

## **Transport for London**

### **Minutes of the Meeting**

#### **Teams Virtual Meeting**

**10.00am-1.37pm, Tuesday 2 June 2020**

#### **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  
Dr Lynn Sloman  
Ben Story

#### **Executive Committee**

Mike Brown MVO	Commissioner
Howard Carter	General Counsel
Vernon Everitt	Managing Director, Customers, Communication and Technology
Simon Kilonback	Chief Finance Officer
Tony King	Group Finance Director and Statutory Chief Finance Officer
Andy Lord	Managing Director, London Underground and TfL Engineering
Lilli Matson	Chief Safety, Health and Environment Officer
Gareth Powell	Managing Director, Surface Transport
Alex Williams	Director of City Planning
Tricia Wright	Chief People Officer

#### **Also in attendance**

Tony Meggs	Chair, Crossrail Limited
Mark Wild	CEO, Crossrail Limited

#### **Staff**

Andrea Clarke	Director of Legal
Tanya Coff	Finance Director, London Underground
Sarah Gasson	Chief of Staff to the Commissioner
Jackie Gavigan	Secretariat Manager
Shamus Kenny	Head of Secretariat
Emma Lucas	Chief of Staff, Chief Finance Officer
Clive Walker	Director of Risk and Assurance

### **15/06/20 Apologies for Absence and Chair's Announcements**

An apology for absence had been received from Dr Alice Maynard CBE.

The Chair welcomed everyone to the briefing. As TfL did not benefit from the temporary changes to local authority meetings included in the Coronavirus Act 2020 (the Act), this was not a formal meeting of the Board but was run as if the Act applied, as far as possible. The papers had been published in advance and the meeting was webcast. Where decisions were required, these were taken by the Chair, following consultation with Members.

The Chair expressed heartfelt thanks on behalf of himself and the Board to Mike Brown, his Executive Committee and TfL's staff and contractors for their response to the Covid-19 pandemic. The Commissioner's Report and the Emergency Budget paper spelt out the operational and financial impact on TfL of supporting the Government's efforts to limit travel while still ensuring that essential services kept running to support key workers. TfL had also supported its staff and contractors, looked after its tenants and supply chain and encouraged the public not to use its services unless essential.

Forty-three members of TfL staff and contractors had lost their lives as a result of Covid-19. The University College London Institute of Health Equity had been asked to provide independent advice to better understand the pattern of deaths and sickness caused by the coronavirus and to limit its impact.

The Mayoral elections in May 2020 were postponed because of Covid-19 and the Mayor's appointment was extended for a year. He continued to be Chair of TfL and had reappointed Heidi Alexander as Deputy Mayor for Transport and as Deputy Chair of TfL. Continuity of the Board was very important at present and letters confirming the reappointment of Board Members for another year would be sent shortly. The Chair thanked every Member of the Board, including those that had left during the last four years, for their contribution to TfL's success to date and for the help, support and challenge they provided.

Under the necessary financial support package agreed with Government, the Department for Transport would be nominating two special representatives to attend Board meetings, with one attending meetings of the Finance Committee and the other meetings of the Programmes and Investment Committee. The Board welcomed the representatives as an opportunity for greater understanding of TfL's financial model.

It was Mike Brown's last meeting of the Board as Commissioner, before he left TfL to become the Chair of the Delivery Authority for the Restoration and Renewal of the Palace of Westminster. He had been due to leave at the start of May 2020 but agreed to stay on to support TfL during the current period. The Chair paid tribute to him for his service to TfL, London and to the Mayor personally.

Since Mike Brown was appointed as Commissioner in July 2015, significant progress had been made on the ambitious targets set in the Mayor's Transport Strategy. His expertise, drive and vision had made a significant contribution to the recent investment in and transformation of the public transport network, despite some real challenges and constraints including the loss of government grant.

Among his many notable achievements were the flagship safety commitment to eliminate all deaths and serious injuries on the network; the rapid introduction of the Hopper bus fare; the doubling of protected cycle routes; the launch of Night Tube and then Night Overground services; the implementation of the first Ultra Low Emission Zone and Low

Emission Bus Zones; and a record programme of investment to deliver major improvements, despite real financial constraints.

He had also led on the transformation of TfL, with operating costs reduced year-on-year and its income base diversified through the provision of homes to buy and rent, improved commercial and advertising income and the establishment of a global consultancy operation, all intended to generate long-term revenue to reinvest into the network.

