complete, the Northern line upgrade would provide a 20 per cent increase in capacity and an 18 per cent saving on journey time. Work was also progressing on the proposed extension of the line to Battersea, with work on the ground estimated to start in spring 2015 for delivery in 2019.
- Good progress was being made on station upgrades at Victoria, Bank and Tottenham Court Road. Work to improve capacity on the Overground was also progressing well with fifth-car construction underway at Bombardier and innovative techniques being used in the track upgrade programme.
- A major programme of works was underway as part of the Capital Renewals Programme on the Transport for London Road Network. This would bring assets up to a stable condition and improve network reliability and the urban streetscape.
- Good progress was being made on developing and testing proposed infrastructure improvements for cycling, involving joint work with the Transport Research Laboratory and the Department for Transport. A paper setting out the programme for cycling delivery over the coming years would be submitted to a future meeting. **[Action: Leon Daniels]**
- The Split Cycle Offset Optimisation Technique (SCOOT) programme rollout continued to improve traffic flow and crossing certainty for pedestrians through the intelligent management of the road network. The safety of all road users, including pedestrians, was a priority and any issues with crossing facilities for pedestrians brought to the attention of TfL would be investigated.
- Members noted passenger numbers data and that road reliability had been affected by the upturn in economic activity increasing the number of road users.
- Customer satisfaction across all services remained good. Since the 2012 Games, TfL was using social media to revolutionise how it listened to and communicated with its customers.

Members commented on the impressive breadth and scale of work being undertaken across TfL and the positive impact it was having on London. They also emphasised the need to continue delivery and secure funding for further projects to cope with the impact of further population growth, for example Crossrail 2 and greater control or influence over rail services as demonstrated by the success of the Overground in improving services.

Further work would be undertaken to see if a clearer summary could be provided on Investment Programme underspend to show where this was occurring and if it was due to rephasing, release of contingency or reclassification of capital and operating expenditure. **[Action: Steve Allen]**

The Board noted the reports.

24/03/14 TfL Budget 2014/15

Steve Allen introduced the paper, which set out TfL's Budget for 2014/15. The key changes since the approval of the Business Plan, published in December 2013, were: the funding and payment profile for the Crossrail Rolling Stock and Depot contract, awarded in February 2014; reductions in fares following the late change to Travelcards, so that the average increase was 2.7 per cent; and TfL's £30m contribution to the Garden Bridge, spread over 2013/14 to 2015/16 (predominantly 2015/16).

The key milestones for 2014/15 were: the introduction of contactless payments on rail services during 2014; opening the new ticket hall at Paddington station in July 2014; introducing the 250th New Routemaster into service in August 2014; Better Junctions start on site at Oval in September 2014; the start of construction of the first Quietway in September 2014; the completion of the removal of Tottenham Hale Gyratory in October 2014; completing the Northern line upgrade in December 2014; introducing the first five-car unit on the London Overground East London line in December 2014; and starting the new operating model for the vision for the future of the Tube in January 2015.

At its meeting on 12 March 2014, the Finance and Policy Committee considered the draft Budget in detail and endorsed the recommendations to the Board.

The Board noted the paper and:

- 1 approved the TfL Budget for 2014/15; and**
- 2 delegated to the Managing Director, Finance or the Chief Finance Office, the authority to make any editorial or other minor changes prior to its publication.**

25/03/14 TfL Prudential Indicators 2013/14 to 2016/17

David Goldstone introduced the paper, which set out the proposed TfL borrowing limits and other Prudential Indicators under the CIPFA Prudential Code (the Prudential Code), which were consistent with the proposed Treasury Management Strategy for 2014/15. These limits and indicators were based on figures in the 2014/15 TfL Budget.

Under the Prudential Code, TfL was required to adopt Prudential Indicators that support decision making on planned capital expenditure, borrowing and treasury management activities.

At its meeting on 12 March 2014, the Finance and Policy Committee considered a paper on Prudential Indicators and endorsed the recommendations to the Board.

The Board noted the paper and approved:

- 1 revised limits for long term liabilities and total external debt for 2013/14, reflecting changes to the expected settlement profile of the Crossrail property provision;**
- 2 revised Prudential Indicators for 2013/14, as set out in Appendix 1 of the paper, for Corporation capital expenditure and the Corporation capital financing requirement. These revisions reflected changes to the expected settlement profile of the Crossrail property provision and changes resulting**

from increased management recharges to subsidiaries. The Indicator for the Group ratio of financing costs to net revenue has also been revised reflecting changed assumptions regarding internal allocations of Transport Grant to revenue versus capital expenditure;

- 3 the TfL Prudential Indicators as set out in Appendix 2 of the paper for 2014/15 and the following two years; and
- 4 the Treasury Indicators as set out in Appendix 3 of the paper for 2014/15 and the following two years.

26/03/14 Treasury Management Strategy 2014/15

Steve Allen introduced the paper, and the related paper on Part 2 of the agenda which sought approval for the proposed TfL Treasury Management Strategy (TMS) for 2014/15. The TMS 2014/15 comprised the Investment Strategy 2014/15, the Borrowing Strategy 2014/15, the Risk Management Strategy 2014/15 and the TfL Policy on Minimum Revenue Provision.

At its meeting on 12 March 2014, the Finance and Policy Committee considered a paper on the TMS 2014/15 and endorsed the recommendations to the Board. The Committee also approved an expanded Approved Investment List and Counterparty Credit Exposure Limits and the establishment of a new Revolving Credit Facility.

The Board noted the paper and the related paper on Part 2 of the agenda and:

- 1 **approved the Treasury Management Strategy (TMS) for 2014/15, including the Investment Strategy 2014/15, the Borrowing Strategy 2014/15, the Risk Management Strategy 2014/15 and the TfL Policy on Minimum Revenue Provision included as Appendix 1 to the paper; and**
- 2 **in relation to the implementation of permitted borrowing in relation to the Euro Medium Term Note Programme, the Euro Commercial Paper Programme or any notes issued under standalone documentation (as described in the paper on Part 2 of the agenda), delegated the approval and entry into of any required agreements or other documentation including any associated Prospectus or Information Memorandum to the TfL Officers, as described in paragraph 3 below, under the TMS and that General Counsel be authorised to make the necessary changes to the Finance and Policy Committee Terms of Reference in Transport for London's Standing Orders accordingly.**
- 3 **The following TfL Officers shall have delegated Authority: the Commissioner, Managing Director Finance, Chief Finance Officer, General Counsel and Director of Group Treasury.**

27/03/14 Treasury Management and Derivative Investments Policies 2014/15

Steve Allen introduced the paper, which sought approval for the proposed TfL Treasury Management Policy Statement and Treasury Management Practices (together, the TM Policy), and the proposed TfL Group Policy relating to the use of Derivative Investments for 2014/15.

At its meeting on 12 March 2014, the Finance and Policy Committee considered a paper on the Treasury Management and Derivative Investments Policies 2014/15 and endorsed the recommendations to the Board.

The Board noted the paper and approved:

- 1 the proposed TfL Treasury Management Policy Statement and Treasury Management Practices in Appendix 1 of the paper; and**
- 2 the TfL Group Policy Relating to the use of Derivative Investments in Appendix 2 of the paper.**

28/03/14 Crossrail: Extension of the Interim Crossrail Limited Funding Payments Agreement with Network Rail

Steve Allen and Terry Morgan introduced the paper, and the related paper on Part 2 of the agenda, which updated the Board on the progress that Crossrail Limited (CRL) had made in reaching agreement with Network Rail for an extension of the Interim CRL Funding Payments Agreement (IFA) and sought approval to the extension.

At its meeting on 12 March 2014, the Finance and Policy Committee considered a similar paper on the IFA and, subject to additional information being provided to the Board, endorsed the recommendation to the Board.

The Board discussed how the savings made by extending the IFA could be used to support Crossrail enhancements or to reduce other pressures on CRL's budget.

The Board noted the paper and the related information on Part 2 of the agenda and approved the proposed extension of the Interim Crossrail Limited Funding Payments Agreement.

29/03/14 Crossrail Enhancements

Steve Allen and Terry Morgan introduced the paper, and the related paper on Part 2 of the agenda, which briefed the Board on the proposal for extending Crossrail services to Reading and sought the Board's approval to a proposed change to the Crossrail Project and the purchase of an additional train.

At its meeting on 12 March 2014, the Finance and Policy Committee considered a paper on the Crossrail Enhancements and, subject to additional information being provided to the Board, endorsed the recommendation to the Board.

The Board noted the paper and the related paper on Part 2 of the agenda and:

- 1 approved the extension of Crossrail services to Reading;**
- 2 approved the exercise by Rail for London Limited of an option under the contract with Bombardier Transportation UK Limited for the purchase of an additional train for the extended Crossrail service (the Option), with additional Procurement Authority in the sum described in the paper on Part 2 of the agenda;**

- 3 delegated to the TfL Officers and the Subsidiaries (as described in paragraph 7 below) the authority to finalise the terms of the Option and the extension of Crossrail services to Reading including the provision of financial guarantees by TfL;**
- 4 authorised the agreement and execution (whether by deed or otherwise on behalf of TfL or any Subsidiary (as appropriate)) any documentation to be entered into in connection with the exercise of the Option and the extension of Crossrail services to Reading (including, without limitation, all agreements, deeds, guarantees, indemnities, property or other licences, announcements, notices, contracts, certificates, letters or other documents);**
- 5 authorised TfL Officers and Subsidiaries to do all such other things as they consider necessary or desirable to facilitate the exercise of the Option and the extension of Crossrail services to Reading; and**
- 6 authorised such TfL Officers as may be appointed by the Commissioner, to act on behalf of TfL as Sponsor Representative in relation to TfL's membership of the Crossrail Sponsor Board, insofar as any decision making functions carried out by the Sponsor Board related to the Option and the extension of Crossrail services to Reading, and/or the matters referred to in it.**
- 7 The following Officers and Subsidiaries shall have delegated authority:**
 - (a) TfL Officers: the Commissioner, Managing Director Finance, Managing Director London Underground and London Rail, the Commercial 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.**

30/03/14 Extension of Total Purchased Services Contracts

Mike Brown introduced the paper, and the related paper on Part 2 of the agenda, which asked the Board to exercise TfL's option to extend the term for the group of five Total Purchased Services (TPS) contracts and supporting Framework Agreements by up to two years.

In 2010, TfL awarded performance based contracts to deliver maintenance on two thirds of the London Underground's operational network, referred to as the TPS contracts. The commercial structure was based upon one principal contractor being dedicated to routine maintenance on specific assets with ad hoc works being tendered under supporting framework agreements. TfL retained an option to extend these agreements from five to seven years.

At its meeting on 12 March 2014, the Finance and Policy Committee noted the proposals in this paper and endorsed the recommendations to the Board.

The Board noted the paper and the supplemental information on Part 2 of the agenda and:

- 1 approved the extension of Total Purchased Service (TPS) 1, 2, 3, 4 and 5 service and framework contracts for a maximum duration of two years;**
- 2 approved Procurement Authority of £234.4m to cover the TPS contract extensions, to bring total Procurement Authority to £904.1m;**
- 3 delegated authority to the TfL Officers and the Subsidiaries (as described in paragraph 6 below) to finalise the terms of each of the proposed contract extensions including their respective durations;**
- 4 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 proposed contract extensions, noting that, in some cases, the value of the extended contract is at a level for which officer level authorisation is provided for in Standing Orders; and**
- 5 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 proposed contract extensions.**
- 6 The following Officers and Subsidiaries shall have delegated authority:**
 - (a) TfL Officers: the Commissioner, Managing Director Finance, Managing Director Rail and Underground, General Counsel, Chief Finance Officer, Commercial Director Rail and Underground; 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.**

31/03/14 Structures and Tunnels Investment Portfolio

Leon Daniels introduced the paper, which sought approval for an increase in Financial Authority for the Structures and Tunnels Investment Portfolio (STIP), which would strengthen, refurbish or replace eight structures on the Transport for London Road Network and ensure that assets were kept in a good state of repair going forwards. The paper sought additional Project Authority funding to allow works from the first work package to progress and to start the main construction works on the Chiswick Bridge.

