

Transport for London
Minutes of the Meeting
Teams Virtual Meeting
10.00am, Tuesday 16 March 2021

Members

Sadiq Khan (Chair)
Heidi Alexander (Deputy Chair)
Cllr Julian Bell
Kay Carberry CBE
Prof. Greg Clark CBE
Bronwen Handyside
Ron Kalifa OBE
Anne McMeel
Dr Mee Ling Ng OBE
Dr Nelson Ogunshakin OBE
Mark Phillips
Dr Nina Skorupska CBE (present up to Minute 16/03/21 and from Minute 18/03/21)
Lynn Sloman MBE
Ben Story

Government Special Representatives

Andrew Gilligan
Clare Moriarty DCB

Executive Committee

Andy Byford	Commissioner
Howard Carter	General Counsel
Michèle Dix CBE	Managing Director, Crossrail 2
Vernon Everitt	Managing Director, Customers, Communication and Technology
Stuart Harvey	Director of Major Projects
Andy Lord	Managing Director, London Underground and TfL Engineering
Lilli Matson	Chief Safety, Health and Environment Officer
Gareth Powell	Managing Director, Surface Transport
Shashi Verma	Chief Technology Officer and Director of Strategy
Alex Williams	Director of City Planning
Mark Wild	CEO, Crossrail Limited
Tricia Wright	Chief People Officer

Staff

Andrea Clarke	Director of Legal
Patrick Doig	Divisional Finance and Procurement Director
Jackie Gavigan	Secretariat Manager
Joanna Hawkes	Corporate Finance and Strategy Director
Kate Keane	Chief of Staff to Commissioner
Shamus Kenny	Head of Secretariat
Tony King	Group Finance Director and Statutory Chief Finance Officer
Emma Lucas	Chief of Staff, Chief Finance Officer
Rachel McLean	Chief Finance Officer Crossrail and Finance Director London Underground
Clive Walker	Director of Risk and Assurance

12/03/21 Apologies for Absence and Chair's Announcements

The Chair welcomed everyone to the meeting, which was being broadcast live on the Greater London Authority website and on YouTube. An apology for absence had been received from Dr Alice Maynard CBE. Dr Nina Skorupska CBE had given an apology for absence for part of the meeting.

Ron Kalifa OBE, who would stand down from the Board in May 2021 due to other work commitments, was thanked for his substantial contribution to the Board. He had been an enormous source of support and good advice to the former Chief Finance Officer, Ian Nunn and had provided enormous support to TfL following Ian's sad and untimely death. Ron Kalifa OBE had continued to support and guide TfL on a range of complex finance issues, particularly during the unprecedented period in the last year where the strong financial position TfL had built up was so severely impacted by the coronavirus pandemic. The Deputy Chair, Commissioner and Members also expressed their gratitude to Ron Kalifa OBE for his input and support and the Board wished him every success for the future.

The Board also thanked Clare Moriarty DCB, a Government Special Representative, who was standing down from her role at the end of March 2021, as she was taking on a full-time role elsewhere. The Chair and Commissioner expressed their gratitude for her input into these meetings and her support over the last nine months and wished her every success in the future. The Department for Transport would announce a successor in due course.

The Chair congratulated Dr Lynn Sloman MBE on the deserved award of a Member of the British Empire for services to transport in the New Year's Honours. The award specifically related to her work on making the case for investment in active travel, which she also did so well as part of this Board.

As this was the last meeting of the Board before the Mayoral Election on 6 May 2021, the Chair thanked all Members of the Board for their support, challenge and scrutiny over the last five years. He considered that they added real value to TfL, which was appreciated by the Commissioner and his senior team. Andy Byford also commended the Board for the value that staff derived from its input, skill set and diversity.

The Chair thanked staff for their efforts during the pandemic and for the current work on planning for the recovery, which included the recent deployment of extra bus services to support children returning to school from 8 March 2021. TfL continued to support its staff and contractors. Since the last meeting, more staff and contractors had died from Covid-19, bringing a total of 89 deaths, of which 51 were bus drivers; the thoughts of the Board and all staff at TfL were with their families and friends. In relation to the impact on bus workers, phase two of the TfL commissioned study by the University College London Institute of Health Equity would be published shortly. That report addressed the pattern of infections to inform recommendations on any additional occupational health measures that should be put in place. Further information was included in the Commissioner's Report, elsewhere on the agenda (Minute 16/03/21), and a briefing would be held of Members in April 2021, after the report was published.

Members again thanked four senior staff for their contribution to TfL, before they left in March and April 2021: Staynton Brown, the Director of Diversity, Inclusion and Talent; Claire Mann, Director of Bus Operations; Brian Woodhead, Director of Customer Service,

London Underground; and Clive Walker, Director of Risk and Assurance. Recruitment to fill these key roles was ongoing.

The Chair invited Members to raise any issue of safety or security at the Board meeting, either under a specific agenda item or with the appropriate member of the Executive Committee after the meeting.