During his tenure, he had demonstrated great leadership in the face of several tragic events including the Tram overturning in Sandilands on 9 November 2016, the terrorist bombing on the Underground at Parsons Green on 15 September 2017, the terrorist attacks on London Bridge and Parliament Square, and of the current financial and operational situation brought on by the need to manage the spread of Covid-19.

The Chair expressed his personal gratitude for the support, advice and honesty that Mike Brown had given him, and for his exceptional service to London transport and wider GLA Group initiatives, such as helping to deliver affordable housing both through TfL's land and as a member of the Homes for Londoners Board.

The Chair thanked the Deputy Mayor for Transport and those involved in the work of recruiting the new Commissioner and announced that, following a worldwide search and thorough interview process, Andy Byford had been appointed as the Commissioner for Transport and would join TfL on 29 June 2020. The Remuneration Committee was consulted and agreed the remuneration package by Chair's Action on 26 May 2020.

Andy Byford brought a track record of leadership and transformation within major urban transport authorities to TfL, which would be invaluable to support the Capital's recovery and manage the impact of Covid-19 on TfL's operations and finances, in a safe and sustainable way.

He had previously worked for London Underground and had gained substantial national and international experience. He was the Chief Operating Officer and Deputy Chief Executive Officer for RailCorp in New South Wales, Australia, the Chief Executive Officer of the Toronto Transit Commission in Canada and, most recently, the President and Chief Executive Officer of the New York Transit Authority, where he oversaw a dramatic improvement in the network.

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

## **16/06/20    Declarations of Interests**

Howard Carter reminded the Board that Members' individual register of interests were published on the website at [www.tfl.gov.uk](http://www.tfl.gov.uk).

Since the last meeting, the appointments for the following three Members had been added to their register of interests and published on the website:

- Ron Kalifa OBE's interests were updated to reflect his appointments as Chair of FutureLearn and as a member of the Council of Imperial College, London;

- Anne McMeel's interests were updated to reflect her appointment to the Board of the Delivery Authority for the Restoration and Renewal of the Palace of Westminster; and
- Prof Greg Clark CBE's interests were updated to reflect his roles as Global Head, Future Cities & New Industries at HSBC Group and as Chair, The Connected Places Catapult.

It was noted that, under the 'Finance Update – TfL Funding Agreement and Emergency Budget' item, Cllr Julian Bell would be required to leave the meeting for any specific discussion on Borough funding, as he was a member of London Councils; and Prof Greg Clark CBE would be required to leave for any discussions on banking arrangements or contracts in which HSBC had an interest, due to his role with the bank.

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

## **17/06/20 Minutes of the Meeting of the Board held on 22 January 2020**

**The Chair, in consultation with the Board, approved the minutes of the meeting of the Board held on 22 January 2020 as a correct record. The minutes would be provided to the Chair for signature at a future date.**

## **18/06/20 Decision Making During Covid-19 Emergency Measures, Use of Delegated Authority and Actions List**

Howard Carter introduced the paper, which set out the arrangements for how TfL was conducting its meeting cycle while social distancing and travel restrictions remained in place. Under similar arrangements to this meeting, the items for decision at the last meeting of the Board were approved under Chair's Action and subsequently published. The use of Chair's Action had also been exercised in relation to the appointment of the next Commissioner for Transport.

All actions in the action list were either completed or being addressed, with progress against them set out in the appendix to the report.

**The Board noted the meeting arrangements during the Covid-19 emergency measures, the use of Chair's Action and the updated actions list.**

## **19/06/20 Commissioner's Report**

The Chair had agreed to the late publication of the paper to ensure it provided the Board with the most up to date information on TfL's response to Covid-19. Mike Brown introduced the report, which provided an overview of TfL's response to the coronavirus pandemic, its ongoing restart and recovery work, along with a brief update on its finances.

The key issues arising from the overview and discussion were:

- 1 **Introduction:** Mike Brown expressed his condolences to the families of the 43 colleagues from TfL and partner organisations who were believed to have died as a result of coronavirus. TfL was doing everything it could to support them and would continue to do so going forward.
- 2 TfL was working closely with its trade unions, bus companies and other suppliers to ensure the safety of those who worked on the network and were helping London re-emerge from this crisis. The priority was to provide a safe and reliable transport service and protect the welfare of staff and customers. Londoners were currently asked to avoid using public transport and to continue working from home where possible to help protect those who really needed to use transport services.
- 3 Congratulations were extended to Andy Byford on his appointment as the new Commissioner, who would join TfL on 29 June 2020. His experience and track record would provide invaluable leadership as TfL helped support the capital's recovery in a safe and sustainable way.
- 4 Mike Brown was proud of his achievements and to have led the organisation and its people, from those working in front line roles every day to the professional service team. He would stay on until 10 July 2020 to ensure a full and thorough handover and would remain supportive of TfL and the Mayor in whatever way he could.
- 5 **Response to coronavirus:** 43 of TfL's colleagues had sadly passed away as a result of the coronavirus pandemic, 29 of them bus workers. The University College London (UCL) Institute of Health Equity had been asked to provide independent advice as part of a two-part study to better understand the pattern of coronavirus infections and deaths amongst London's bus workers. This study would help ensure that all possible measures were taken to protect the health, safety and wellbeing of those working to keep the bus network moving. The work was due to start shortly and would take between three and four months to complete. The Board would be updated on any findings from the studies. **[Action: Lilli Matson]**
- 6 From 20 April 2020, middle door boarding on buses was introduced to help protect bus drivers during the pandemic. Holes in the protective screens of the cabs were sealed and signs put on the seats nearest to the driver asking passengers to sit further back. The iBus next-stop announcement system was also updated to include social-distancing messages to customers to reinforce Government health advice.
- 7 In addition to the two-part study, TfL was also working closely with UCL on how buses were operating during the pandemic; their analysis found that additional safety improvements made to the bus screens made it possible to return to front-door boarding. It also found that the steps taken to add a film layer to screens and seal off gaps around the screen substantially reduced the risk to drivers of contracting coronavirus from customers. The rigorous cleaning regime also ensured that cabs and handrails, along with other regularly touched areas, were treated with hospital-grade anti-viral disinfectant.
- 8 From 30 May 2020, signage was placed on 124 bus routes instructing passengers to board using the front door and use their Oyster, contactless or concessionary cards as normal. Front-door boarding would be reinstated on further bus routes as soon as possible, with an anticipated return to front-door boarding by mid-June

2020. Announcements and signage were in place on buses to inform passengers of the new requirement.

- 9 To further ensure the safety of customers and bus drivers, new limits had been introduced on the numbers on board at any one time, although drivers had discretion where people were travelling in households or groups. This would help customers to observe the national guidance on social distancing wherever possible.
- 10 The use of the Government's furlough scheme also helped to protect bus drivers who were considered most at risk of infection, such as those in the shielded and vulnerable groups.
- 11 Whilst crime on the network had decreased during the pandemic lockdown overall, there had been a troubling increase in incidents of people spitting at staff, with 60 reported cases affecting bus drivers. Investigations were being prioritised by the Roads Traffic Policing Command and TfL's workplace violence team due to the serious nature of the threat. The Roads Traffic Policing Command had provided additional resources and CCTV, oyster card data and DNA spit kits were being used to quickly identify, catch and charge offenders.
- 12 The Safety, Sustainability and Human Resources Panel had recently had a detailed briefing on the number of deaths among bus drivers and welcomed the review and the urgent application of its recommendations. The recent rise in incidents of aggression and spitting towards bus drivers who had to limit capacity on buses would be raised with the UCL review researchers, as would the bus driver fatigue research findings. Assault screens were providing some additional protection, and intelligence was being gathered on where workplace violence issues arose with hot spots targeted by the police. **[Action: Lilli Matson]**
- 13 Gareth Powell was in regular contact with the independent bus operators who were providing employee support packages for their staff impacted by coronavirus, particularly those drivers who were vulnerable or shielding. The Sarah Hope Line was also available for direct support.
- 14 On 11 May 2020, the Government updated its guidance asking people to wear non-medical face coverings in places where they could not always socially distance, such as on the public transport network. In line with this advice, TfL had made face masks available for all of its frontline staff on 13 May 2020 and had issued guidance on their use and safe disposal.
- 15 Emergency intervention kits were issued to Dial-a-Ride depots and buses, supervised bus stations and network traffic control vans. These enabled employees with first-aid training to wear face masks and gloves to aid a critically ill person before emergency services arrived.
- 16 TfL was using a wide range of different channels to communicate with public coronavirus-related messaging across the network to manage demand and keep people safe by helping people make informed decisions before deciding to use public transport.
- 17 TfL had also enhanced its cleaning regime, including the use of hospital grade anti-viral fluid in public areas, as well as in back-of-house areas.