At its meeting on 26 February 2014, the Projects and Planning Panel considered a paper on the STIP and endorsed the authority requests.

At its meeting on 12 March 2014, the Finance and Policy Committee considered a paper on the STIP and endorsed the authority requests. The Committee had discussed the scale of the Road Investment Programme and its desire for Surface Transport to have the appropriate resource and project governance structures to deliver it. The Committee would be keeping this under review.

The Board noted the paper and:

- 1 authorised an increase in Financial Authority of £38.0m to a total authority of £232.5m, funded from Management Contingency for the Structures and Tunnels Investment Portfolio (STIP); and**
- 2 authorised additional Project Authority of £48.6m to a total authority of £136.8m, to allow the four projects that form Work Package 1 in the STIP to progress to detailed design and for advance works to commence, prior to construction contract award, and to start the main construction works on the Chiswick Bridge Refurbishment project, noting that Procurement Authority for individual contracts within the STIP would be sought in accordance with the levels set out in Standing Orders.**

32/03/14 Contact Centre Strategy

Vernon Everitt introduced the paper, and the related paper on Part 2 of the agenda, which explored proposals to deliver Customer Contact Centre functions in the future.

At its meeting on 12 March 2014, the Finance and Policy Committee considered a paper on the Contact Centre Strategy and endorsed the recommendation to the Board.

The Board noted the paper and related paper on Part 2 of the agenda and agreed the recommendations as described in the paper on Part 2 of the agenda.

33/03/14 TfL Office Accommodation

Peter Anderson had a declarable interest in this item and, although not at the meeting, had not received the paper on Part 2 of the agenda for this meeting or the meeting of the Finance and Policy Committee on 12 March 2014.

Steve Allen and Paul Doyle introduced the paper, and the related paper on Part 2 of the agenda, which sought approval for the acquisition of a third new accommodation hub. As part of the ongoing Head Office Accommodation Strategy, TfL had been consolidating its office based portfolio into 'accommodation hubs' of 2,000 staff or more. The two existing hubs were Palestra at Southwark and Pier Walk at North Greenwich.

At its meeting on 12 March 2014, the Finance and Policy Committee considered a paper on TfL Office Accommodation and endorsed the recommendations to the Board.

At the request of the Mayor, a decision on the location of the next accommodation hub was deferred. Officers were asked to look at alternative options, bearing in mind current lease expiry constraints on existing buildings. **[Action: Steve Allen]**

The Board noted the paper and the supplemental information on Part 2 of the agenda and that a further paper would be submitted to either the Board or the Finance and Policy Committee for decision.

34/03/14 Revision to Standing Orders

Howard Carter introduced the paper, which sought approval to proposed revisions to TfL's Standing Orders and the Subordinate Bodies of TfL document, to address:

- (a) changes approved by the Board on 6 November 2013 to TfL's Member-level decision making structures, which would further improve transparency and included the decision to hold future meetings of its Panels in public;
- (b) changes to accommodate arrangements in TfL's proposed Treasury Management Strategy 2014/15;
- (c) changes to the approval of taxi and private hire related matters;
- (d) matters of clarification; and
- (e) changes to the membership of its Committees and Panels.

The paper also outlined potential new regulations on decision making that, if made, would necessitate further changes to Standing Orders.

The Board:

- 1 waived the requirement for the Rail and Underground Panel to have met four times in 2013/14;**
- 2 approved the changes to the Standing Orders, as set out in Appendix 1 of the paper;**
- 3 approved the changes to the Subordinate Bodies of TfL, as set out in Appendix 2 of the paper, including the membership of Committees and Panels for 2014, as set out in Appendix 3, and in addition appointed Roger Burnley as a member of the Surface Transport Panel; and**
- 4 authorised General Counsel to implement these changes to Standing Orders with effect from 1 April 2014.**

35/03/14 Crossrail Limited – Appointment of Non-executive Directors

Howard Carter introduced the paper, and the related paper on Part 2 of the agenda, which sought approval of the reappointment of two current non-executive directors to the Crossrail Limited (CRL) Board, both of whom were appointed in April 2011 and have served full three-year terms. Discussions had been held with the individuals concerned to confirm their willingness to stand and the length of their reappointment.

The Board approved the reappointment of:

- 1 Phil Gaffney as a non-executive director of Crossrail Limited for a further three year term to 31 March 2017; and**
- 2 Ian Brown as a non-executive director of Crossrail Limited for a further period of six months to 30 September 2014.**

36/03/14 Delegation to the Finance and Policy Committee of Matters Reserved to the Board

Howard Carter introduced the paper, which sought an interim delegation of approval for all matters reserved to the Board to the Finance and Policy Committee to enable timely decisions on matters between meetings of the Board from March to July and July to September 2014.

The Board delegated to the Finance and Policy Committee:

- 1 authority to approve any matter reserved to the Board from 27 March until 2 July 2014;**
- 2 authority to approve any matter reserved to the Board from 4 July until 23 September 2014;**
- 3 in relation to any Financial, Project, Land or Procurement Authority approved under paragraphs 1 and 2 above, the authority to delegate to the TfL Officers and Subsidiaries (defined in paragraph 4 below):**
 - (a) the ability to agree and execute (whether by deed or otherwise) on behalf of TfL or any Subsidiary (as appropriate) any documentation to be entered into in connection with such projects or transactions (including, without limitation, all agreements, deeds, guarantees, indemnities, announcements, notices, contracts, certificates, letters or other documents); and**
 - (b) to do all such other things as they consider necessary or desirable to facilitate the execution and implementation of the projects or transactions.**
- 4 The following TfL Officers and Subsidiaries shall have delegated authority:**
 - (a) TfL Officers: the Commissioner, Managing Director Finance, General Counsel and the Chief Finance Officer; and**
 - (b) Subsidiaries: all subsidiary companies of TfL including Transport Trading Limited and any other subsidiary (whether existing presently or to be formed) of Transport Trading Limited: any of the directors shall be authorised to act for and on behalf of any such subsidiary.**

37/03/14 Report of the meeting of the Audit and Assurance Committee held on 5 March 2014

The Chairman of the Committee, Keith Williams, gave an update to the Board on the meeting of the Audit and Assurance Committee, held on 5 March 2014.

The Board noted the report.

38/03/14 Report of the meeting of the Finance and Policy Committee held on 12 March 2014

In the absence of the Committee's Chairman, the Vice Chairman of the Committee, Daniel Moylan, gave an update to the Board on the meeting of the Finance and Policy Committee, held on 12 March 2014.

The Board noted the report.

39/03/14 Report of the meeting of the Safety and Sustainability Panel held on 19 March 2014

The Chairman of the Panel, Charles Belcher, gave an update to the Board on the meeting of the Safety and Sustainability Panel, held on 19 March 2014.

The Board noted the report.

40/03/14 Any Other Business the Chairman Considers Urgent

There was no other business to discuss that was not included on the agenda.

The next scheduled meeting would be held on Thursday 3 July 2014 at 10.00am.

41/03/14 Exclusion of Press and Public

The Board 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 Treasury Management Strategy 2014/15; the Crossrail: Extension of the Interim Crossrail Limited Funding Payments Agreement with Network Rail; the Crossrail Enhancements; the Extension of Total Purchased Services Contracts; the Contact Centre Strategy; TfL Office Accommodation; and Crossrail Limited – Appointment of Non-executive Directors.

There being no further business, the meeting closed at 11.55am.

Chair: _____

Date: _____

Board

Date: 3 July 2014

Item 4: Actions List



This paper will be considered in public

1 Summary

- 1.1 This paper informs the Board of progress against actions agreed at previous meetings.

2 Recommendation

- 2.1 **The Board is asked to note the Actions List.**

List of appendices to this report:

Appendix 1 – Actions List

List of Background Papers:

Minutes of previous meetings of the Board.

Contact Officer: Howard Carter, General Counsel
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Board Actions List (reported to the meeting on 3 July 2014)

Actions from the meeting held on 26 March 2014

Minute No.	Item/Description	Action By	Target Date	Status/Note
23/03/14	Operational and Financial Performance and Investment Programme Reports – Third Quarter 2013/14: Cycle Delivery Plan A paper setting out the programme for cycling delivery over the coming years would be submitted to a future meeting.	Leon Daniels	February 2015	The programme is under review and a paper will be submitted in due course.
23/03/14	Operational and Financial Performance and Investment Programme Reports – Third Quarter 2013/14: Changes for future reports Further work would be undertaken to see if a clearer summary could be provided on Investment Programme underspend to show where this was occurring and if it was due to rephrasing, release of contingency or reclassification of capital and operating expenditure.	Steve Allen	June 2014	Completed. Additional information was included in the Q4 reports elsewhere on the agenda.
33/03/14	TfL Office Accommodation A decision on the location of the next accommodation hub was deferred. Officers were asked to look at alternative options, bearing in mind current lease expiry constraints on existing buildings.	Steve Allen	May 2014	On 13 May 2014, the Finance and Policy Committee agreed the location of the next accommodation hub.

Actions from previous meetings

Minute No.	Item/Description	Action By	Target Date	Status/Note
08/02/14	Taxi Fares and Tariffs – further paper A further paper would be submitted to the Board in September 2014, on the additional Heathrow charge and the outcome of further engagement with the taxi trade on: introducing a fixed fare from Heathrow Airport to central London; bringing forward plans for the acceptance of credit and debit cards to be mandatory; and making passengers aware of the additional cost of using a credit or debit card at the start of their journey.	Leon Daniels	September 2014	On Forward Plan.
08/02/14	Taxi Fares and Tariffs – Surface Transport Panel In future, taxi and private hire fees and fares would be discussed by the Surface Transport Panel before being submitted to the Finance and Policy Committee and the Board.	Secretariat / Leon Daniels	July 2014	On Surface Transport Panel Forward Plan.

Date: 3 July 2014

**Item 7: Strategic Risk Management and Assurance Annual Report
2013/14**

This paper will be considered in public

1 Summary

- 1.1 The purpose of this paper is to report a summary of the key strategic risk management activity undertaken within TfL up to March 2014.
- 1.2 On 18 June 2014, the Audit and Assurance Committee noted the Strategic Risk Management and Assurance Annual Report 2013/14 and agreed that it should be forwarded to the Board. The Committee receives quarterly Strategic Risk Management updates, which provide a fuller description of the individual risks and mitigations.

2 Recommendation

- 2.1 **The Board is asked to note the report.**

3 Background

- 3.1 Following the Specialist Services re-organisation, TfL initiated a review to identify the underlying principles and reporting requirements that would support a pan TfL strategic non-project risk management process. The key objective was to establish a single non-project risk management approach, supported by a common platform, to enable more effective identification, management and reporting of all of TfL's significant risks to safeguard the delivery of TfL's strategic objectives.
- 3.2 The TfL review also incorporated the recommendations that were made following the 2012 review of Board effectiveness. The Board Effectiveness review included a benchmarking exercise against the UK Corporate Governance Code 2010 by Internal Audit. The proposed changes included suggested revisions to the overall TfL risk review, reporting and management processes.
- 3.3 Within TfL the changes to risk management have effectively been implemented in two main tranches.
- 3.4 Stage 1 focused on the delivery of a number of key short-term opportunities necessary to underpin the longer-term objectives. The Audit and Assurance Committee endorsed this plan of action during the financial year 2012/13, as set out in section 4 of this paper.