The Chair confirmed that under section 100B(4)(b) of the Local Government Act 1972, he had agreed that three items marked to follow on the agenda and published on 15 March 2021 would be considered as a matter of urgency. The items were the TfL Budget 2021/22, TfL Scorecard 2021/22 and TfL Prudential Indicators 2021/22 and 2023/24. They were accepted as urgent as Members had to approve the proposed Budget and the Scorecard and the Prudential Indicators, which drew on information in the Budget, before the start of the new financial year. The development of the Budget was impacted by the ongoing discussions with Government on securing further funding.

13/03/21 Declarations of Interests

Howard Carter noted that Board Members' individual register of interests were published on the TfL website and were up to date.

Since the last meeting of the Board, Dr Nina Skorupska CBE had been nominated to be appointed to the Royal BAM Group Supervisory Board. Her declaration of interests, published on tfl.gov.uk, had been updated to reflect the potential appointment and would be updated again, along with her biography, following the decision of the Royal BAM Group AGM. TfL had robust processes in place to manage any potential conflicts and Dr Nina Skorupska CBE would not receive exempt papers, nor take part in any Committee or Board discussions, relating to members of the Royal BAM Group.

There were no other interests to declare that related specifically to items on the agenda.

14/03/21 Minutes of the Meeting of the Board held on 3 February 2021

Howard Carter notified Members of a correction to Minute 11/02/21, Date of Next Meeting, which had the correct date but said Wednesday instead of Tuesday 16 March 2021. He also advised that, following the initial publication of the agenda on 8 March 2021, a printing error had been identified in the appendix to Item 9, Finance Report: the conversion of the PowerPoint document to pdf had erased text in the margins and so the agenda had been republished on 12 March 2021 with this text restored. No changes had been made to any of the text.

Subject to the correction of Minute 11/02/21, the Board approved the minutes of the meeting held on 3 February 2021 as a correct record. The minutes would be provided to the Chair for signature at a future date.

15/03/21 Matters Arising, Actions List and Use of Delegated Authority

Howard Carter introduced the paper. There had been no use of Chair's Action and no Mayoral Direction to TfL since the last meeting.

On 10 March 2021, the Finance Committee exercised specific authority delegated by the Board in July 2020 to approve the Treasury Management Strategy and related Treasury Management Policies and, subject to the Board approving a further delegation elsewhere on the agenda (approved at Minute 21/03/21), it approved the TfL Investment Strategy 2021/22 - Non-Financial Assets.

Under Standing Order 100(c)(iv), the appointment of the Director of Risk and Assurance was a matter reserved to the Board. A new appointment to that role was required following the retirement of Clive Walker, with effect from 9 April 2021. The position would initially be filled through an internal secondment of up to 12 months. To ensure a timely appointment, Members were asked to delegate authority to Anne McMeel to approve the appointment, in consultation with the Interview Panel. The details of the successful candidate would be notified to Members and reported to the next meeting.

Howard Carter thanked Clive Walker for the huge contribution he had made to TfL in almost 23 years, particularly as the Director of Internal Audit from 2009, and then as the Director of the broader Risk and Assurance directorate since 2018. He had worked tirelessly to deliver high quality audit and assurance for TfL and had overseen huge improvements in our project assurance, assurance planning, risk management and fraud investigation and deterrence. The Chair and the Board thanked Clive Walker and wished him well for the future.

Members noted the progress against the actions from previous meetings, set out in Appendix 1 to the paper.

The Board:

- (a) noted the paper and the use of delegated authority; and**
- (b) delegated authority to Anne McMeel, as Chair of the Audit and Assurance Committee, in consultation with the Interview Panel, to approve the appointment of the Director of Risk and Assurance.**

16/03/21 Commissioner's Report

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

The key issues arising from the overview and discussion were:

- 1 As reported by the Chair, 89 colleagues had died as a result of Covid-19, including 51 bus drivers. TfL continued to offer any support it could, including through the Employee Assistance Programme and the Sarah Hope Line.
- 2 The first major milestone of the roadmap published by the Government to ease the current lockdown was the return of schools on 8 March 2021. TfL had supported this by laying on dedicated school bus services to get children back into the classroom safely.
- 3 Staff and contractors continued to work, as they had throughout the pandemic, in extremely challenging and difficult circumstances to deliver reliable and safe

services. The Commissioner and Members were very proud of the staff and contractors who had kept TfL going throughout the pandemic. coronavirus-related absences, which were running at around 12 per cent in London Underground and with bus drivers, were being monitored. Most absences were due to shielding or self-isolation as a result of government guidance changes, rather than infection.