- 18 As public toilet facilities were closed in line with Government advice, TfL had installed 18 temporary bus driver facilities around London for use during their normal course of work.
- 19 Social distancing measures had restricted capacity on buses to 20-25 per cent of previous capacity, with buses being allocated to where there was highest demand. Tube capacity varied by line and type of train, with 15-20 per cent of capacity across the network, and close to normal levels in the busiest morning peak when distancing was not always possible.
- 20 On 20 March 2020, TfL announced that the Congestion Charge, Ultra Low Emission Zone and Low Emission Zone would be suspended from 23 March 2020, to help support critical workers who had to make essential journeys. On 18 May 2020, TfL reintroduced the Congestion Charge and Ultra Low Emission Zone to help limit the number of journeys made by car and to encourage more active and sustainable options for those who needed to travel.
- 21 From 22 June 2020, further changes would be made to the Congestion Charge to help reduce congestion and pollution and encourage active travel and to protect bus capacity and journey times. The Congestion Charge reimbursement scheme had been temporarily extended to continue to support a wider range of key workers and this would be kept under review to ensure the scheme was fair in the current circumstances for those who needed to travel to central London.
- 22 On 3 April 2020, the NHS Nightingale Hospital London opened to provide extra hospital bed capacity. In advance of the opening, TfL worked closely with the NHS to ensure hospital staff were able to travel safely and reliably to work, whilst other customers could continue to make essential journeys. Following the decision on 15 May 2020 to close the hospital, TfL continued to work with the NHS to ensure it was ready to respond and had a plan in place to be mobilised, should the hospital be required again in the future.
- 23 A number of changes had been implemented to ensure the safety and welfare of staff, contractors and Taxi and Private Hire (TPH) vehicle licensees, which enabled TPH drivers to continue to work, whilst being mindful of the Government advice that people should stay at home if possible. TfL had temporarily closed its driver assessment centres to protect staff and customers, so no Knowledge of London or private hire topographical assessments took place during the lockdown period. Some of these services would resume in June 2020, with social distancing measures in place. All TPH drivers with licences that expired between 23 March and 30 June 2020 would remain licensed for a period of six months, pending the full resumption of vehicle inspections and decisions on the grant of new licences.
- 24 The incomes of TPH drivers had been severely hit and a huge amount of cooperation and coordination of activities had taken place to support them. Regular information and safety advice had been provided to the TPH trades and work was continuing to support recovery. In addition to weekly conference calls with stakeholders, TfL had updated its licensee health and wellbeing information and was using its website and publications to include regular communication of the most up to date Government advice on public health and financial support.
- 25 **Restart and recovery:** From 18 May 2020, as national restrictions on movement were lifted, TfL stepped up public transport service levels to make journeys as safe

as possible. Full services had returned on Trams and TfL Rail services, the Tube was at 90.6 per cent of normal service, with buses at 85 per cent, the DLR at 82 per cent and London Overground at 80 per cent.

- 26 TfL continued to encourage those who could work from home to do so and those who had to travel to walk or cycle, using existing and new cycling lanes and widened pavements. Those who needed to use the public transport system were asked to wear a face covering to help protect others from the spread of coronavirus.
- 27 To encourage social distancing, some Tube stations had new one-way systems to control the flow of passengers and signage at bus stops and stations asked users to maintain distance and to use all available space, including the upper deck. Additional staff were deployed, including compliance policing and on-street officers, across the network and at bus stations to help Londoners adhere to social distancing. TfL staff were supported by hundreds of officers from the British Transport Police to help keep them and customers safe.
- 28 More than 500 hand sanitisers were installed in Tube station ticket halls, with additional points being installed across the network. They were also being installed at all bus stations in London and at selected TfL Rail, London Overground, and DLR stations, as well as at Tram stops, Victoria Coach Station, the Woolwich Ferry and Emirates Air Line.
- 29 Frontline employees could request either a home testing kit or a drive-through appointment for both themselves and/or any member of their household that had coronavirus symptoms. TfL was working hard to put a strong regime of testing in place across all operational staff for the medium term until a vaccine was found. TfL was also keen to be next in line for anti-body testing and was exploring rapid anti-gen testing which would help provide reassurance for people who had to work close together.
- 30 To encourage Londoners to walk or cycle where possible, the Mayor launched the Streetspace Plan, in conjunction with TfL. Temporary additional space was provided for walking at locations that were likely to become crowded, such as local town centres and transport hubs. To date, 14,995 square metres of highway had been allocated for additional walking and cycling.
- 31 Temporary pop up strategic cycle lanes had been provided, with some aligned to Tube lines, to help Londoners switch modes of transport. This work helped to improve air quality from reduced motor traffic trips and provided Londoners with space and safety for social distancing and sustainable travel. Several projects had already been delivered such as Brixton, Earls Court Road and Camden Town. More sites had been identified and would be installed over the coming weeks, with TfL working closely with local boroughs to help prioritise this work.
- 32 Congratulations were extended to Will Norman, Walking and Cycling Commissioner, for the leadership and focus on sustainable transport and the quick progress made on the Streetspace scheme, and also to the boroughs for their support.
- 33 Whilst hires of Santander cycles had reduced by around 16 per cent since the start of March 2020, compared to the same time last year, on 30 May 2020 there were more hires than any previous non-Tube strike day, with more than 70,074 hires for