- 3.5 Stage 2 will encompass deliverables associated with more fundamental, long-term change requirements. The Audit and Assurance Committee endorsed these proposals on 5 March 2014, as set out in section 5 of this paper.

4 Stage 1 – Risk Management Development to 2013/14

- 4.1 The primary focus of the development activity that occurred within TfL during this period was the launch of a programme to develop and integrate a TfL wide strategic, tactical and operational non-project process and reporting framework. The programme was designed to support the identification and capture of the key risks that could affect the delivery of TfL's strategic objectives drawn from the existing Business Area review and assurance processes and mitigations actions.
- 4.2 The key business changes initiated within TfL during this period included:
- (a) greater challenge of risk mitigation management;
 - (b) the introduction of the TfL Strategic Risk Register (SRR) and TfL Quantified Strategic Risk Schedule (QSRS);
 - (c) a programme to integrate risk into the financial review and validation cycles across the organisation; and
 - (d) the development and implementation of a pan TfL framework for the management of risk.

5 Stage 2 – Risk Management Framework from 2014/15

- 5.1 The TfL Risk Development strategy was endorsed by the Audit and Assurance Committee on 5 March 2014. The strategy outlined the new pan TfL Risk Management framework which will cover operational and strategic risk management of non-project activities across the organisation.
- 5.2 The key business changes associated with this change will include:
- (a) a programme of cultural change to support the further integration of risk management within the organisation;
 - (b) the introduction of a holistic risk management framework to include project risk;
 - (c) revisions to TfL risk governance, including amendments to the risk policy and risk work instructions; and
 - (d) embedding risk into the business planning cycle; and the Introduction of improved management tools and reporting for all key decision makers.

6 Overview of the Strategic Risks Reviewed by the Audit and Assurance Committee During 2013/14

- 6.1 The Strategic Risks Reviewed report is reviewed and challenged by the Audit and Assurance Committee as part of its quarterly meeting.

- 6.2 Due to effective management, the current and target status of the majority of the TfL strategic risks reported throughout 2013/14 were stable; noteworthy developments associated with the key risks reported during this period are set out below. If TfL proposes to introduce any new measures associated with the below risks, funding will be considered through the Business Planning round:

Status Changes During 2013/14

- (a) While the current status of the disruption to the quality of service risk remained at 'Medium', the target improved from 'Medium' to 'Low' in Quarter 4, 2013/14. London Underground is on track to deliver the Mayoral target to reduce lost customer hours by 30 per cent by 2015;
- (b) The risk of an unfavourable environmental impact due to delivering a transport service has also improved over the course of the year, moving between Quarter 1 and 2 of 2013/14, from a current status of 'High' which was revised to 'Medium', and a target status of 'Medium' which was improved to 'Low'. The mitigation plans include bringing bus fleet emissions in line with the agreed standards by 2015 in support of the UK Governments targeted NO2 air quality improvement pledge;
- (c) The current status of the TfL people strategy risk worsened in Quarter 2, 2013/14 from 'Low' to 'Medium'. This reflected the people challenges of delivering the New Savings Programme. The target status remained stable at 'Very Low' throughout the year;

New Risk Added During 2013/14

- (d) The risk of the failure of critical IT systems was added to the SRR in Quarter 3, 2013/14. The current status of the risk was reported as 'Medium' during the third and fourth quarters of 2013/14, and the target was held at 'Low'. The current status reflects the ongoing work to develop a comprehensive register of possible technology and systems risks across TfL;
- (e) The risk of an information or cyber security incident on key services that support business and or network operations was also added to the SRR in quarter 3, 2013/14. The current status of the risk was reported as 'High' over the period, and the target was held as 'Low'. The current status reflects the early stage of the mitigating actions;

Other Key Developments

- (f) The current status of the risk associated with maintaining a long term strategic, balanced plan within the constraints of available resources remained at 'High' and the target was held at 'Medium' throughout 2013/14. This reflected the ongoing volatility of the funding environment, which challenged the deliverability of TfL's long-term strategic plan. The status was held constant, partially as result of the addition of two mitigating actions which were introduced to increase focus on the TfL wide non-fares income target – the Commercial Development programme, and the TfL cash management processes;

- (g) The current status of the risk associated with the delivery of the capital investment portfolio remained at 'Medium', and the target at 'Low' over the period. This reflects the potentially favourable impact of the mitigations associated with the Rail and Underground and Surface Transport organisational changes;
 - (h) The major events risk remained stable over 2013/14. A pan TfL events team has been established to further enhance the comprehensive event management processes within TfL;
 - (i) The managing external stakeholders interests risk remained stable over the year. Surface Transport confirmed a new three year plan which will include the incorporation of stakeholder management as part of the Local Implementation Plan (LIP) approval process; and
 - (j) The current status of the Industrial Relations risk remained at 'High' and the target status was held at 'Medium' throughout 2013/14.
- 6.3 The QSRS is reviewed and challenged by the Audit and Assurance Committee as part of the quarterly meeting. Notable changes to the risks reported during 2013/14 are as below:

Status Changes During 2013/14

- (a) Over the course of the year the estimated value of the financial exposure associated with the risk of maintaining a long term strategic, balanced plan within the constraints of available resources to 2021/22 showed an improvement of eight per cent, or around £320m. This is due in part to additional mitigations introduced to safeguard funding streams.

New Risk Added During 2013/14

- (b) The financial exposure associated with the risk of an information or cyber security incident on key services that support business and or network operations was added to the QSRS in quarter 4, 2013/14. The estimated monetary value to 2021/22 was reported as £116m.

7 Integration of Risk into the Assurance Framework

- 7.1 Risk management within TfL supports the assurance function. Risk is the basis for all of the assurance activities carried out by the other functions.
- 7.2 All TfL assurance activity is risk-based, and the Integrated Assurance Plan takes as its basis the SRR. For 2013/14, the SRR was also integrated into the annual TfL audit planning process.
- 7.3 To check that adequate and appropriate assurance exists for its strategic risks, TfL has adopted the use of Assurance Maps. Assurance Maps provide a simple means of mapping sources of assurance to strategic risks and indicating the strength of the available assurance, thereby highlighting areas of potential under or over-assurance. The preparation and use of Assurance Maps is an intrinsic element of TfL's processes for strategic risk management.

8 Views of the Audit and Assurance Committee

- 8.1 On 18 June 2014, the Audit and Assurance Committee noted the Strategic Risk Management and Assurance Annual Report 2013/14 and agreed that it should be forwarded to the Board. The report was considered alongside the Strategic Risk Management Quarter 4 update, which provided a fuller description of the individual risks and mitigations. The Committee raised no specific issues.

List of appendices to this report:

None

List of Background Papers:

Strategic Risk Management Update – Quarter 1, 2, 3 and 4
Audit and Assurance Committee paper – 18 June 2014

Contact Officer: David Goldstone, Chief Finance Officer
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Board

Date: 3 July 2014

Item 9: Bank Station Capacity Transport and Works Act Order

This paper will be considered in public

1 Purpose

- 1.1 This paper asks the Board to approve London Underground Limited's (LUL) submission of an application for a Transport & Works Act Order (TWAo) to obtain powers to construct, operate and maintain the proposed upgrade of Bank station.
- 1.2 No additional project authority is sought at this time and the Estimated Final Cost (EFC) of the project remains unchanged.
- 1.3 At its meeting on 5 June 2014, the Finance and Policy Committee noted the proposals in this paper and endorsed the recommendations to the Board.
- 1.4 A paper is included on Part 2 of the agenda, which contains exempt supplemental information. The information is exempt by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972 in that it contains information relating to the business affairs of TfL. Any discussion of that information must take place after the press and public have been excluded from this meeting.

2 Recommendations

- 2.1 **The Board is asked to:**
 - (a) note the paper and the related paper on Part 2 of the agenda;
 - (b) approve the submission by London Underground Limited of an application for an Order under the Transport and Works Act 1992 (TWAo) and for related consents to provide all the necessary rights in respect of the construction, operation and maintenance of the proposed upgrade of Bank station including any compulsory acquisition of land; and
 - (c) delegate authority to TfL Officers and Subsidiaries (as defined in paragraph 2.2 below) to:
 - (i) agree the final terms of the application (including the land and interests, environmental scoping and deemed permission to be the subject of the order) for the TWAo and related consents;
 - (ii) obtain the Mayor's written consent to apply for the TWAo (as required by the Greater London Authority Act 1999); and
 - (iii) do everything else necessary or desirable to facilitate the making of the TWAo including:
 - 1. negotiating, signing and/or sealing any documents, agreements or notices required in connection with the submission of the application and related consents;

2. **promoting the TWAO including responding to any objections and dealing with any public inquiry that may be held in relation to the proposals;**
3. **negotiating and agreeing mitigation to resolve environmental impacts; and**
4. **agreeing and executing any related land agreements including without limitation approving Land Authority (as defined in Standing Orders) for any advance acquisition of land and any arrangements for accommodation works for affected owners (such delegated authority being in addition to the levels of authority set out in Standing Orders for Land Transactions); and**

(d) note that the above expenditure is included within the current Project and Financial Authority previously approved by the Board.

2.2 The following TfL Officers and Subsidiaries shall have delegated authority:

- (a) TfL Officers: Managing Director Rail and Underground, General Counsel and Director of Strategy and Service Development Rail and Underground; and**
- (b) Subsidiaries: all subsidiary companies of TfL including Transport Trading Limited and any other subsidiary of Transport Trading Limited (whether existing presently or to be formed): any of the directors shall be authorised to act for or on behalf of any such subsidiary.**

3 Background

- 3.1 The effective operation of Bank station is critical to maintaining access to the City of London and to the wider functioning of the London Underground (LU) and Docklands Light Railway (DLR) network. Since 2003, demand at Bank has risen by over 50 per cent from 222,000 to 337,000 customers per day.
- 3.2 Given the location of Bank at the heart of London's main financial district, passenger demand is expected to continue to grow in the future, due to significant new employment generated by major commercial development as supported by the London Plan. As a critical transport node at the heart of the City, it is essential that the capacity of Bank station is enhanced in order to support continued employment growth in the City.
- 3.3 Bank is also a key interchange point between Underground lines and the DLR network (some 50 per cent of customers use the station to interchange per day) and the terminus of the DLR which provides a critical connection to Canary Wharf and the Waterloo and City Line to Waterloo. Lines passing through or terminating at Bank have all experienced or will experience increased train service capacity as a result of line upgrades. This additional capacity will unlock further growth at Bank station, creating further pressure on the station itself and the capacity it has to accommodate these increased flows.
- 3.4 In the absence of additional capacity being provided within the station, further operational controls will be required on an ongoing and increasingly disruptive basis to manage congestion at safe operating levels.
- 3.5 TfL has been developing and assessing options for addressing the capacity constraints at Bank station since 2003. In 2003, a Bank station master plan was produced which identified a package of improvements that could be taken forward

at Bank station. Between 2003 and 2005 these options were developed further and assessed in terms of their costs and deliverability. Further work undertaken between 2005 and 2007 refined these options further, drawing on inputs from the Corporation of London and taking into account proposals for redevelopment of buildings in the vicinity of Bank station and exploring options for worksites and potential station entrances.

