

Transport for London

Minutes of the Finance and Policy Committee

**Committee Rooms 1 and 2, Ground Floor, Palestra,
197 Blackfriars Road, London, SE1 8NJ
11.00am, Tuesday 27 November 2012**

Members

Daniel Moylan	Vice Chairman (in the Chair)
Isabel Dedring	Deputy Chair of TfL
Christopher Garnett	Member
Michael Liebreich	Member
Eva Lindholm	Member

In Attendance

Charles Belcher	Board Member
Brian Cooke	Board Member (designate)

Staff

Steve Allen	Managing Director, Finance
Mike Brown	Managing Director, Rail and Underground
Steve Burton	Director, Community Safety, Enforcement and Policing, Surface Transport (for part)
Howard Carter	General Counsel
Michèle Dix	Managing Director, Planning
David Goldstone	Chief Finance Officer
David Hendry	Director of Finance, Surface Transport
Simon Kilonback	Group Treasurer
Terry Morgan	Chairman, Crossrail Limited
Stuart Munro	Director of Finance and Commercial, Tube Lines Limited (for part)
Andrew Pollins	Director of Finance, Rail and Underground
Gareth Powell	Director of Strategy and Service Development, Rail and Underground
Clive Walker	Director, Internal Audit
Julian Ware	Senior Principal, Commercial Finance (for part)
Alex Williams	Director of Borough Partnerships, Planning (for part)

Also in Attendance

David James	Chair, Independent Investment Programme Advisory Group
Nigel Quick	Member of the Independent Investment Programme Advisory Group
Shamus Kenny	Head of Secretariat

52/11/12 Apologies for Absence and Chair's Announcements

Apologies for absence were received from the Committee Chairman, Peter Anderson. In his absence, Daniel Moylan chaired the meeting.

53/11/12 Declarations of Interests

Daniel Moylan declared an interest as a Councillor for the Royal Borough of Kensington and Chelsea and as Chairman of Urban Design London. Christopher Garnett declared an interest as a member of the Olympic Delivery Authority and as a non-executive director of Aggregate Industries Limited. Michael Liebreich declared an interest as Chief Executive Officer, Bloomberg New Energy Finance.

54/11/12 Minutes of the Meeting held on 17 October 2012

Subject to a correction to the Minute 46/10/12 to clarify that the Committee was making a recommendation to the Board on the decisions relating to the London Highways Alliance Contract, the minutes of the meeting held on 17 October 2012 were approved as a correct record and signed by the Chairman.

55/11/12 Matters Arising and Actions List

Issuance of Notes by TfL under its Medium Term Note Programme

As advised to all Members of TfL by email on 15 November, Steve Allen reported to the Committee that in accordance with the authority it delegated at its meeting on 17 October 2012, TfL had successfully issued a five year £300m bond transaction at a fixed rate of 1.25 per cent on 14 November 2012. This was TfL's third successful bond transaction in 2012/13 and completed the borrowing strategy approved by the TfL Board in establishing a benchmark bond curve, with five, 10 and 30 year maturities.

Members congratulated staff on the issuance and the favourable rates achieved.

The Committee noted the Bond Issuance and the Actions List.

56/11/12 Operational and Financial Performance Report – Second Quarter 2012/13

Steve Allen introduced the report, which set out TfL's Operational and Financial Performance during the second quarter of 2012/13. That period covered the good performance of TfL during the London 2012 Games.

The Committee noted the report.

57/11/12 Deep Tube Programme – Feasibility Phase

Mike Brown and Gareth Powell introduced the paper, which summarised the need for additional project authority of £11.27m until March 2014, for the continuation of the Deep Tube Programme Feasibility project to Gateway B.

The Committee recognised the important opportunity to establish a continuous integrated programme for the deep tube. To ensure that TfL made the most of that opportunity, Members requested further regular discussions on the Deep Tube Programme progress, focusing on key trade-offs, choices arising and any initial views on the feasibility of the options.

A paper would be submitted to the Projects and Planning Panel providing a narrative overview of the entire programme that articulated the questions that drove the work plan, the interdependencies between the individual projects and the key trade-offs (including the broad costs). It would also set out the initial views on the feasibility of the options.

[Action: Mike Brown]

Members were assured that lessons from the work on the design, look and feel of the New Bus for London would be applied to the New Generation train that was being developed.

Regular updates on the progress of the feasibility work would be provided to Members before further authority for the programme was requested.

[Action: Mike Brown]

The Committee:

- 1 noted the current status of the Deep Tube Programme in the draft Business Plan and the need to continue feasibility works to develop programme scope and requirements; and**
- 2 recommended that the Board grant additional project authority of £11.27m to a total of £22.91m until March 2014, for the completion of the Deep Tube Programme Feasibility project to Gateway B.**

58/11/12 Tube Lines Cleaning and Security Services Contract

Terry Morgan left the meeting for the discussion of this item.

Mike Brown and Stuart Munro introduced the paper, which outlined proposals to award a new contract to provide station and train cleaning services and security services in respect of the Jubilee, Northern and Piccadilly lines.

Stuart Munro informed the Committee that the contract was focussed on an input rather than output specification to enable Tube Lines Limited (TLL) to assess the bids on a comparable basis. There were provisions in the contract that would enable TLL to drive greater efficiencies with the successful bidder, once the contract was in place.