the first time. The week of 25-31 May 2020 was the busiest in the scheme's history with 362,925 hires including 132,000 hires over the weekend of 30-31 May 2020, making it the busiest weekend in the scheme's history.

- 34 NHS workers were given a code to waive the 24-hour access fee for Santander cycles making any journey under 30 minutes free, to support vital hospital staff getting into work. To date, 17,000 codes had been redeemed. The cleaning regime was also increased to ensure that the busiest docking stations were cleaned daily and social distance markings were installed.
- 35 The cycle hire scheme had proved very popular as new groups of people took up cycling. Opportunities to expand (including pop-up hubs) and redistribute cycles were being taken as new travel patterns emerged. Cycles were being redistributed from transport hubs to different places around parks and at weekends and additional bike supply was being looked into along with geographical expansion.
- 36 Providing support for national bike ability training had been raised with Government to help build confidence and road awareness among cycle users. The financial settlement with Government included funding for boroughs to bid on to support active travel for children as schools returned, including low traffic neighbourhoods, quicker routes to school and more children cycling and walking.
- 37 While the use of e-scooters on roads remained illegal the Department for Transport was bringing forward a series of trials. TfL would have a co-ordinating role to ensure that they operated within existing infrastructure to provide as safe standards as possible.
- 38 TfL would look at what it could bring forward to support the opportunities that the green recovery provided to build on the new walking and cycling initiatives, achieve net zero on carbon emissions and address climate change. The Government had issued a decarbonisation document that aligned with the Mayor's Transport Strategy, and TfL would work to access funding to aid a green recovery. The Co2 measure was included in the Scorecard and so formed part of the decision-making process going forward. TfL aimed to move TfL's energy consumption to more renewable resources and a paper would be brought to the Board later in the year.  
**[Action: Lilli Matson]**
- 39 Mental health issues, including the risk of isolation for furloughed staff, were being carefully monitored with regular communications across 300 teams. Planning was underway centrally on how to bring back furloughed staff at the appropriate time or rotate staff as and when required. The focus was on how to re-integrate staff by finding ways of working that took account of a wide range of circumstances, with diversity and inclusion at its heart.
- 40 **Finance:** Prior to the effect of coronavirus, TfL's net cost of operations was on track to be £100m better than the revised budget for 2019/20, and almost £220m better than last year.
- 41 The net financial impact of Covid-19 on its operating account was £220m, £183m from lost passenger income, as well as additional costs of £28m. This pushed the net cost of operations to £423m, which was £116m lower than the revised budget, and the same level of deficit as in 2018/19.

- 42 Had it not been for the effect of the pandemic, TfL's deficit position would have improved for the fifth consecutive year. This demonstrated the firm grip TfL had on costs both internally and through its supply chain and its careful business management to navigate volatility in passenger demand and uncertainty in the economic environment. It had a strong track record of delivering its financial strategy, having reduced the net deficit, as measured by the net cost of operations, by more than £1bn since 2015/16 on a like-for-like basis. This was achieved through an extensive programme to run the organisation more efficiently, reduce cost base and increase revenue.
- 43 TfL's financial prudence in building cash reserves to just over £2bn in 2019/20 meant it was able to sustain itself for as long as it did in the face of such huge and unexpected income loss, without breaching the minimum cash balance. Despite all efforts to reduce costs during this period, through measures such as using the Government's Coronavirus Job Retention Scheme and a safe stop of 300 construction projects, the severity of the impact was such that it was unable to fully mitigate the loss without external support.
- 44 A support package was agreed with the Government on 14 May 2020, which ensured TfL could continue to deliver critical services for London over the coming months. The package comprised £1.095bn of grant and a further loan facility of £505m, up to 17 October 2020. The support could be increased by a further £300m of grant and loan if revenue losses were higher than forecast for this period.
- 45 In reaching this settlement, TfL had agreed to a number of measures including participation in a London Covid Transport Task Force, to align its response to the pandemic with wider Government measures. It had also agreed to resume collecting fares on buses, while ensuring driver safety, and to easing congestion by the temporary suspension of free travel for over-60s in the morning peak.
- 46 During the period in which the funding package was provided, appropriate governance and oversight arrangements would be put in place, allowing TfL to work closely together with the Government. This included two special representatives who would attend the Board, Finance Committee and Programmes and Investment Committee.
- 47 Mike Brown expressed his sincere thanks to the Mayor, Deputy Mayor, Board Members and his Executive Team for their many achievements and support and said it had been an honour and a privilege to be the Commissioner. He wished Andy Byford all the best as his successor.
- 48 The Chair echoed Mike Brown's thanks to the Deputy Mayor, the Executive Team, their staff and contractors for their recent response to Covid-19. He welcomed the forthcoming UCL Institute of Health Equity independent advice. He also thanked the trade unions for their support, which had been very constructive despite what staff were going through, which demonstrated the value of the positive relationship and their continued challenge to provide the safest transport system possible.
- 49 The Deputy Mayor thanked Mike Brown and the Executive Team for their exceptional performance and hard work over the last few months, for the endless and complicated operational decisions made and finely balanced judgement calls. Every day mattered as action taken to get people off the transport network had