- 4 Good progress continued to be made on the Four Lines Modernisation Programme on the London Underground. Since the publication of the report, the third signalling section of the project had gone live, between Monument, Euston Square and Stepney Green. This was the largest and most complex area commissioned to date.
- 5 The Commissioner was focussed on securing a funding agreement for TfL, supporting the recovery of London and rebuilding the morale of TfL so that it emerged from the impact of the coronavirus pandemic as a better organisation.
- 6 On funding, TfL's H2 funding agreement was due to expire on 31 March 2021. Despite daily dialogue with the Department for Transport, there had been no indication of the proposed quantum, length or conditions to a funding package and no response to the Financial Sustainability Plan (FSP) TfL had provided on 11 January 2021, at the request of Government to support funding discussions. The FSP set out how TfL could contribute to key government objectives, including decarbonisation by 2030 and levelling up, by investing in services. TfL risked receiving another last-minute proposal, without adequate time for consideration, or starting the new financial year on 1 April 2021 with no certainty on its budget and cash position. Several stakeholders, including London Councils, were making the case for TfL to have certainty on its funding.
- 7 The Crossrail team continued to make great headway, despite the complexity of the remaining work and the challenges of a third national lockdown. Farringdon station had been handed over to TfL following the successful completion of testing and integration work. Tottenham Court Road and Paddington were not far behind. All three stations were spectacular and would be a symbol of London's resurgence.
- 8 On road safety, the completion of work at Dalston Junction marked the end of the Safer Junctions Programme. Following the experience of work on the first 41 junctions, the Safer Streets Programme would incorporate the remaining junctions and expand the remit wider to cover the links between junctions. The enforcement of the Direct Vision Standard, from 1 March 2021, would also play an important role in reducing the risks to vulnerable road users at junctions. Speeding was also being targeted by the Metropolitan Police and seemed to be having an effect with the number of incidents going down. London Councils was also keen that the Policing Bill included action to address speeding motorists, including better enforcement and training.
- 9 Members would be briefed on the second phase of the University College London report on Covid-related deaths for bus drivers, once published. TfL had commissioned an independent review following concerns raised by unions on remote sign-on locations and procedures, and updates on this and other fatigue and safety issues would continue to be made to the Safety, Sustainability and Human Resources Panel.

- 10 TfL had written to the Royal Borough of Kensington and Chelsea about its decision to remove the temporary cycle lane on Kensington High Street and was pushing for it to be reinstated. The borough was considering a range of options and once a decision had been taken, TfL would consider its response, including recovering TfL's contribution of costs for the original scheme if it was not reinstated.
- 11 The inquest into the tragic tram overturning incident at Sandilands in November 2016 was about to commence and the victims and their families were not forgotten. Three potentially serious incidents on the tram network had been reported to and considered by the Safety, Sustainability and Human Resources Panel. When notified of the incidents, the response of TfL staff had been immediate and robust. Discussions had also been held with FirstGroup at the highest level to ensure lessons were learnt. Further updates would be provided to the Panel.
- 12 TfL's network was safe, clean and orderly and ridership was growing as travel restrictions were lifted. The TfL Go app had been successfully launched and had received a positive response. TfL was working closely with the business community and the City of London on the options and timing for reopening the Waterloo and City line, though its drivers were currently fully utilised to maintain Central line services, which remained a higher priority. Plans to reopen the line, as demand increased on other services from Waterloo, were being kept under review.
- 13 Members and staff noted reports of recent hate crimes and fully supported TfL's zero-tolerance approach. TfL also had a focus on tackling sexual harassment on all its services. TfL was working with the Rail Delivery Group on a national campaign to encourage reporting and to ensure that reports were followed up. Members also supported TfL's other initiatives to address hate crime and its anti-racism charter.
- 14 TfL had introduced virtual recruitment events, including for graduates and apprentices, which was a new and innovative approach. The initial results were positive, with a wider and more diverse uptake from hard to reach groups. Further updates would be provided as things progressed.
- 15 Members also commended: the introduction of the new innovative Crane Trains, which would improve safety and represented good value for money; and the work that would secure new homes at the Elizabeth line over-station development at Tottenham Court Road station and the site next to Bow Church DLR station.

The Board noted the Commissioner's Report.

17/03/21 Elizabeth Line Operational Readiness and Crossrail Update

Andy Byford introduced the item, which provided an update on the status of the Crossrail project and the readiness of the Infrastructure Managers (IM) for the operations and maintenance of the railway after handover from Crossrail. A more detailed update on the project would be provided to the meeting of the Elizabeth Line Committee on 18 March 2021.

There was a huge focus on progressing to the next key milestone to start trial running and ultimately to trial operations, and determination to safely achieve the best possible opening date.

Mark Wild provided an update on progress. Safety performance remained high with a focus on zero harm; a tripping incident reported at Bond Street was the first incidence since early December 2020. Typically, nine out of 2,300 people on the project were impacted by coronavirus at any time and staff remained vigilant.

An extensive safety countdown process was underway to prepare for transition into trial running, with increased intensity in the number of trains running to simulate the timetable and shake down the system. There were 360,000 assets in the routeway in the final stages of safety accreditation. Trial running would lead towards a software blockade in August 2021 to synchronise and configure the system to the highest possible standard.