The Committee recommended to the Board that it:

- 1 note the paper;**
- 2 approve the award of a contract of five years nine months duration, for the supply of cleaning services to the Jubilee, Northern, Piccadilly line stations and trains (together with other office accommodation remote from the stations) and security services to operational areas (including depots and sidings with a facility to provide security services at project sites) as described in this paper, to the supplier stated in the corresponding paper on Part 2 of the agenda;**
- 3 delegate to the TfL Officers and the Subsidiaries (as described in paragraph 6 below) the authority to finalise the terms of the contract referred to in paragraph 2 above;**

- 4 authorise 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 completion and implementation of the contract referred to in paragraph 2 above (including, without limitation, all agreements, deeds, guarantees, indemnities, announcements, notices, contracts, certificates, letters or other documents); and
- 5 authorise TfL Officers and Subsidiaries to do all such other things as they consider necessary or desirable to facilitate the execution and implementation of the contract referred to in paragraph 2 above.
- 6 The following Officers and Subsidiaries shall have delegated authority:
 - (a) TfL Officers: the Commissioner, Managing Director Finance, Chief Executive, Tube Lines, General Counsel and the Chief Finance Officer.
 - (b) Subsidiaries: Subsidiaries of TfL including Transport Trading Limited and any other subsidiary (whether existing presently or to be forms) 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.

59/11/12 Police Services Agreement with the British Transport Police Authority

Mike Brown introduced the paper, which updated the Committee on the development of the revised Police Services Agreement (PSA) between TfL and the British Transport Police Authority for the continuing provision of existing policing services from the British Transport Police (BTP) on the Tube, Docklands Light Railway, London Overground and suburban rail services. The Committee was asked to recommend to the Board that it approve the revised terms of the PSA.

The Committee discussed the continuing work of the Managing Director, Rail and Underground and the Police to reduce costs by greater efficiency, without affecting the level of front line service provision. The BTP had done a lot of work to reduce costs in recent years but the move to an annual review of costs and services under the Agreement would assist in the drive for further efficiencies by ensuring greater transparency on the costs. The Committee expected the efficiencies to be at least at a similar level to those being sought from the rest of TfL's services.

The Committee would receive an update, in due course, on progress on greater efficiencies and any progress on removing TfL's indemnity to the BTP Authority in respect of any claims arising out of the policing services. **[Action: Mike Brown]**

The Committee recommended to the Board that it:

- 1 note the paper;
- 2 approve the revised terms of the Police Services Agreement (PSA) between Transport for London and the British Transport Police Authority, as described in the paper;

- 3 delegate to the TfL Officers and the Subsidiaries (as described in paragraph 6 below) the authority to finalise the terms of the PSA referred to in paragraph 2 above;
- 4 authorise 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 completion and implementation of the PSA referred to in paragraph 2 above (including, without limitation, all agreements, deeds, guarantees, indemnities, announcements, notices, contracts, certificates, letters or other documents); and
- 5 authorise TfL Officers and Subsidiaries to do all such other things as they consider necessary or desirable to facilitate the execution and implementation of the PSA referred to in paragraph 2 above.
- 6 The following Officers and Subsidiaries shall have delegated authority:
 - (a) TfL Officers: the Commissioner, Managing Director, Rail and Underground, Managing Director, Surface Transport, Managing Director, Finance and General Counsel.
 - (b) Subsidiaries: Subsidiaries of TfL including Transport Trading Limited and any other subsidiary (whether existing presently or to be forms) 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.

60/11/12 Update on Planning Obligations

Michèle Dix introduced the paper, which provided an annual update on TfL's effectiveness in securing Section 106 (s106) funding and delivery for developments that would contribute to the funding of Crossrail and other transport projects and the Mayor's and boroughs' Community Infrastructure Levies (CIL). The paper also updated the Committee on government proposals in the Growth and Infrastructure Bill to reform the planning system and its implications for planning obligations.

Members discussed the impact that the current state of the development market was having on the income being raised by s106 agreements and the CILs. Officers were exploring mechanisms to ensure that TfL met its obligation to raise £300m via s106 agreements from developments subject to the Crossrail Supplementary Planning Guidance, in line with the Crossrail funding agreement.

Michèle Dix would discuss with Isabel Dedring if there were other opportunities to secure more s106 income from borough schemes. **[Action: Michèle Dix]**

The Committee noted the paper.

61/11/12 Any Other Business the Chair Considers Urgent

There were no additional items of business raised.

62/11/12 Exclusion of Press and Public

The Committee agreed to exclude the press and public from the meeting, in accordance with paragraph 3 of Schedule 12A to the Local Government Act 1972 (as amended), in order to consider the exempt appendices to the papers on the Deep Tube Programme – Feasibility Phase and the Tube Lines Cleaning and Security Services Contract, which contained information relating to the financial or business affairs of a person or authority.

The Committee also agreed to exclude the press and public from the meeting, in accordance with paragraphs 3 and 5 of Schedule 12A to the Local Government Act 1972 (as amended), in order to consider the Put Options Litigation Update, which contained information relating to the financial or business affairs of a person or authority and contained issues where a claim to legal professional privilege could be made.

63/11/12 Put Options Litigation Update

Howard Carter introduced the paper, which updated the Committee on the progress of the claims against advisers in relation to recovery of part of the Put Option Price paid to the former lenders to Metronet Rail BCV Limited and Metronet Rail SSL Limited in relation to the Bonds' early redemption premium.

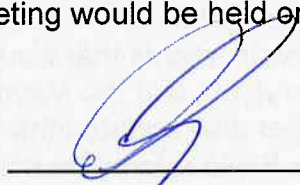
The Committee noted the paper.

The meeting closed at 11.40am.

The next meeting would be held on 23 January 2013 at 9.30am.

Chair: _____

Date: _____


13 March 2013