saved lives, and TfL had acted ahead of Government with enhanced cleaning and public messaging.

- 50 Board Members expressed their condolences to the families of the 43 members of TfL staff and contractors who had died because of Covid-19. They echoed the tributes made to Mike Brown and the Executive Team, thanked the Mayor for his leadership and welcomed the appointment of Andy Byford.
- 51 The Chair added that it was testament to TfL's financial agility and resilience that it had been able to use its cash reserves to keep services running as asked by Government. TfL was one of few transport authorities of a capital city that received no transport grant, so was reliant on fares and advertising revenues. This income had been drastically reduced as Londoners did the right thing and did not use public transport. The deal reached with Government until the end of October 2020 posed challenges and the conditions attached to London had not been applied to any other transport authority in the UK. TfL continued to ask that people restrict their use of public transport, which severely impacted its income. Government should be persuaded to restore the operational grant for the future and/or allow fiscal devolution to London so it could pay for transport by other means.

**The Board noted the Commissioner's Report.**

## **20/06/20 Elizabeth Line Operational Readiness and Crossrail Update**

Mike Brown introduced the item, which provided an update on the status of the Crossrail project including the readiness of the Infrastructure Managers for the operations and maintenance of the railway after handover from Crossrail Limited (CRL) to TfL. Members were also updated on issues arising from the meeting of the CRL Board on 28 May 2020.

As with other major projects, CRL had been impacted by TfL's Safe Stop decision on 24 March 2020. Mike Brown had worked closely and collaboratively with CRL on this and the work that needed to continue, with extensive assurance work continuing. He was kept fully informed on progress made with the project and attended reviews at the end of CRL Board meetings for full sponsor updates.

Tony Meggs and Mark Wild provided further information on progress with the project and extended CRL's condolences to those at TfL and their families who had been severely impacted by Covid-19. Mike Brown and TfL were thanked for their collaboration and support, including the maintenance of funding during the period of unprecedented financial and operational difficulty. The ever-deepening relationship with TfL as the ultimate operator of the Elizabeth line was recognised.

The importance of delivering the increased capacity through the Elizabeth line had only increased as a result of the pandemic. Several important milestones were achieved over the lockdown period, such as the certification of readiness for trial running of nine of the 10 central section stations, with Bond Street station expected by the end of July 2020. Twenty-five per cent of the workforce was back on site, operating under very controlled conditions and there had been excellent collaboration with the supply chain on Safe Stop and reopening.

Covid-19 had impacted the programme schedule and scenario forecasting was being used to assess this. The CRL Board had asked its Executive to explore all options for maintaining the summer 2021 schedule and cost, given the urgency of the situation. Multiple scenarios would be reviewed at the next CRL Board meeting in June 2020, including any further innovation as to how the Elizabeth line would be delivered. Since January 2020, the Executive Team had been extensively enhanced, with a new Chief Finance Officer, Chief Programme Officer and Chief People Officer in post, who were delivering major benefits.

Safety remained the number one priority for the project and the change of circumstances had only reinforced its importance. There had been no safety incidents since the enactment of Safe Stop across the programme.

Since the beginning of the year, four of the five portals had been handed over to TfL, including North Woolwich portal at the end of May 2020, with Plumstead portal on track for handover in July 2020. Fisher Street shaft was handed over at the end of May 2020, with rolling lessons and expert resources applied to the remaining three shafts; Eleanor Street, Limmo and Stepney Green.