Another critical path was completing the nine central stations. Farringdon station had been fully integrated into the London Underground network and Custom House station was brought into use and integrated into the software systems. Tottenham Court Road station was due to transition in early May 2021, followed by Paddington and Liverpool Street stations.

Andy Lord reported that London Underground taking over Farringdon station was a significant milestone; it was an impressive station with a feat of engineering and architecture that would be transformative for the customer experience. Trial running preparation and certification was underway to transition from a construction rule-based railway to an operational rules railway. TfL Rail continued to be one of the top three performers in the country and full-length trains continued to perform well on the western side of the network. The second drop of software was performing well and the reliability of trains was good, with the focus on increasing the mileage and assuring reliability through the central section. Network Rail continued to make good progress with its infrastructure works. Dynamic testing continued to deliver well and improve familiarisation and testing in running the railway in operational conditions.

In response to questions by Members, consideration would be given to the possibility of using urban art and murals in the outer east and west stations to define them as local and pertinent to the area. **[Action: Andy Lord / Vernon Everitt]**

The Board noted the paper.

18/03/21 TfL Budget 2021/22

As provided for under section 100B(4)(b) of the Local Government Act 1972, the Chair agreed that the item would be considered as a matter of urgency. Members had to approve the TfL Budget 2021/22 before the start of the new financial year. The development of the Budget was impacted by the ongoing discussions with Government on securing further funding.

Simon Kilonback introduced the item. In December 2020, the Board approved TfL's submission to the Greater London Authority (GLA) budget process, which updated the 2020/21 and draft 2021/22 Budget, with a forward view to 2022/23. This set the basis of the first two years of TfL's Financial Sustainability Plan (FSP), which was submitted to Government on 11 January 2021, as required in the H2 funding agreement.

The Budget before the Board had been adjusted as part of the final GLA budget process, which were now written into the GLA budget for 2021/22 and provided a guide on the range of demand and revenues scenarios going forward. TfL's H2 funding agreement

was due to expire on 31 March 2021 and there had been no funding proposal from Government to replace this. Once a funding agreement for 2021/22 was reached, the Budget would be updated again and resubmitted to the Board for approval.

The revised Budget assumed continued government funding support and considered the impact on TfL's revenue and service demand of the Government's roadmap to ease all coronavirus pandemic restrictions by 21 June 2021. There was therefore a significant degree of uncertainty and so the Budget reflected best estimates, recognising that reality may well be different.

The Budget also presented the first two years of the FSP and so reflected the context of a longer-term plan. The FSP was aligned with a wide range of government priorities, including its 10-point Green Industrial Revolution and ambitious plan to decarbonise transport by 2030, levelling up across the UK and supporting post-pandemic recovery. Wider UK green investment relied on investment in London, given its market position, particularly with bus operators and electrifying the bus garages. TfL was committed to making necessary organisational changes to ensure its financial sustainability with a view to break even on an operating account basis by 2023/24 and recognised it would need ongoing support in the short term until then. Beyond 2023/24, TfL anticipated it would only need support for major capital investment. TfL would not only achieve financial sustainability but also sustainability in environmental, equity and inclusion terms. The FSP had been carefully considered and sought similar investment to TfL's first 20 years, consistent with requests by other major city transport authorities across the world, and less than the National Infrastructure Commission had recommended. Members and staff were therefore very disappointed that despite its submission on 11 January 2021, as a condition of the H2 funding settlement to inform a long-term funding settlement, TfL had received no feedback on the FSP from Government and how it aligned with the Government's own objectives.

There had been a conscious move away from major projects, with Crossrail 2 and the Bakerloo Line Extension paused, to allow for a focus on green projects which supported the Government's wider objective. This also supported the levelling up agenda, as two-thirds of its supply chain was outside of London.

Simon Kilonback set out how TfL planned to deliver its FSP, recover demand and generate new sources of income, which included the need to secure recurring income of around £500m per year. TfL had asked to retain London's contribution to Vehicle Excise Duty as all road spend was currently generated from public transport revenue and other revenue streams. TfL was also conducting a feasibility study on a Greater London Boundary Charge.

TfL was also focussed on making recurring savings of £730m over the period 2019/20 to 2024/25, as updated from the 2019 Business Plan for the FSP. This was in addition to the £1bn recurring savings already made from 2015/16 to 2018/19. The savings included a phased four per cent reduction of the bus network by 2024/25, largely in central London. TfL continued to look for further opportunities for efficiencies to de-risk its existing plans. It was also developing and refining its capital structure options to raise commercial funding for future investment in its Commercial Development programme, thereby generating significant future value and delivering up to 50,000 new homes.

To be an efficient and economic operator, TfL's capital programme required the same sort of long-term funding model as Network Rail and Highways England. That certainty would enable TfL to plan and enter long-term contractual commitments with its supply

chain, in turn giving its supply chain across the UK certainty to enable it to invest in jobs and equipment. The short-term nature of the current funding agreements was impacting the efficiency of contracts and planning and damaging for TfL's supply chain.