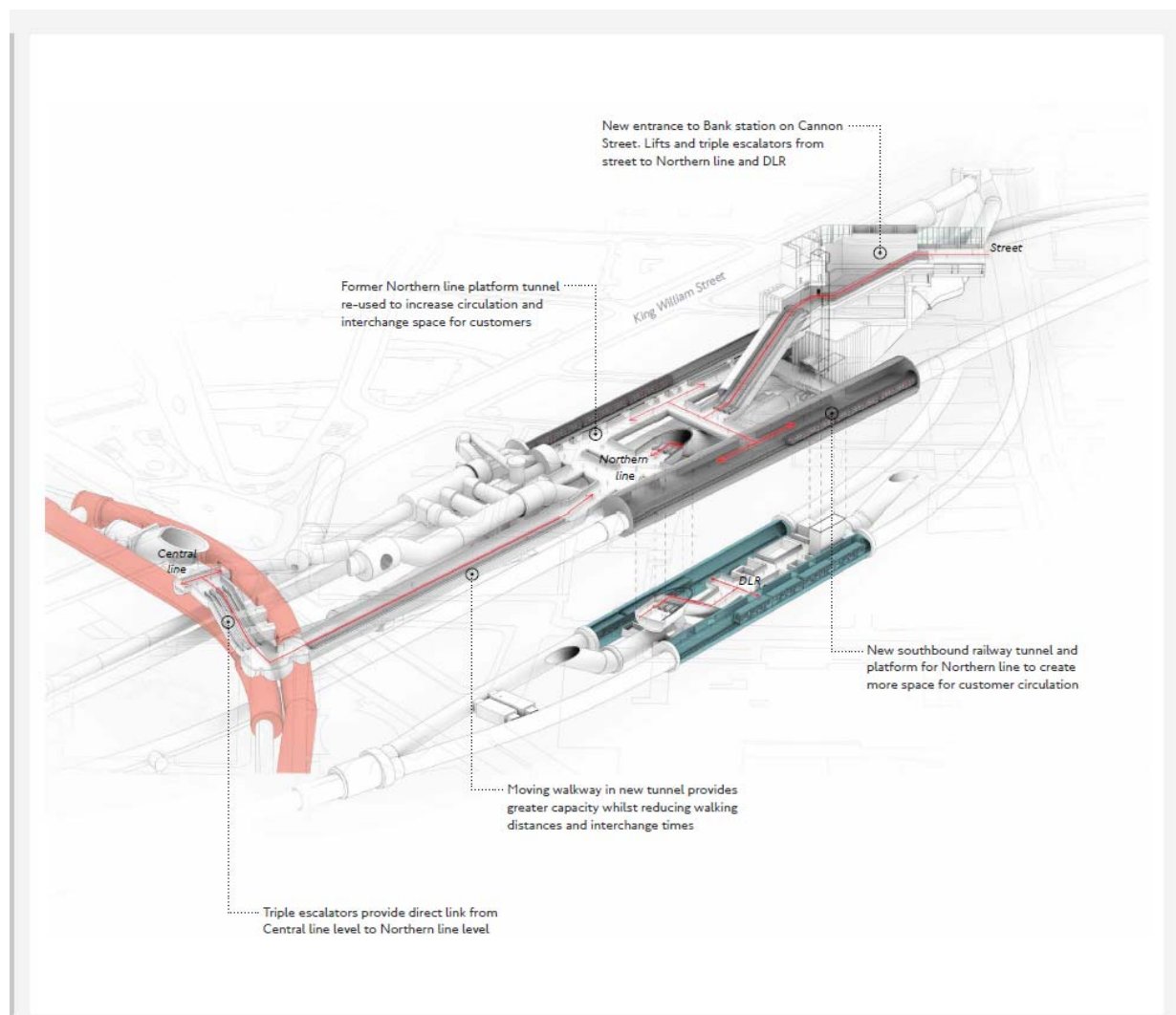
- 3.6 In 2007, an independent review of this work was carried out which identified two options to be taken forward in more detail, which were considered to be viable in terms of costs and delivery and capable of delivering the benefits required. These options were subject to continuous design development and appraisal throughout 2008 to 2012, during which time a preferred option was selected and subsequently developed into the base case.
- 3.7 Given the challenges of delivering these options in a constrained urban environment and around one of London's busiest and most complex interchanges, there was early engagement with the construction industry to test the delivery of the designs and to secure innovation and identify ways of reducing the cost and risk of the project whilst maximising the benefits and minimising the impacts.
- 3.8 The formal Innovative Contractor Engagement (ICE) procurement process began in April 2012 with the participation of four pre qualified bidders developing their proposals to meet the project requirements. Part of the tender evaluation scoring was based upon the environmental impacts of their proposed scheme and scored against the project requirements.
- 3.9 At the end of this formal process, Dragados SA were recommended for award of the contract and in July 2013, the Board granted authority to award a design and build contract and prepare documentation ahead of a TWAO submission. The contract has been structured in two stages where Stage 1 is the work required up until the granting of the TWAO and Stage 2 is all subsequent work. LU has the right not to proceed to Stage 2.

4 Current Status

Description of the proposals

- 4.1 The proposed station improvements (shown in the figure below) include:
 - (a) the construction of a new station entrance on Cannon Street, with access via lifts and escalators to the Northern line and DLR;
 - (b) the construction of a new tunnel and platform for the southbound Northern line;
 - (c) the conversion of the old southbound platform into an interchange corridor;
 - (d) the construction of an additional passageway, with moving walkways and escalators, linking the Northern and Central lines; and
 - (e) provision of step-free access directly to the Northern line and DLR platforms.
- 4.2 The proposed station improvements and construction programme utilise a site currently occupied by properties whose purchase was approved by the Board in November 2012.
- 4.3 The expenditure required to progress the recommendations above is included within the current financial and project authority approved by the Board. Approval to progress early land acquisition is sought to enable the project to react in a timely

manner to avoid extra costs which might arise, for instance, as a result of any delay in land acquisitions given the current nature of the property market in London.



Project Design Progress

- 4.4 Since contract award in August 2013, the integrated project team has been progressing the design towards an application for a TWAO. This has included extensive engagement with stakeholders, landowners and the public on the proposals which has in turn led to changes to the design. Throughout this period there has been a focus on progressing the design in a way that seeks to minimise impacts both on users of the station and the Underground network and landowners and stakeholders in the City.
- 4.5 The design has progressed to the completion of Concept Design, including the acceptance of Concept Design Statements in June 2014. Achieving Concept Design is a key date in the contract. The milestone was achieved only when the supplier was able to demonstrate that the Concept Design preserved or improved the benefits of the tendered design.
- 4.6 In order to meet the overall programme and to provide greater detail to inform the detail design process, investigative works both within the station and above ground, including cable surveys, tunnel ring assessments and above ground investigative bore holes, are now well underway with a good safety record to date.

Disruption during construction

- 4.7 The project requires a total closure of the Bank branch of the Northern line between Moorgate and Kennington stations for six weeks in 2020. Following this, northbound only services will resume at a limited through-put and non-stopping at Bank station for a further 10 weeks. Therefore, there will be no southbound services between Moorgate and Kennington stations for a total of 16 weeks and six days. Discussions are ongoing with stakeholders.

5 Stakeholder Management

- 5.1 To inform the development of the final design, a public consultation was held in October/November 2013 including a public exhibition held in St Mary Abchurch. Over 400 people attended the exhibition and over 550 people responded online. Further consultation is now underway on the final proposals ahead of the TWAO submission which is seeking views on specific construction impacts and the impacts of the temporary closure of the Northern line. As part of this consultation, registered Oystercard users who regularly use Bank have been informed and a public exhibition was held on 12 and 13 June to which approximately 250 members of the public attended.
- 5.2 Engagement has been ongoing with stakeholders, including: the City of London; the Diocese of London; London Travelwatch; building owners and occupiers; business groups; livery (City Guild) companies, including the Worshipful Company of Grocers; and others. Beyond the local area, engagement has commenced with other stakeholders that will have an interest in the Bank station upgrade such as the Canary Wharf Group.
- 5.3 Support from two key stakeholders has been formalised through a Memorandum of Understanding (MoU). In 2011, a MoU was signed with the City of London setting out principles of working together to promote a solution for Bank Station. In 2013, a MoU was signed with the Diocese of London and the Parochial Churches that outlined agreement on measures to protect churches in the works area. These relationships remain strong as the project moves forward.

6 Other issues

Land Acquisition

- 6.1 The vast majority of the station work will be constructed underground. Therefore, powers will be sought to acquire subsoil rights under third party properties. Where any party has land that is compulsorily purchased for the project, their entitlement to compensation is governed by the statutory compensation code. Owners and occupiers of land who have a qualifying interest may be entitled to make a claim for compensation. TfL has a programme of engagement with local landowners and is seeking to resolve issues wherever possible.
- 6.2 Following approval by the Board in November 2012, the project has proceeded with the advance purchase of properties at the primary work site.

Other Consents Sought

- 6.3 The project will also apply for planning permission for the project by applying for a direction from the Secretary of State for deemed planning consent under section 90 (2A) of the Town and Country Planning Act 1990. This application will be for all of the development authorised by the TWAO, including the new station entrance. It will

be submitted at the same time as the application for the TWAO. An application for Listed Building Consent for works to relevant listed buildings will also be submitted. This will be called in and dealt with alongside the application for the TWAO. Additional planning and listed building consents may be sought separately from the TWAO process.

- 6.4 In addition to the works comprised within the TWAO an Over Station Development (OSD) comprising office space, with retail floorspace at ground floor level is proposed. Work on the design of the OSD began following contract award in August 2013. A public consultation exercise was held in December 2013.
- 6.5 A planning application for the OSD (which includes demolition of the existing buildings) was applied for separately 26 February 2014 and approved on 10 June 2014. Approval of this application is a time critical milestone in advance of the TWAO and achieved three weeks ahead of programme.

7 Key Impacts

Environmental Considerations

- 7.1 TfL has sought to minimise environmental impacts, wherever possible, through innovative design and drawing on experience gained elsewhere including Crossrail. The required Environmental Impact Assessment (EIA) has been carried out and the resulting Environmental Statement (ES) will be submitted as part of the TWAO application. The ES includes details of proposed mitigation to reduce significant environmental effects that could not be designed out as part of scheme development.
- 7.2 The high level environmental impacts of the project have been identified in the Environmental Statement that accompanies the TWAO. The design shows that there are negligible residual adverse effects from the project. There is a suite of mitigation measures to be used during construction to limit any temporary affects. These mitigation measures are standard industry best practice.

8 Benefits Summary

- 8.1 The scheme has a very positive business case with an overall Benefit Cost Ratio (BCR) of 4:1. This reflects the major benefits that will arise in terms of congestion relief and journey time savings. This is a conservative estimate which does not include an assessment of the wider economic benefits, which are currently being assessed.

9 Programme

- 9.1 The programme (and contract dates) has been structured in two stages where Stage 1 is the work required up until the granting of the TWAO. Stage 2 is still scheduled to commence in 2016 (following the granting of the TWAO) when work will start immediately on the secondary work site at Arthur Street and demolition work on the primary work site, subject to the consent of the TWAO being granted by the Secretary of State. The date for project delivery in 2021 remains unchanged.

10 Assurance

- 10.1 The project has been regularly reviewed by the Independent Investment Programme Advisory Group and the TfL Programme Management Office. The most recent assurance reviews have been positive and the project has agreed with all the recommendations.