Trial running was key to testing progress and had restarted at the end of May 2020, with complete signalling software verification expected in three to four weeks. The biggest single risk was scenario testing including velocity and noise across the end to end infrastructure, which was at 61 per cent and still progressing.

All services to and from Reading were now using full length trains, which added capacity and helped with social distancing. Approvals had been received to run services to Heathrow, which would start in the next few weeks and was another important milestone.

Over the lockdown, Network Rail had temporarily paused station enhancement work on the east and west of the route, which had since resumed by implementing social distancing.

Andy Lord confirmed that TfL Rail was running 100 per cent of services and that performance since January 2020 had been at 95.4 per cent. The project had maximised the opportunity of shutdown to press ahead with the assurance programme and the plan to get to trial running. Important milestones had been reached on moving stock to the eastern side to replace old trains. In addition to the portals and shafts accepted, Custom House station was handed over. The restart of dynamic testing was another major milestone.

Mark Wild confirmed that work was underway to accelerate the dynamic and scenario testing and would be done within four to six weeks, with the blockade central section to be done in August to September 2020.

Members requested that a paper on shared risks with stakeholders be brought to the Programmes and Investment Committee. **[Action: Andy Lord]**

Tony Meggs confirmed the key areas for the overall transition plan for TfL to take over and operate the Elizabeth line were the transfer of operating activity, support functions transition, and control and overall governance. Andy Lord was working on robust transition plans for taking ownership of stations and the outstanding works, including the skills required in teams and where different responsibilities lay; the Board would be kept

updated on the transition plans, including the monitoring of costs and responsibilities to ensure there was no cost leakage from CRL to TfL. **[Action: Andy Lord]**

The Chair thanked Tony Meggs and Mark Wild for the update and welcomed the opportunities being taken to progress the project.

**The Board noted the paper.**

## **21/06/20 Finance Update – TfL Funding Agreement and Emergency Budget**

The Chair had agreed to the late publication of the paper, as time was needed to produce the Emergency Budget as TfL clarified and took account of the impact of the short-term Government funding up to October 2020. He extended his thanks to Simon Kilonback and his team for all their efforts on the budget and on the negotiations with Government.

Simon Kilonback introduced the report, which set out the financial impacts of Covid-19 as presented in the proposed Emergency Budget appended to the paper, and the funding and financing package reached with the Government, including the conditions it imposed.

Pre-Covid-19, TfL was on track to eliminate a structural net operating deficit of over £1.5bn, with an expected year end outturn deficit of just £0.2bn. The deficit was largely caused by cuts to previous levels of grant funding. TfL was dependent on fares and commercial income for 80 per cent of revenue and was one of the only transport authorities globally that had such low levels of subsidy.

A 30 per cent reduction in demand and therefore reduction in revenue was forecast in the initial phase of the Covid-19 crisis based on Department for Transport (DfT) guidance. As TfL had prudently rebuilt its cash reserves, it would have been able to absorb the financial impact and continue to operate without Government support.

On 23 March 2020, the Government instructed lockdown measures and made clear that TfL was expected to continue operating its services for critical workers to make essential journeys. As a result, ridership on the Tube dropped by 95 per cent and ridership on buses declined by 85 per cent, leading to 90 per cent reduction in passenger income and significant impacts on TfL's retail and media revenue.

TfL was able to survive the first months of the pandemic due to prudent financial planning from the previous years, including rebuilding resilience in its cash balances but that risk buffer was now fully depleted. The loss of revenue at that level of severity, together with a need to keep running services to support the Government's strategy, meant that TfL needed emergency financial assistance to keep operating.

Discussions with Government on financial support had been ongoing for a long period and were brought to a head by the discussions at the Finance Committee briefing on 12 May 2020, which included the need for the Chief Finance Officer to consider starting section 114 of the Local Government Finance Act 1988 proceedings if support was not forthcoming. On 14 May 2020, TfL reached an agreement with the Government on a

funding and financing package of £1.6bn, with the ability to top up to £1.9bn, to cover the period 1 April to 17 October 2020.

To secure the funding, TfL urgently developed a top-down Emergency Budget to cover the interim period and ramped down certain services where appropriate, whilst it reprioritised only essential spend and secured external funding support to continue operating essential services. The Emergency Budget summarised TfL's submission to the Government on 24 April 2020, as part of the funding discussions. It identified the emerging gap in TfL's funding envelope for the period to the end of September 2020.