Members noted how the Budget aligned with government objectives and the assumptions that underpinned it, including the revenue scenarios based on the return of ridership to date and diminished tolerance for crowding. They stressed the importance of maintaining service levels to ensure the recovery of London and its knock-on impact on the rest of the UK.

Pre-pandemic, TfL was forecasting its net cost of operations in 2019/20 to be a deficit of around £200m. The expected net cost of operations, before the extraordinary revenue grant, was estimated to be a deficit of £3.8bn in 2020/21, £2.9bn in 2021/22 and £1.2bn in 2022/23. Passenger income was expected to increase year on year, but not fully recover to pre-pandemic levels even by 2022/23. After considering the addition of new Elizabeth line services, bringing the Northern line extension into service, expanding the Ultra Low Emission Zone in October 2021, and continuing the enhanced cleaning and social distancing measures, the like for like operating costs only increased by around one per cent, compared to 2019/20 levels. This reflected the savings programmes and tight cost control went some way to offsetting inflation. The revenue plans for the next two years reflected the need to catch up on works deferred while safety critical works were prioritised.

The budget for capital renewals and enhancements recognised the need to address the effects of deferring works, while tightly managing costs and cashflow in response to the financial challenges. Deferrals and under-investment in renewals and maintenance built a backlog that had to be addressed for safety, reliability and operability reasons and to avoid the higher costs of emergency repairs. TfL had already paused projects such as the Rotherhithe to Canary Wharf crossing, several Healthy Streets initiatives and Croydon five ways, as well as a change of strategy for office accommodation. The budget also expected a catch up in asset sales originally planned for 2020/21, and we maintain our assumption that there will be no new borrowing from 2021/22 onwards.

The Crossrail account reflected the latest P50 forecast including the £825m of funding from the Greater London Authority, announced in December 2020.

The Budget included measures to support London's recovery, including an additional 200 buses to help schools reopen. To avoid a car led recovery, it was important not to reduce services as this reduced confidence in public transport and impacted revenues with little impact on fixed costs. London Underground services generated revenue that was used to cross-subsidise other services.

Members noted the baseline capital position. TfL's priority was to provide a safe economic network. Thereafter, it would contribute to other non-critical works, active travel, and air quality priorities; and continue to deliver existing major projects, such as opening the Elizabeth line, the Northern line extension, Bank station upgrade, Barking Riverside and Silvertown tunnel. It was also intended to start to introduce new trains on the Piccadilly line and the DLR.

TfL also had ambitions to increase the frequency on the Jubilee line and the East London Line over the course of the decade, assuming that demand returns. TfL's Growth Fund had successfully unlocked new homes and jobs and attracted third party funding to improve stations and connectivity for new housing around London.

As part of the agreement with Government, a capital prioritisation framework had been agreed. Over 75 per cent of the planned investment was to maintain the safety of existing assets and run day-to-day public transport services. A further 22 per cent met the most important policy outcomes, such as meeting the green recovery, delivering new homes, supporting active travel and Healthy Streets, and bus electrification.

As a condition of the H2 funding agreement, TfL had set out scenarios showing the impact of reducing its capital investment over the next four years by up to 30 per cent. Capital investment has been repeatedly reduced over recent years reflecting significant affordability challenges and lack of long-term funding certainty. Consequently, the baseline investment plans, before any further reductions, were focused on critical investments to maintain safety and operability. The enhancements on top of this were focused on the shared priority with Government to decarbonise the transport network and encourage more active travel.

The scenarios had been sent to the Department for Transport. The first scenario was aligned to the settlement Network Rail received in the Spending Review, where renewals were protected but enhancements cut by 10 per cent. The third scenario met the requirements of the funding agreement to consider a scenario of 30 per cent of all capex but was considered unacceptable. The second scenario was between these two at around 15 per cent of the total. Each scenario represented investment levels far below those set out in TfL's Long-Term Capital Plan and would undermine the shared priorities of an economic recovery based on active travel and decarbonisation. TfL continued to recommend the Decarbonise by 2030 scenario set out in the FSP as the right level of investment for the next 10 years. Members noted the summaries of the key output changes that would be necessary to achieve the level of savings in each scenario and that many of the assumed savings would be eroded by lost revenue, higher maintenance and lost third-party funding. Scenario 1 would delay recovery and lead to a car-based recovery. Scenario 2 would cut renewals and enhancements and reduce the operability of the networks and impact the green recovery. Scenario 3 was not tenable and disproportionate as it would result in commercial agreements being broken, impacting the supply chain and related jobs, and would result in no active travel investment nor growth schemes.