11 Views of the Finance and Policy Committee

- 11.1 At its meeting on 5 June 2014, the Finance and Policy Committee noted the proposals in this paper and endorsed the recommendations to the Board. Members were advised that there was a single sponsor and single accountable project manager for the programme. When decisions to acquire, dispose or retain land were considered, LU consulted with colleagues in the Planning and Commercial Development teams. Externally LU was working with a large number of stakeholders in relation to the wider station upgrade and further details have been provided in this paper.

List of appendices to this paper:

Exempt supplemental information is included in a paper on Part 2 of the agenda.

List of Background papers:

Finance and Policy Committee paper – 5 June 2014

Reports from the TfL Programme Management Office and the Independent Investment Programme Advisory Group and the management response to those reports.

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Date: 3 July 2014

Item 10: Docklands Light Railway Franchise Procurement

This paper will be considered in public

1 Summary

- 1.1 The purpose of this paper is to update the Board on the procurement process being undertaken by Docklands Light Railway Limited (DLRL) for the new franchise for the provision of passenger operations and maintenance of the Docklands Light Railway (DLR) and to seek approval to enter into a Franchise Agreement.
- 1.2 At its meeting on 5 June 2014, the Finance and Policy Committee noted the proposals in this paper and requested that further information be provided to the Board.
- 1.3 A paper is included on Part 2 of the agenda, which contains exempt supplementary information. The information is exempt by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972 in that it contains information relating to the business affairs of TfL. Any discussion of that exempt information must take place after the press and public have been excluded from this meeting.

2 Recommendations

- 2.1 **The Board is asked to note the paper and the supplementary information on Part 2 of the agenda and to:**
 - (a) **approve entering into the Franchise Agreement and ancillary agreements (“Franchise Agreements”) with the bidder identified at the meeting and for the sum set out in the paper included on Part 2 of the agenda;**
 - (b) **if recommended at the meeting, approve the termination of the City Airport and Woolwich Arsenal Concession Agreements;**
 - (c) **if recommended at the meeting, approve the dissolution of City Airport Rail Enterprises (Holdings) Limited, City Airport Rail Enterprises plc, Woolwich Arsenal Rail Enterprises Limited and Woolwich Arsenal Rail Enterprises (Holdings) Limited (together the “Concession Companies”);**
 - (d) **delegate to the TfL Officers and the Subsidiaries (as described in paragraph 2.2 below) the authority to finalise the terms of the**

Franchise Agreements and any notices or documentation in relation to the termination of the City Airport and Woolwich Arsenal Concession Agreements and the dissolution of the Concession Companies;

- (e) 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:**
 - (i) the completion and implementation of the Franchise Agreements and any of the matters referred to therein (including, without limitation, all agreements, deeds, guarantees, indemnities, property or other licences, announcements, notices, contracts, certificates, letters or other documents); and**
 - (ii) the completion of any notices and other documentation in relation to the termination of the City Airport and Woolwich Arsenal Concession Agreements and the dissolution of the concession Companies; and**
- (f) authorise TfL Officers and Subsidiaries to do all such other things as they consider necessary or desirable to facilitate:**
 - (i) the execution and implementation of the Franchise Agreements and the matters referred to therein; and**
 - (ii) the termination of the City Airport and Woolwich Arsenal Concession Agreements and the dissolution of the Concession Companies.**

2.2 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.**

3 Background

- 3.1 DLRL currently franchises all aspects of train and passenger service operations and maintenance of rolling stock and maintenance of the majority of the infrastructure under a Franchise Agreement with Serco Limited.**
- 3.2 While operations and the majority of maintenance responsibilities sit with the current franchisee, DLRL owns the infrastructure of the original sections of the railway and also the extensions to Bank, Beckton and Stratford International.**

In addition, the infrastructure on the extensions to City Airport and Woolwich Arsenal were acquired by TfL from the private sector in November 2011; however, the infrastructure on the extension to Lewisham remains private sector owned under a long term Private Finance Initiative (PFI) concession whereby the private sector is responsible for the design, construction of the infrastructure and its subsequent maintenance and renewal until 2021.

- 3.3 The majority of the rolling stock fleet is owned by DLRL, but 24 of the vehicles are owned by the Royal Bank of Scotland under a finance lease signed in April 2005.
- 3.4 The current franchisee is remunerated for meeting a target level of service performance metrics with a package of incentives for increased performance and abatements for below target performance. These metrics relate primarily to achieving departures on time, journey times and customer service. In addition, the current franchisee also receives a small per passenger charge as an incentive to increase passenger numbers (which the current franchisee manages through responsibilities included in the Franchise Agreement in relation to advertising, marketing, revenue protection, and project work in relation to major DLR capital programmes, for example enabling extensions and capacity upgrades).
- 3.5 DLRL currently retains the majority of revenue risk on the DLR network as well as the right to specify services.
- 3.6 The current franchise has been highly successful in performance terms with consistent high levels of operating performance (regularly achieving 99 per cent of trains on time) and rising customer satisfaction based on the results of customer surveys (achieving a score of 88 in the latest periodic survey results).
- 3.7 In January 2013, DLRL issued an Official Journal of the European Union notice to start a procurement process to appoint a new franchisee for a period of approximately seven years (with a pre-priced option to extend to nine years). The procurement also includes an option to consolidate the maintenance arrangements for the City Airport and Woolwich Arsenal extensions should it be value for money to do so. These maintenance arrangements currently remain the subject of the legacy PFI concessions referred to in paragraph 3.2 above.

4 The Scope of the New Franchise

- 4.1 The new franchise will continue to integrate operations and maintenance and, by reducing the number (and associated costs of) complex interfaces with other maintenance arrangements, the new franchisee will be in a position to make the best operational decisions as both operator and maintainer.
- 4.2 The new franchisee will be responsible for:
 - (a) train and passenger service operations across the whole DLR network;

- (b) train maintenance; and
- (c) in respect of all other DLRL infrastructure and assets:
 - (i) the maintenance of all infrastructure and assets managed by the current franchisee;
 - (ii) the maintenance of the Stratford International extension (as the current maintenance arrangements between DLRL and Colas will terminate at the end of the current franchise); and
 - (iii) should it prove value for money to do so based on the outcome of the procurement evaluation, DLRL will terminate the current maintenance arrangements for the City Airport and Woolwich Arsenal extensions and maintenance of the infrastructure and assets will become the responsibility of the new franchisee.

4.3 DLRL also manages a PFI concession with City Greenwich Lewisham Rail Limited for the Lewisham extension infrastructure, which expires in 2021. Therefore, maintenance of the infrastructure on that part of the DLR network will sit outside the responsibilities of the new franchisee.

4.4 DLRL has reviewed the current Franchise Agreement in light of lessons learned in the current franchise and best practice drawn from other similar arrangements in TfL (such as the London Overground Concession and the proposed Crossrail Operating Concession) and the wider franchising market. As a result of this review, certain amendments have been included in the scope and structure of the new Franchise Agreement. These are summarised below.

Maintenance and Asset Management

4.5 The new franchisee shall be responsible for daily delivery of asset performance and asset stewardship, while ensuring that the assets are maintained so as to allow DLRL to deliver a safe and performing railway for the whole life of the assets.

4.6 The new Franchise Agreement contains additional requirements that will enable DLRL to provide and monitor some input measures; in addition to the output based performance regime. For example, the new franchisee will be required to significantly redevelop the asset management system, work bank management, materials management and knowledge of asset condition. This, coupled with specific condition based input requirements, is intended to enable better decision making regarding improved asset performance, condition, costs and risk.

4.7 In addition, this will enable DLRL to improve decision making regarding capital investment projects and long term asset management and renewal strategy which will remain the responsibility of DLRL.

Capital Projects and Variations

- 4.8 The current Franchise Agreement splits the responsibility for capital investment between DLRL and the current franchisee in certain circumstances. The new Franchise Agreement will instead provide that capital investment projects will be managed, funded and procured by DLRL. This reflects that DLRL will be best placed to manage capital investment as infrastructure owner, taking account of asset condition requirements over the whole life of the assets.
- 4.9 The new Franchise Agreement will guarantee that DLRL spends a minimum budget on capital investment projects.
- 4.10 The new Franchise Agreement will contain a new contractual variation procedure, based on a mechanism that will enable DLRL to claw back certain benefits of capital investment from the new franchisee. This is primarily intended to result in lower fixed fees being payable by DLRL should such capital investment have the effect of lowering the new franchisee's costs or increasing their performance revenue. The current Franchise Agreement does not allow for DLRL to claw back such benefits to the franchisee as a result of DLRL funded variations.
- 4.11 In addition, the new Franchise Agreement will include a better defined possessions and asset adoption regime, designed to ensure that the new franchisee is incentivised to work with DLRL to introduce capital enhancements into operation on the railway.
- 4.12 The new Franchise Agreement also requires that certain known variations are "pre-priced" before entering the contract. This enables DLRL to obtain competitive pricing through the procurement process for matters such as known future enhancements to service plans and to standardised labour rates and margins for minor future variations.

Safety

- 4.13 The new franchisee will be required to comply with a number of safety management requirements which include, inter alia, the Health and Safety at Work Act (1974) and the Railways and Other Guided Transport Systems (Safety) Regulations 2006 (ROGS). In addition, DLRL will require the new franchisee to comply with a number of specific requirements, such as adhering to DLRL specified business critical processes, establishing and maintaining safety management systems that are suitable and sufficient to support safe (and reliable) operations, participate in wider safety governance arrangements with key stakeholders and monitor and manage certain safety related metrics across the railway.
- 4.14 Under ROGS, DLRL holds a Safety Authorisation as Infrastructure Manager (excluding stations) and the new franchisee will be required to hold both a Safety Certificate as a Transport Undertaking and a Safety Authorisation as Infrastructure Manager (Stations). The Office of Rail Regulation (ORR) requires that this is in place before commencement of the new franchise.

Payment Mechanism and Revenue Risk

- 4.15 The franchisee is currently remunerated through the payment of a “Fixed Fee” by DLRL. The Fixed Fee is adjusted for bonuses or abatements that DLRL pays or charges depending on the franchisee’s performance against specified performance metrics. This mechanism will continue in the new Franchise Agreement and is outlined further in paragraph 4.18 below.
- 4.16 The franchisee also receives a share of revenue generated on the DLR through the payment of a small “fee per passenger”. In practice, this has not been demonstrated to incentivise growth in revenue or influence revenue outcomes. Instead, this has been predominantly influenced by DLRL’s capital investment in the network (for example, three-car upgrades and line extensions) and TfL’s overall responsibility for determining fare policy.
- 4.17 Continuing this arrangement in the new Franchise Agreement is therefore unlikely to be value for money in the context of the DLR. This is because the new Franchise Agreement will not transfer the responsibility for the matters that influence revenue outcomes (such as investment decisions, marketing and so on) and because the DLR has a reasonably high level of base demand which is relatively inelastic.
- 4.18 Therefore, the new Franchise Agreement will not contain any payment related to revenue/patronage; instead the payment mechanism will comprise only a Fixed Fee payable on the basis of achieving certain predetermined performance targets with bonuses and abatements made to the Fixed Fee should the new franchisee achieve increased or poorer performance. The Fixed Fee will also index in line with the Retail Price Index as TfL is likely to be better placed than a franchisee to manage inflation risk on a holistic basis, in a wider portfolio of revenues and costs.

Performance Regime

- 4.19 As set out in paragraph 4.18, the new franchisee will be measured against predetermined performance targets and will be paid bonuses and/or charged abatements should actual performance be better and/or worse than target.
- 4.20 The current Franchise Agreement includes operational performance targets related to:
- (a) departures (a capacity measure which compares the percentage of operated train services versus those planned);
 - (b) journey time (the percentages of operated train services achieving defined target journey times);
 - (c) 20 minute delays (a one-off penalty for delay to passenger journey of twenty minutes or more); and
 - (d) station closures (a one-off penalty for each station closure with some variable element to reflect impacted passenger journeys).