Significant review and reprioritisation would be essential across TfL, including a review of the investment programme. A revised budget would be submitted to the meeting of the Board on 29 July 2020.

As TfL was heavily dependent upon fare revenue, its funding model was no longer sustainable as demand returning to services was likely to be slow. The Government review of TfL's future financial structure would be led by the DfT. No terms of reference had been made available yet but TfL would have the opportunity to contribute. Board Members agreed that TfL would rapidly commission its own independent review to look at financial models and options, and different scenarios for funding opportunities. Further consideration was needed on how TfL established the review in discussion with the Chairs of the Programmes and Investment Committee and the Finance Committee. The Board welcomed the incoming Government observers and would constructively engage with them. It was hoped they would be nominated quickly to be involved in the planning ahead of the deal with Government in October 2020, in order to avoid a further last minute agreement.

Simon Kilonback confirmed that he was working with the Executive Director of Resources at the GLA and was factoring the GLA Group budget analysis into TfL's revenue budget and business planning assumptions. He was also working with the DfT on the latest economic modelling, looking at a wide range of risks and opportunities.

A strategic approach would be taken around the future of TfL's services, once the modelling information was clearer on service take up. The Executive Team was focussed on enabling London to move and work again safely and sustainably as soon as possible, all in alignment with the Mayor's Transport Strategy and the focus on active travel.

Mike Brown commented that Network Rail had increased its capital programme spend to improve the state of repair of the national network when fewer trains were running. TfL had common suppliers yet had to spend less, with the state of repair of its assets treated differently to those of the rest of the country. The Chair agreed that this was a false economy as TfL had shovel ready projects that would be a real stimulus and benefitted the whole country.

The Chair expressed his thanks and appreciation to Simon Kilonback and his team for all their hard work and offered any support the Board could provide going forward.

**The Chair, in consultation with the Board, noted the paper and:**

- 1 approved the Emergency Budget appended to the paper;**
- 2 authorised the Chief Finance Officer to make any editorial or other minor changes he considers appropriate prior to its publication; and**



- 3 noted the terms of the funding and financing package provided by Government on 14 May 2020, in particular the conditions with which Transport for London is required to progress.**

## **22/06/20 Statutory Chief Finance Officer**

The Group Finance Director and interim statutory Chief Finance Officer (CFO) left the meeting during the discussion of this item.

Howard Carter introduced the paper, which set out the proposed appointment of a statutory CFO. Following the departure of the previous postholder, on 31 July 2019, interim arrangements had been in place for the role and those staff that could deputise for that role in the absence of the postholder. These arrangements were approved by Chair's Action, which noted the intention that the new Group Finance Director, when appointed, would undertake the statutory CFO role going forward.

TfL had recently appointed Tony King as Group Finance Director and his appointment as the statutory CFO was proposed. Following other staff changes, it was also proposed to update the list of staff that may deputise in the absence of the statutory CFO.

**The Chair, in consultation with the Board, noted the paper and:**

- (a) appointed Tony King, the Group Finance Director, as the statutory Chief Finance Officer (CFO) with effect from 2 June 2020;**
- (b) agreed that Tanya Coff and Patrick Doig are authorised to undertake the statutory CFO responsibilities if the statutory CFO is unavailable; and**
- (c) authorised any of the Commissioner, Chief People Officer and the General Counsel to take any steps necessary or consequential to implement the matters approved above.**

## **23/06/20 Report of the meeting of the Finance Committee held on 11 March 2020 and Briefing held on 12 May 2020**

The Chair of the Committee, Ron Kalifa OBE, introduced the item. At the Finance Committee meeting on 11 March 2020, the Committee discussed the good progress TfL had made in reducing costs and treasury management activities, along with standing items on the agenda.

At the Finance Committee briefing on 12 May 2020, the Committee discussed the need to secure a funding deal with Government as a matter of urgency. That funding agreement was now in place and the work was focussed on prioritisation.

**The Board noted the summary report.**

## **24/06/20 Any Other Business the Chair Considers Urgent**

There was no other urgent business.

## **25/06/20 Date of Next Meeting**

The date of the next meeting was scheduled for Wednesday 29 July 2020 at 10.00am.

## **26/06/20 Exclusion of the Press and Public**

It was not necessary 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), as the Board did not discuss the exempt information at the meeting in relation to the item on Statutory Chief Finance Officer.

The meeting closed at 1.37pm.

Chair: \_\_\_\_\_

Date: \_\_\_\_\_