Simon Kilonback outlined that there were more risks than opportunities in the Budget, especially in 2021/22. The downside risk, by 2022/23, was £1.3bn, compared to opportunity of just under £1bn. Key risks were associated with revenue streams including passenger income. TfL intended to maintain a full turn up and go service to encourage people back on to the network, as part of the strategy to get back to a position of operating financial sustainability by 2022/23. There were also risks around business rates retention, due to the impact on London's businesses of the pandemic and uncertainty around Ultra Low Emission Zone compliance, and market conditions on the level of success in property investment and sale targets. There were also pressures in operational expenditure. TfL would continue to need investment of £1.5bn to £1.6bn per annum in order to deliver the capital outcomes and the replacement of heavy items like fleet and signalling.

Members recognised the huge amount of work that had gone into the FSP, the funding discussions with Government and the preparation of the Budget in December 2020 and the revised Budget before it. Board Members shared the frustration of staff with the inefficiencies and distractions of short-term funding arrangements, that was also having an impact on the ability of staff to take forward other work. While the financial support provided by Government was appreciated, there was a frustration that there was no

active negotiation or discussion of options. Members wanted the Government to commit to meaningful discussions ahead of the comprehensive spending review on how TfL could help deliver the Government's own ambitious long-term plans. Ideally TfL would be offered a long-term settlement with the Government specifying the outputs it wanted for its investment, in a similar way to how Network Rail and Highways England were funded.

The Board note the paper and:

- 1 approved the adjustments described in the paper as the 2021/22 Budget; and**
- 2 noted the update on the funding negotiations with Government and that a revised Budget would be presented to the Board for consideration in July 2021.**

19/03/21 TfL Scorecard 2021/22

As provided for under section 100B(4)(b) of the Local Government Act 1972, the Chair agreed that the item would be considered as a matter of urgency. Members had to approve the Scorecard for 2021/22, which drew on information in the Budget, before the start of the new financial year. The development of the Budget was impacted by the ongoing discussions with Government on securing further funding.

Simon Kilonback introduced the item, which set out the 2021/22 TfL Scorecard. Like the H2 Scorecard agreed for the second half of the financial year 2020/21, it supported the recovery of TfL and London from the coronavirus pandemic. It maintained a focus on the key priorities that were critical to TfL as a business in the current environment: prioritising safety across its network and setting out a path to financial sustainability. TfL was determined to do this while continuing to provide travel services to support London's public health and economic recovery, encouraging customers back on to the network and pivoting capital investment to green recovery.

The targets in the Scorecard were aligned to the assumptions in TfL's 2021/22 Budget. As there was currently no detailed funding agreement in place with Government for 2021/22, the Budget assumptions were subject to change. If the assumptions were materially different, then it may be necessary to return to the Board and seek approval for changes to relevant targets.

The Board noted the paper and:

- 1 approved the 2021/22 TfL Scorecard; and**
- 2 noted the approach to managing changing assumptions through 2021/22.**

20/03/21 Finance Report

Simon Kilonback introduced the report, which set out TfL's financial results to the end of Period 11 2020/21 – the year-to-date period ending 6 February 2021. Year-to-date financial performance was shown against the Revised Budget and the previous year. On 9 December 2020, the Board reviewed and approved the new Budget for 2020/21 and 2021/22 (the TfL Budget), which replaced the Revised Budget. The TfL Budget reflected

updated passenger journey and income modelling, as well as cost savings and changes to capital programmes. It also reflected the new funding and financing agreement with Government for H2 2020/21.

Financial performance was ahead of predicted revenue, and costs were being driven down and controlled in line with the TfL Budget. The Finance Report had been discussed in detail at the meeting of the Finance Committee on 10 March 2021. There were no significant issues raised by the Committee for the attention of the Board.

The Board noted the report.

21/03/21 TfL Investment Strategy 2021/22 - Non-Financial Assets

Simon Kilonback introduced the paper, which sought a delegation of authority from the Board to the Finance Committee to approve the Investment Strategy – Non-Financial Assets for 2021/22 and future years.

The strategy set out how TfL planned to manage and grow its various commercial assets, including property, retail, media and telecoms. Statutory guidance required the strategy to include reference to other non-financial assets held primarily for or partially to generate profit. The strategy sat alongside TfL's Treasury Management Strategy, which addressed financial investments. There were no substantive changes to the proposed strategy.

Each year, the Finance Committee considered the strategy in detail, using the knowledge and expertise of its Members. It then recommended its approval to the Board. In line with the authority previously delegated to the Committee to approve the Treasury Management Strategy and related Treasury Management Policies, it was proposed that the decisions on the strategy should be taken by the Committee as it had the required knowledge and expertise to provide the challenge and scrutiny to the proposals.

The Committee supported the proposed delegation and, at its meeting on 10 March 2021 had reviewed the strategy for 2021/22 and approved it, subject to the delegation of authority from this meeting of the Board.