- 4.21 The new Franchise Agreement continues to include these metrics although the base performance target for each of these metrics has been adjusted to reflect future anticipated performance levels and wider strategic objectives related to service delivery. In addition, a new target related to excess waiting time (a measure of actual intervals between trains on a route versus planned intervals, weighted by number of passengers affected) will supplement the existing metrics set out above, in order to bring the new Franchise Agreement performance regime in line with wider benchmarking metrics from across TfL.
- 4.22 The current Franchise Agreement also includes certain customer service targets measured against results of customer surveys. This continues in the new Franchise Agreement although base performance targets have been adjusted to reflect future anticipated performance levels. The new Franchise Agreement shall also include a “Customer Facing Regime” (similar to the London Overground Concession), whereby the new franchisee is financially incentivised to ensure matters such as station and train cleanliness, ticket vending machine availability and lift and escalator reliability are maintained at appropriate levels.
- 4.23 The monetary values ascribed to bonuses and abatements have been recalibrated for the new Franchise Agreement, better to provide sufficient financial incentives and to reflect the cost to the new franchisee (plus a reasonable margin) of achieving increased levels of performance or otherwise avoiding costs, while remaining value for money.
- 4.24 The financial incentives are valued at a level that will encourage the new franchisee to correct any failures as rapidly as possible and to avoid repeated failures through the use of rectification periods and escalating abatements. The value of the bonuses payable also escalates to reflect the increase in cost of delivering higher levels of performance; but the overall amount that the new franchisee can earn from increased performance is capped at a level which is economically desirable for DLRL.
- 4.25 For example, the base target for departures (that is the target at which the franchisee shall receive only the fixed fee and not be paid bonuses or be charged abatements) is to be set at 98.4 per cent (of operated services versus those planned). The new franchisee shall receive or be charged £55,000 per one per cent variation as a bonus or abatement should performance be higher or lower than the target.
- 4.26 Within the regime the bonuses and abatements for departures will ratchet up or down to reflect DLRL’s view of an optimum performance band and the relative cost of making improvements in performance (in the case of departures, largely driven by additional staff costs). This is set out in the table below. This regime acknowledges that performance over a certain level (a “maximum target”) is likely to only be driven by significant capital investment, the responsibility for which will reside with DLRL. Therefore, DLRL does not wish to encourage franchisee spending at the upper limits of the performance regime when it intends to make investment decisions itself.

Target Levels of Performance – Departures	
Abatement Limit	94.0%
Minimum Standard	98.0%
Base Target	98.4%
Upper Threshold	98.9%
Maximum Target	99.5%

Payment Rates– Departures	
Below Abatement Limit	No further abatements
Between Abatement Limit and Minimum Standard	2 x abatement
Between Minimum Standard and Target	1 x abatement
Target	No payments or abatements
Between Target and Upper Threshold	1 x payment
Between Upper Threshold and Maximum Target	6 x payment
Above Maximum Target	0.5 x payment

- 4.27 The contractual enforcement regime includes the ability for DLRL to require remedial plans and escalates through step in rights and warning notices. The performance regime should, therefore, encourage real spending by the new franchisee to deliver increased levels of performance.
- 4.28 In addition, the current franchisee is entitled to relief against performance abatements in relation to certain interface risks and events that occur on the railway that may result in the franchisee delivering lower levels of performance than otherwise anticipated (for example, suspension of passenger services if required by the emergency services). The new franchisee will be entitled to such relief in fewer circumstances going forward, as experience suggests that while the franchisee is not directly in control of certain events which impact performance, it does have the ability to significantly influence the impact of them on the railway.

Other Commercial Matters

- 4.29 The current Franchise Agreement requires an on-demand bank bond of £10m to secure the franchisee's obligations. The new Franchise Agreement shall specify that the franchisee instead provides an on demand bank bond of £15m and a parent company guarantee (which reflects the franchisee's limits on liability of £60m, excluding certain general indemnities where liability remains uncapped). This change in requirements for financial support reflects a review of any credit risk in the new Franchise Agreement and takes into consideration the structure of the bidding entities.
- 4.30 Ancillary activities currently undertaken by the current franchisee will be brought in-house (for example, certain customer service activities such as responding to telephone queries/complaints, retail activities, estate management, marketing, advertising) where better value may be generated by grouping DLR with the wider TfL organisation (particularly the work being undertaken in the Commercial Development directorate).

Cost of the New Franchise

- 4.31 An estimate of the increased cost of the new franchise has been included in the Business Plan, approved by the Board in December 2013.

5 New Franchise Pre-Qualification and Invitation to Tender

- 5.1 In April 2013, the following four bidders pre-qualified to receive an Invitation to Tender ("ITT"):
- (a) Stagecoach Rail Projects Limited;
 - (b) Keolis (UK) Ltd/Amey Rail Limited (Joint Venture);
 - (c) The Go-Ahead Group plc/Colas Rail Limited (Joint Venture); and
 - (d) Serco Limited.
- 5.2 Prior to the ITT bid response date, the Go-Ahead Group plc/Colas Rail Limited (Joint Venture) withdrew from further participation in the procurement. The remaining three bidders submitted responses to the ITT on 9 September 2013.
- 5.3 The key principle of the evaluation methodology was to ensure that the new Franchise Agreement would be awarded to the most economically advantageous bid allowing for a balance between technical, commercial and price factors. The ITT responses were evaluated for technical, commercial and price components according to the following weightings:

Component	Weighting
Price	45%
Technical	40%
Commercial	15%

- 5.4 The evaluation methodology takes account of the commercial structure of the new Franchise Agreement with bidders required to submit bids against the performance regime and a draft new Franchise Agreement specified by DLRL.
- 5.5 The technical evaluation relates to DLRL's confidence that bidders can deliver the required performance base targets and prescribed inputs.
- 5.6 DLRL has followed a detailed procurement process, set out in appropriate procurement documentation. The primary areas of evaluation are set in further detail below.
- 5.7 Where appropriate, DLRL has sought assurance from expert advisors, including Interfleet and Steer Davies Gleave (technical advisors), Grant Thornton (financial advisors) and external legal advisors.
- 5.8 In addition, TfL Internal Audit conducted a review of the procurement process and was satisfied that effective controls have been applied to the refranchising of operations and maintenance for the DLR.

Technical

- 5.9 Bidders were required to provide written responses to the following nine "Delivery Plans".

Delivery Plan	Sub-weighting
Delivery Plan 1 (Mobilisation)	2%
Delivery Plan 2 (Business Management)	4%
Delivery Plan 3 (Safety)	6%
Delivery Plan 4 (Asset Management) Delivery Plan 4A (Policy, Strategy and Principles) Delivery Plan 4B (Delivering Asset Management) Delivery Plan 4C (Resources)	8%

Delivery Plan 5 (Service Delivery) Delivery Plan 5A (Railway Operational Planning) Delivery Plan 5B (Railway Operational Delivery) Delivery Plan 5C (Railway Performance Review and Management)	8%
Delivery Plan 6 (Customer Satisfaction, Security and Revenue Protection) Delivery Plan 6A (Customer Satisfaction) Delivery Plan 6B (Security) Delivery Plan 6C (Revenue Protection)	8%
Delivery Plan 7 (Environment)	1%
Delivery Plan 8 (Working With Stakeholders)	2%
Delivery Plan 9 (Responsible Procurement) Equality and Supplier Diversity Strategic Labour Needs and Training Ethical Sourcing	1%
Total	40%

- 5.10 Each Delivery Plan was evaluated for the bidder's understanding of the requirements and DLRL's confidence that these plans would deliver the relevant sections of the new Franchise Agreement.
- 5.11 Bidders were scored using a six point scale within which scores of 0, 20, 40, 60, 80 and 100 could be awarded. This scoring framework represented characteristics of the bid ranging from "Major Concerns" to "Excellent". Bidders were required to score a minimum of 40 ("Minor Concerns") in the majority of the Delivery Plans, otherwise DLRL retained a discretionary right to exclude the bidder from further participation in the competition.

Price

- 5.12 The Price component comprised Base Bid Fees and Standalone Variation Procedure Deliverables (labour rates and margins) to which the following weightings were applied.

Component		Sub-weighting
Base Bid Fees		43%
Standalone Variation Procedure Deliverables		2%
Total		45%

5.13 Bidders were required to provide a financial model, record of assumptions, financial management and funding plan and other supporting documentation to support the submission of a price. The price submitted was the net present value of the base bid fees (in real terms), comprising:

- (a) the fixed fees DLRL would pay for the initial period;
- (b) the fixed fees DLRL would pay during the extension period (discounted by 20 per cent to reflect that the extension remains an option);
- (c) the incremental/decremental fixed fees that DLRL would pay should it exercise pre-priced contractual options related to step changes in service plans; and
- (d) the incremental fixed fees that DLRL would pay for marginal service changes, based on a scenario provided by DLRL.

5.14 The bidder with the lowest net present value of base bid fees was awarded full marks for this component and other bidders were assigned a score in inverse proportion.

5.15 Bidders were also required to submit standardised prices related to labour rates and margin to be applied should DLRL exercise the variation procedure in the contract. The bidder with the lowest labour rates and margin was awarded full marks for this component and other bidders were assigned a score in inverse proportion.

5.16 Financial submissions were also reviewed to consider if any bid appeared to be abnormally low.

Commercial

5.17 The Commercial component comprised the Franchise Agreement “mark-up” and the Financial Documentation robustness to which the following weightings were applied.

Component		Sub-weighting
New Franchise Agreement Mark Up		10%
Financial Documentation Robustness		5%
Total		15%

- 5.18 Bidders were required to provide a mark up of the draft Franchise Agreement. This was evaluated for the extent to which the proposed mark up transferred risk, obligations or had any other adverse impact on DLRL.
- 5.19 Bidders were restricted from amending various key components of the new Franchise Agreement; in particular the base service plans, fare setting, performance regime, asset maintenance requirements and safety requirements.
- 5.20 Bidders were scored using the same six point scoring scale as described in paragraph 5.11.
- 5.21 In addition, bidders' financial documentation was scored for its completeness, clarity, ease of use and the robustness of the underlying pricing assumptions (and ultimately the risk of financial default). Bidders were scored using the same scoring framework as described in paragraph 5.11.

The DLRL Option

- 5.22 In February 2003, DLRL entered into a 30 year concession agreement with City Airport Rail Enterprises Plc (CARE) for the design, construction, financing and maintenance of the infrastructure on a 4.4km extension of the DLR network from Canning Town to King George V station via London City Airport.
- 5.23 In May 2005, DLRL entered into a separate 30 year concession agreement with Woolwich Arsenal Rail Enterprises Limited (WARE) for the design, construction, financing and maintenance of a further 2.4km extension connecting the City Airport extension with a new station at Woolwich Arsenal.
- 5.24 In March 2011 the Board approved the acquisition by TfL of CARE and WARE and their respective holding companies (City Airport Rail Enterprises (Holdings) Limited and Woolwich Arsenal Rail Enterprises (Holdings) Limited) (together the "Concession Companies"). The transaction completed in November 2011 and the companies became wholly owned subsidiaries of TfL.
- 5.25 Since the acquisition in November 2011, the concession arrangements and structure have remained in place as termination of the concession agreements would have triggered an automatic termination of the underlying maintenance agreements and it may not have delivered value for money for TfL to re-procure maintenance agreements separately in advance of the procurement of the new franchise.