The Committee noted that TfL took its responsibilities as a landlord seriously and was supporting its tenants through the coronavirus pandemic by focussing on protecting income on its existing estate in the short-term. Good progress was being made in early discussions with the Ministry of Housing, Communities and Local Government on longer-term financial sustainability and ambitious property and housing plans to deliver more affordable homes on TfL land, invest in jobs and growth in London's town centres, and rebuild recovery and communities. The Committee would monitor future progress and an update would be brought back to the Committee. In relation to the Grenfell Tower fire tragedy, Members had also requested consideration at the Programmes and Investment Committee, or another relevant forum, of the implications for TfL in relation to cladding and its tenants.

The Board noted the paper and:

- 1 delegated approval of the Investment Strategy for Non-Financial Assets (IMS) for 2021/22 and future years, and any changes to the IMS during the course of any year, to the Finance Committee; and**

- 2 noted that, subject to the delegation of authority above, the Finance Committee on 10 March 2021 had approved the Investment Strategy 2021/22 – Non-Financial Assets.**

22/03/21 TfL Prudential Indicators 2021/22 and 2023/24

As provided for under section 100B(4)(b) of the Local Government Act 1972, the Chair agreed that the item would be considered as a matter of urgency. Members had to approve the Prudential Indicators, which drew on information in the Budget, before the start of the new financial year. The development of the Budget was impacted by the ongoing discussions with Government on securing further funding.

Tony King introduced the item, which set out the proposed TfL borrowing limits and other Prudential Indicators under the Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code (the Code), which were consistent with the Treasury Management Strategy for 2021/22 and the principles underpinning the long-term TfL Capital Strategy. These limits and indicators were based on figures in TfL's Budget and Business Plan, as approved by the Board on 9 December 2020, adjusted for changes in assumptions relating to revenue, cost and funding where relevant, and which were subject to assumptions on future government funding.

Under the Prudential Code, TfL was required to adopt Prudential Indicators that supported decision making on planned capital expenditure, borrowing and treasury management activities. Under Capital Finance regulations, the paper also set out the TfL Policy Statement on Minimum Revenue Provision.

TfL's Extraordinary Funding and Financing Agreement with the Department for Transport (DfT), expired on 31 March 2021. TfL's Budget and Business Plan had been prepared using assumptions in respect of levels of future government support that may not, in the event, prove accurate. Any future financing agreement from the DfT could, in addition, contain conditions attached to further funding which may impact more widely on TfL's operations and capital investment activities. If a new funding agreement for 2021/22 materially impacted the assumptions underlying TfL's approved Budget and Business Plan, a revised Budget and Plan would be presented to the Board in July 2021, to reflect the implications of any funding agreement reached. Amendments to the prudential indicators would be submitted for approval accordingly.

Capital structure options were being explored in relation to TfL's commercial development programme, including whether there was potential to raise commercial funding for future investment in housing. Any future capital structure agreed would require a separate approval of TfL's borrowing limits at the appropriate time.

TfL operated a structure of parent company guarantees across most companies within the Group, which had the benefit of allowing the accounts of guaranteed companies an exemption from audit. To allow for the proposed capital structuring outlined above to be undertaken, and for any debt drawn down within subsidiary companies to be non-recourse to TfL, for the financial year 2021/22, the guarantees of TTL Properties Limited and, possibly, its subsidiaries which enter into development-specific joint ventures would not have their guarantees renewed. This meant that their accounts for 2021/22 would be audited. The position would be reviewed and further described when the TfL Group accounts were brought to the Board for approval in July 2021.

The Board noted the paper and:

- 1 approved the TfL Prudential Indicators, as set out in Appendix 1 of the paper;**
- 2 approved the Treasury Management Indicators for 2021/22 and the following two years, as set out in Appendix 2 of the paper;**
- 3 approved the annual TfL Policy Statement on Minimum Revenue Provision, set out in section Error! Reference source not found. of the paper; and**
- 4 noted the update on the funding negotiations with Government and that a revised Budget and amended Prudential Indicators will be presented to the Board for consideration in July 2021.**

23/03/21 Report of the meeting of the Safety, Sustainability and Human Resources Panel held on 10 February 2021

The Chair of the Panel, Kay Carberry CBE, introduced the item. As recommended by the previous external Board Review of Effectiveness, the meeting had been extended to ensure there was dedicated time for the Panel to discuss environmental and Human Resource issues, in addition to its usual focus on safety.

Among the items discussed, the Panel considered the recent operational incidents on the tram network. It also received an update on the Elizabeth line, which would also be discussed by the Elizabeth Line Committee on 18 March 2021.

Bus driver welfare was discussed, along with a separate item on the bus safety programme and driver health and wellbeing. As reported earlier in the meeting, all Members of the Board would be offered a briefing, following the publication of phase two of the study by the University College London Institute of Health Equity into the pattern of Covid-19 infections of bus drivers. The Panel also discussed sustainability in TfL buildings, TfL's carbon reduction priorities, the TfL Viewpoint (staff) Survey Results 2020 and the Enterprise Risk relating to the inability to support new ways of working (ER10).

The Board noted the summary report.

24/03/21 Report of the meeting of the Customer Service and Operational Performance Panel held on 24 February 2021

The Chair of the Panel, Dr Mee Ling Ng OBE, introduced the item. The Panel considered the quarterly reports and congratulated staff on their hard work which saw a continued improvement in the customer care metric even during the coronavirus pandemic.

The Panel discussed communication and stakeholder engagement, as well as insights from TfL's data, during the pandemic and the progress with assisted transport services. It also discussed the annual update on the strategic overview of cycling in London, alongside lessons learned from the public engagement and consultation on the London Streetspace programme and the implementation of revised guidance from Government.

The Panel considered three Enterprise Risks: major service disruption (ER3); loss of stakeholder trust (ER6); and disparity leading to unequal or unfair outcomes (ER11).

On behalf of the Board, the Chair of the Panel thanked the Mayor for his role as Chair of TfL for his leadership, good governance, support for openness, transparency and accountability and his drive to ensure the Mayor's Transport Strategy was delivered.

The Board noted the summary report.

25/03/21 Report of the meeting of the Programmes and Investment Committee held on 3 March 2021

The Chair of the Committee, Prof. Greg Clark CBE, introduced the item. He highlighted the good progress on the Investment Programme and the work of all three lines of assurance, including the proposals to strengthen and renew the membership of the Independent Investment Programme Advisory Group.

The Committee noted the progress of and approved Programme and Project Authority requests for the London Underground Renewals Programme, London Underground Fleet and Access Programmes and Surface Transport Asset Renewals Programme. It also approved Programme and Project Authority for the Surface Technology Programme 2021/22 and 2022/23 and the Technology and Data Programme 2021/22 and 2022/23, and unbudgeted Financial Authority for the latter, relating to anticipated income. All approvals included commitments that extended beyond the period of the Business Plan and Budget approved by the Board on 9 December 2020 and provision would, therefore, need to be made for those commitments in future Business Plans and Budgets.

The Board noted the summary report.

26/03/21 Report of the meeting of the Finance Committee held on 10 March 2021

The Chair of the Committee, Ron Kalifa OBE, introduced the item.

Several items on the Committee's agenda had already been covered at this meeting. As part of the Finance Report and budget discussions, the Committee noted the impact of the higher than expected passenger numbers and savings target, in addition to the substantial costs that had been taken out of TfL since 2016. It also exercised the use of delegated authority in relation to the Treasury Management Strategy and related Treasury Management policies and the Investment Strategy 2021/22 - Non-Financial Assets.

The Committee approved the issue of an intragroup interest-bearing loan by London Underground Limited to Transport Trading Limited to facilitate the investment in newly issued share capital of TTL Properties Limited, which would support the provision of affordable homes and income for TfL. It also approved Procurement Authority to enter into a Delivery Partner Agreement with London Marathon Events to deliver the annual RideLondon cycling event from 2022 to 2031 and an increase to Procurement Authority for the Capita Access and Wide Area Network contract.

The Committee noted the progress on the Collaborative Recruitment Services Contract, and would shortly be asked to approve by Chair's Action, the award of a contract for the supply of contingent labour to TfL over the next four years by means of a collaborative framework agreement across the Greater London Authority Group. The Committee also discussed the Enterprise Risk on changes in customer demand (ER9).

As this was his last meeting, Ron Kalifa OBE commended the Committee for the rigour and quality of its discussions during his time at TfL. He thanked all Members for their engagement, particularly Heidi Alexander in her role as Deputy Chair of TfL and the Commissioner Andy Byford, former Commissioner Mike Brown MVO and all staff. He had thoroughly enjoyed being part of the organisation.

The Board noted the summary report.

27/03/21 Report of the meeting of the Remuneration Committee held on 11 March 2021

The Chair of the Committee, Ben Story, introduced the item. The Committee discussed its previous difficult decision to defer the payment of performance awards for 2019/20 until June 2021 and to suspend awards for 2020/21 due to the financial impact of the coronavirus pandemic on TfL's finances. The operation of the scheme for 2021/22 would be considered once TfL's financial position was clearer. Members acknowledged the efforts and contribution of staff over the last year and noted the recent departure of several key senior staff.

The Committee considered the new approach to talent management. It also discussed the pay outcomes from its approvals of salaries of £100,000 or more for non-permanent labour (NPL), noting that the number of NPL roles had decreased significantly since 2016 and two-thirds of current roles were technical and data specialists.

The Board noted the summary report.

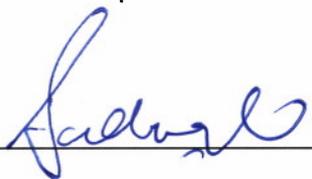
28/03/21 Any Other Business the Chair Considers Urgent

There was no other urgent business.

29/03/21 Date of Next Meeting

The date of the next meeting was scheduled for Wednesday 9 June 2021 at 10.00am.

The meeting closed at 1.20pm.

Chair: _____


Date: _____