- 5.26 In the ITT, bidders were asked to provide submissions and pricing for the maintenance of the City Airport and Woolwich Arsenal extensions should DLRL wish to include this within the maintenance obligations in the new Franchise Agreement ("DLRL Option").
- 5.27 The decision whether or not to exercise the DLRL Option is to be based on value for money considerations and wider DLRL business plans and operations to ensure that DLRL enters the new franchise on the basis that is most economically advantageous to DLRL as a whole. The price and any technical and commercial submissions in relation to the DLRL Option were evaluated in accordance with the same evaluation methodology as described in paragraph 5.11. Consequently, each bidder has been awarded an overall score with and without the DLRL Option being exercised.

6 Best and Final Offer (BAFO) Phase

- 6.1 Following evaluation of the ITT bid submissions, DLRL invited all bidders to proceed with a BAFO phase with all bidders in order to take account of a further developed new Franchise Agreement (including amendments to certain minor areas of scope where DLRL believed better value for money could be achieved) and to provide individual feedback to each of the bidders arising from the ITT evaluation phase.
- 6.2 In addition, DLRL required bidders to provide further clarity in certain areas in order to fully evaluate confidence in delivery. These areas included sub contracting proposals, mobilisation costs, capital expenditure assumptions and management of DLRL capital projects, rationale for deployment of resources, and key risks and mitigations.
- 6.3 Bidders were provided with an updated draft of the new Franchise Agreement and supplementary BAFO bid instructions on 29 January 2014. BAFO responses were received from all three bidders on 14 March 2014.
- 6.4 DLRL has completed its evaluation of the BAFO response. Further information in relation to the identity of the bidders and the DLRL Option will be provided at the meeting and the Board will be asked to approve the award of the new Franchise Agreement and related matters.

7 Views of the Finance and Policy Committee

- 7.1 At its meeting on 5 June 2014, the Finance and Policy Committee noted the proposals in this paper and requested that further information be provided to the Board. Additional information on the evaluation of the bids has been included in the paper on Part 2 of the agenda.

8 Next Steps

- 8.1 DLRL will provide an update at the meeting seeking approval for the award of the new Franchise Agreement and related matters.

List of appendices to this report:

Exempt supplemental information is included in a paper on Part 2 of the agenda.

List of Background Papers:

None

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Date: 3 July 2014

Item 11: Crossrail Limited – Appointment of Non-executive Directors

This paper will be considered in public

1 Summary

- 1.1 The purpose of this paper is to seek the Board's approval of the reappointment of a non-executive director to the Crossrail Limited (CRL) Board and a delegation for the appointment of a non-executive director at the conclusion of a recruitment process.
- 1.2 A paper is included on Part 2 of the agenda, which contains exempt supplemental information. The information is exempt by virtue of paragraph 2 of Schedule 12A of the Local Government Act 1972 in that it contains information that reveals an individual's identity, prior to a decision being taken on their reappointment. Any discussion of that information must take place after the press and public have been excluded from this meeting.

2 Recommendations

2.1 The Board is asked to:

- (a) approve the reappointment of the non-executive director identified in the paper on Part 2 of the agenda to the Board of Crossrail Limited (CRL) until 31 August 2017; and**
- (b) delegate to the Deputy Chair of TfL the authority to approve the appointment of a new non-executive director to the CRL Board, to replace two current non-executive directors who will stand down in August and September 2014.**

3 Background

- 3.1 As Sponsors, both TfL and the Department for Transport (DfT) have to approve appointments to the CRL Board. The approval of the DfT is being sought in parallel to the request to TfL.

Non-executive director reappointment

- 3.2 The CRL Board has approved the reappointment of one of its non-executive directors for a further three year term. The current appointee has served on the CRL Board since 1 September 2011. The current appointment expires on 31 August 2014. Approval for a further three year appointment is sought.

Non-executive director appointment

- 3.3 CRL is also currently recruiting a non-executive director to replace Heather Rabbatts and Ian Brown, who will be stepping down from its Board on 12 August and 30 September 2014, respectively.
- 3.4 The recruitment process is progressing well; however, it may not be completed in time for the Finance and Policy Committee to take the decision, under delegated authority, at its meeting on 17 July 2014. Therefore, it is requested that the authority to take this decision is delegated to the Deputy Chair of TfL.

List of appendices to this report:

Supplemental information is included on Part 2 of the agenda.

List of Background Papers:

None.

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Date: 3 July 2014

Item 12: Report of the meetings of the Remuneration Committee held on 27 March and 3 June 2014

This paper will be considered in public

1 Summary

- 1.1 To report to the Board on the meetings of the Remuneration Committee held on 27 March and 3 June 2014. The meeting of the Committee scheduled for 3 July was cancelled as there was no significant business to be considered.

2 Recommendation

- 2.1 **That the Board notes the report.**

3 Background

- 3.1 The main matters considered by the Committee were:
- (a) TfL Group Scorecard 2014/15;
 - (b) TfL Performance Awards;
 - (c) Individual Choice on Future Pension Provision;
 - (d) Leadership and Succession Planning;
 - (e) TfL Commissioner and Chief Officer Performance Awards 2013/14; and
 - (f) Crossrail Limited Chief Executive's Performance and Pay Review.

4 Issues Discussed

TfL Group Scorecard 2014/15

- 4.1 The Committee discussed the proposed TfL scorecard for 2014/15 and supported the proposed measures. The Committee delegated authority to the Chair, in consultation with the members of the Committee that were available, to approve the TfL scorecard for 2014/15 once a stretch target on the proportion of Business Plan efficiencies that are secured was available. That information will be shared with members of the Committee shortly.

TfL Performance Awards

- 4.2 The Committee noted the performance related reward schemes that were in operation across TfL. These schemes variously rewarded employees below

the level of Director, based on measures of organisational, business area or individual performance.

Individual Choice on Future Pension Provision

- 4.3 The Committee approved TfL offering a facility where an individual Chief Officer would be able to opt out of the TfL Pension Fund and instead be eligible to receive a cash allowance, with effect from 1 April 2014.
- 4.4 The Committee approved TfL offering a facility where an individual would be able to opt out of the TfL Pension Fund and instead be eligible to receive a cash allowance in exceptional circumstances.

Leadership and Succession Planning

- 4.5 The Committee noted an update on the current and proposed future activities for TfL's Leadership and Succession programme. A number of the activities were evolving and were dependent on future organisation design, workforce planning and integration of a new HR technology platform to ensure that all people solutions were linked, tracked and measured more effectively.
- 4.6 Members discussed the need to provide encouragement and opportunities to the most promising directors, senior managers, apprentices and graduates through means such as direct appointments and exchanges with other organisations to broaden their experience. The leadership programme and changes to pay for performance systems were intended to improve people management across TfL.
- 4.7 Securing long-term investment programme funding enabled TfL to let large multi-year contracts, which required the successful provider to use a minimum number of apprentices. TfL's contractors and partners were very keen to engage with apprentices and TfL was committed to supporting all of the University Technical Colleges that it could as this benefitted both TfL and its supply chain in the future.

TfL Commissioner and Chief Officer Performance Awards 2013/14

- 4.8 The Committee agreed the overall delivery for the year ended 31 March 2014 against the TfL and individual business or specialist services scorecards for the Commissioner and Chief Officers.
- 4.9 The Committee agreed the 2013/14 performance awards and the outcome of the salary reviews for the Commissioner and for Chief Officers and noted the overall level of performance awards for other staff.

Crossrail Limited Chief Executive's Performance and Pay Review

- 4.10 The Committee noted the achievements of the Crossrail Limited (CRL) Chief Executive in the 2013/14 performance year. It noted the decision of the CRL Remuneration Committee not to award him a base pay increase for the financial year 2014/15 and supported that Committee's proposal to award him

a performance related payment in recognition of his achievements in the 2013/14 performance year.

- 4.11 The Committee supported the proposal of the CRL Remuneration Committee to make an Long Term Incentive Plan (LTIP) Payment to the CRL Chief Executive in recognition of the project achievements to 2013/14 and to make an LTIP Award in respect of 2014/15.

List of appendices to this report:

None

List of Background Papers:

Papers for the meetings of the Remuneration Committee held on 27 March and 3 June 2014.

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Date: 3 July 2014

Item 13: Report of the extraordinary meeting of the Finance and Policy Committee held on 13 May and the ordinary meeting held on 5 June 2014

This paper will be considered in public

1 Summary

- 1.1 To report to the Board on the extraordinary meeting of the Finance and Policy Committee held on 13 May and the ordinary meeting held on 5 June 2014.

2 Recommendation

- 2.1 **That the Board notes the report.**

3 Background

- 3.1 The main matters considered by the Committee were:

13 May 2014

- (a) TfL Office Accommodation;
- (b) Recruitment Services Tender – Award of Framework Agreements;
- (c) HS2 Hybrid Bill and Petitioning;

5 June 2014

- (d) Operational and Financial Performance Report and Investment Programme Report, Fourth Quarter 2013/14;
- (e) Project Monitoring – Project Approvals;
- (f) Independent Investment Programme Advisory Group 2014/15 Budget and Work Plan;
- (g) Audit Exemption for Subsidiary Companies;
- (h) Bank Station Capacity Transport and Works Act Order; and
- (i) Docklands Light Railway Franchise Procurement.

4 Issues Discussed – Extraordinary Meeting Held on 13 May 2014

- 4.1 On 26 March 2014, the Board delegated to the Committee authority to approve any matter reserved to the Board from 27 March to 2 July 2014.

- 4.2 The extraordinary meeting of the Committee held on 13 May 2014 considered three matters that were reserved to the Board, where the Committee took decisions under the authority delegated by the Board.

TfL Office Accommodation

- 4.3 On 26 March 2014, the Board considered a recommendation, from the meeting of the Committee on 12 March 2014, in relation to the acquisition and preferred location for the office accommodation hub building (the Hub). The Board requested that TfL reconsider options for the location of the Hub. The Board noted that a decision on the new Hub was required before its next scheduled meeting and that the decision would therefore be made at an extraordinary meeting of the Committee.
- 4.4 The Committee considered the results of a further evaluation of the previously recommended option against a Hub in Stratford, compared on the same basis as the previous evaluation with a focus on the Net Present Cost. The Committee approved the proposal for the next accommodation hub property at The International Quarter, Stratford.
- 4.5 Members discussed the risk of delay in the construction of the new hub and were assured that this would be mitigated.

Recruitment Services Tender – Award of Framework Agreements

- 4.6 The Committee noted the approach taken to the procurement of services for the supply of temporary workers and permanent recruitment services to TfL over the next four years. Members discussed the operation of the contracts, the balance between the supply of labour by Master Vendors and the second tier and the significant savings achieved by simplifying the existing arrangements. They also discussed the level of resource proposed to be provided by Master Vendors, given the simplification of the contracting arrangements.
- 4.7 The Committee approved the award of seven framework agreements for the supply of temporary workers and permanent recruitment services.

HS2 Hybrid Bill and Petitioning

- 4.8 The Committee noted the progress that had been made with the Department for Transport (DfT) and HS2 Limited on agreement to protect TfL's assets from the impacts of HS2, which was being promoted in parliament through the High Speed Rail (London to West Midlands) Bill (the Bill).
- 4.9 Good progress has been made with the DfT over what were very complex interfaces between HS2 and TfL's assets in the form of draft protective provisions agreements.
- 4.10 The Committee granted authority to officers to oppose any aspects of the Bill on behalf of TfL by lodging petitions against it to protect TfL's interests and its negotiating position, particularly as parts of the Bill would need to be redesigned in light of the Higgins Review. TfL was particularly keen for the Bill

to include provision and funding by HS2 for an Overground link at Old Oak Common, which was key to the connectivity business case for the project. TfL also wanted provision in the Bill for a HS1-HS2 link connection at a later stage.

5 Issues Discussed – Meeting Held on 5 June 2014

Operational and Financial Performance Report and Investment Programme Report, Fourth Quarter 2013/14

- 5.1 The Committee noted TfL's Operational and Financial Performance and the Investment Programme Report for the fourth quarter of 2013/14 (8 December 2013 – 31 March 2014), which included a number of improvements intended to increase clarity and transparency.
- 5.2 The Committee discussed the further improvements made to the presentation of information in both reports. The OFR included an appendix which provided a reconciliation to the IPR. The IPR included a section on 'Actual v Budget', which included information on the proportion of underspends that was savings and those caused by rephrasing of a programme.
- 5.3 Members were advised that reliability and customer satisfaction targets for the year had all been met or exceeded, with the exception of the TfL Road Network (TLRN) where increased economic activity had resulted in more congestion. Budgets were all close to target, except for a significant underspend on the capital expenditure budget, which meant that cash balances were higher than anticipated. The Actual v Budget information demonstrated that a third of the overall underspend represented actual savings. Members requested that the executive summary in future IPRs highlight the proportion of underspend that was savings.
- 5.4 The Committee discussed the impact of ceremonial events on the TLRN and borough roads and what work could be done with the boroughs, police and security services to minimise the disruption. A paper will be submitted to the next meeting of the Surface Transport Panel.
- 5.5 Members discussed the programme of works around cycling. A paper seeking authority for further works as part of the cycling vision would be submitted to the Committee in January 2015 and to the Board in February 2015.
- 5.6 The Committee discussed the variation to the Better Junctions programme. While 100 junctions would be reviewed over the life of the Business Plan, the programme had been substantially reviewed, following input from the Cycling Commissioner to initially prioritise 33 key locations. Members would be provided with further information on the overall programme, setting out the rationale for the variation, the timetable for seeking authority for major parts of that programme, including the role of Independent Investment Programme Advisory Group in reviewing the programme and what traffic survey data and mitigation information would be provided.

- 5.7 A paper on the Operational and Financial Performance Report and Investment Programme Report, Forth Quarter 2013/14 appears elsewhere on the agenda.

Project Monitoring – Project Approvals

- 5.8 The Committee noted the forward approval programme for projects with a value in excess of £50m, from June 2014 to December 2015 and details of the Project Authority granted by the Commissioner and the Managing Director, Finance in accordance with delegated authority under TfL's Standing Orders.
- 5.9 The Committee was advised that the Stations Stabilisation programme would be reconsidered as part of the Business Plan prioritisations and that the Railway Timetabling System supported the signalling system to provide capacity improvements.

Independent Investment Programme Advisory Group 2014/15 Budget and Work Plan

- 5.10 The Committee noted and endorsed the Independent Investment Programme Advisory Group's (IIPAG's) 2014/15 Budget and Work Plan. The Budget and Work Plan had subsequently been submitted to the Mayor for his approval.
- 5.11 The IIPAG Chairman, David James, confirmed that the Group's role had evolved from providing assurance and oversight, following TfL bringing the former PPP services back in-house. It now provided support for projects across TfL, in particular following the substantial increase in the budget for projects managed by Surface Transport and it had a greater emphasis on looking at TfL's commercial activity. The membership of the IIPAG was being refreshed and candidates with commercial and software expertise were being sought.

Audit Exemption for Subsidiary Companies

- 5.12 In accordance with the authority delegated by the Board, the Committee approved the issuing of the required guarantee to enable the majority of TfL's trading subsidiaries, under the holding company Transport Trading Limited (TTL), to claim exemption from audit for the year ending 31 March 2014. This approach had been discussed with the external auditors, KPMG, and its audit plan, presented to the Audit and Assurance Committee in December 2013, was prepared on this basis. The Committee exercised its delegated authority as the subsidiary companies affected were due to meet before this meeting of the Board.
- 5.13 As Chief Finance Officer, David Goldstone confirmed that he would still review and sign off the accounts for every subsidiary company and that the accounts of TTL would still be audited. While issues of materiality were different at the level of TTL and individual subsidiary companies, most of the work of the companies was carried out by TfL. Where there were any concerns about materiality, the Internal Audit function would be asked to increase its focus on those companies. The Internal Audit work programme was risk based and

agreed by the Audit and Assurance Committee, which regularly reviewed the performance of TfL in addressing Internal Audit recommendations.

- 5.14 A paper on the Annual Report and Statement of Accounts appears elsewhere on the agenda.

Bank Station Capacity Transport and Works Act Order

- 5.15 The Committee recommended that the Board approves the submission by London Underground Limited of an application for an Order under the Transport and Works Act 1992 and for related consents to provide all the necessary rights in respect of the construction, operation and maintenance of the proposed upgrade of Bank station including any compulsory acquisition of land.
- 5.16 Members were advised that there was a single sponsor and single accountable project manager for the programme. When decisions to acquire, dispose or retain land were considered, London Underground consulted with colleagues in the Planning and Commercial Development teams. Externally London Underground was working with a large number of stakeholders in relation to the wider station upgrade.
- 5.17 A paper on the Bank Station Capacity Transport and Works Act Order appears elsewhere on the agenda.

Docklands Light Railway Franchise Procurement

- 5.18 The Committee noted the progress of the procurement process undertaken by Docklands Light Railway Limited for the new franchise for the provision of passenger operations and the maintenance of the Dockland Light Railway (DLR). Members requested that the Board be provided with further information on the evaluation criteria.
- 5.19 A paper on the Docklands Light Railway Franchise Procurement appears elsewhere on the agenda.

List of appendices to this report:

None.

List of Background Papers:

Papers for the extraordinary meeting of the Finance and Policy Committee held on 13 May and the meeting held on 5 June 2014.

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Date: 3 July 2014

**Item 14: Report of the meeting of the Audit and Assurance
Committee held on 18 June 2014**

This paper will be considered in public

1 Summary

- 1.1 To report to the Board on the meeting of the Audit and Assurance Committee held on 18 June 2014.

2 Recommendation

- 2.1 **That the Board note the report.**

3 Background

- 3.1 The main matters considered by the Committee were:
- (a) KPMG Report to Those Charged with Governance;
 - (b) KPMG Letter on Independence and Objectivity;
 - (c) KPMG Report on Non-Audit Fees for Six Months Ended 31 March 2014;
 - (d) Annual Audit Fee 2014/15;
 - (e) Management Actions Report;
 - (f) Internal Audit Quarter 4 Report 2013/14;
 - (g) Internal Audit Annual Report 2013/14;
 - (h) Crossrail Audit Committee;
 - (i) Review of Annual Governance and the Annual Governance Statement for the Year Ended 31 March 2014;
 - (j) TfL Statement of Accounts for the Year Ended 31 March 2014;
 - (k) Annual Report 2013/14;
 - (l) Strategic Risk Management Update – Quarter 4 2013/14;
 - (m) Strategic Risk Management and Assurance Annual Report 2013/14;

- (n) Legal Compliance Report (1 October 2013 – 31 March 2014); and
- (o) Half Yearly Fraud Report 2013/14.

4 Issues Discussed

KPMG Report to Those Charged with Governance

- 4.1 The Committee noted the key issues identified by KPMG during the course of its audit of the Statement of Accounts for the Transport for London Group for the year ended 31 March 2014.
- 4.2 It was noted that there were no adjusted or unadjusted audit differences, or any outstanding actions from the previous report. The Committee commended the Chief Finance Officer and his staff on their robust oversight and leadership in providing an improved and rigorous control environment.

KPMG Letter on Independence and Objectivity

- 4.3 The Committee noted the report on the independence and objectivity of KPMG.

KPMG Report on Non-Audit Fees for Six Months Ended 31 March 2014

- 4.4 The Committee noted the report on fees billed by KPMG for non-audit services.

Annual Audit Fee 2014/15

- 4.5 The Committee noted the Annual Audit Fee proposed by KPMG for the audit of the Corporation and Group Financial statements for the year ending 31 March 2015, which showed a reduction on the previous year, partly due to the efficient working relationship between TfL and the External Auditors.

Management Actions Report

- 4.6 The Committee noted that there were no management actions more than 60 days overdue and welcomed the continued good practice in this area.

Internal Audit Quarter 4 Report 2013/14

- 4.7 The Committee received an update on the audit work completed in the fourth quarter of 2013/14, the work in progress and work planned for Q1 of 2014/15.

Internal Audit Annual Report 2013/14

- 4.8 The Committee noted a report on Internal Audit activity for the year ended 31 March 2014, the use of resources and providing an opinion on the internal controls as required by the Public Sector Internal Audit Standards.

- 4.9 The report concluded that TfL's control environment was adequate for its business needs and operated in an effective manner, with no matters arising identified by Internal Audit.

Crossrail Audit Committee

- 4.10 The Committee noted the update on matters discussed at the Crossrail Audit Committee meeting held on 17 March 2014. KPMG welcomed the substantial improvements within Crossrail in terms of controls and processes.

Review of Annual Governance and the Annual Governance Statement for the Year Ended 31 March 2014

- 4.11 The Committee noted the review of compliance with the TfL Code of Governance in 2013/14 and approved the Annual Governance Statement set out in the Appendix, to be signed by the Chairman of TfL and the Commissioner for inclusion in the 2013/14 Annual Report and Accounts.
- 4.12 It was agreed that future reports would include an update on any incomplete actions from the previous year.

TfL Statement of Accounts for the Year Ended 31 March 2014

- 4.13 The Committee noted the draft Statement of Accounts and that the Chief Finance Officer would make any adjustments arising from the ongoing audit work prior to submission to the Board. Any material adjustments arising therefrom will be reported to the next meeting of the Committee.
- 4.14 It was agreed that officers would review how operational expenditure across the business was represented within the Annual Report to provide further clarity on the differences between contractual arrangements within London Rail and Surface Transport.
- 4.15 Members requested that a review of TfL's property asset data be added to the Audit Plan for 2014/15.

Annual Report 2013/14

- 4.16 The Committee noted the Annual Report and delegated to the Managing Director, Customer Experience, Marketing and Communications the task of making any adjustments prior to submission to the Board. Members welcomed the clear and engaging presentation of the Report.

Strategic Risk Management Update – Quarter 4 2013/14

- 4.17 The Committee noted the update on TfL's strategic risks and proposed mitigations as at Q4 2013/14.
- 4.18 It was noted that a detailed report on cyber security was scheduled to be submitted to the next meeting, which would include data protection issues, allocation and tracking of IT equipment and virus definition updates.

Strategic Risk Management and Assurance Annual Report 2013/14

- 4.19 The Committee noted the summary of the key strategic risk management activity undertaken within TfL up to March 2014 which is provided as a separate paper on this agenda.

Legal Compliance Report (1 October 2013 – 31 March 2014)

- 4.20 The Committee noted the information provided by each TfL Directorate concerning known legal compliance issues.
- 4.21 The continued good performance on the handling of Employment Tribunal claims was noted.

Half Yearly Fraud Report 2013/14

- 4.22 The Committee noted the summary of the work undertaken by the Fraud Team for the second half of 2013/14 (Periods 7 to 13).

List of appendices to this report:

None.

List of Background Papers:

Papers for the meeting of the Audit and Assurance Committee held on 18 June 2014

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