

Board



Date: 22 September 2016

Item: Report of the meeting of the Finance and Policy Committee held on 27 July 2016

This paper will be considered in public

1 Summary

- 1.1 To report to the Board on the meeting of the Finance and Policy Committee held on 27 July 2016.

2 Recommendation

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

3 Background

- 3.1 The main matters considered by the Committee at its meeting on 27 July 2016 are listed below. The two items marked with an asterisk are matters where the Committee exercised authority delegated to it by the Board and further information is provided elsewhere on the agenda under the item Matters Arising, Actions List and Use of Delegated Authority.

- (a) Group Treasury Update;
- (b) London Overground Capacity Improvement Programme*;
- (c) Crossrail Sponsor Board Update;
- (d) Project Monitoring - Project Approvals;
- (e) Independent Investment Programme Advisory Group 2015/16 Annual Report;
- (f) Independent Investment Programme Advisory Group 2016/17 Budget and Work Plan; and
- (g) Stratford – Angel Road (STAR) Project*.

4 Issues Discussed

Group Treasury Update

- 4.1 The Committee noted a paper on the impact of the UK's vote to leave the European Union on TfL's borrowing programme and the management of credit risk in relation to investment counterparties. A further update would be

provided in October 2016, with any material changes before then notified to Members by email.

London Overground Capacity Improvement Programme

- 4.2 Under the authority delegated by the Board on 19 July 2016, the Committee approved changes to Financial, Project and Procurement Authorities for the project to enable it to meet its contractual obligations as a result of two arbitration decisions relating to the administration of infrastructure contracts. The Mayor confirmed his consent to the Committee exercising the authority as, once agreements had been reached, TfL was required to make payments by a fixed deadline.

Crossrail Sponsor Board Update

- 4.3 The Committee noted the summary of the outcomes of the 9 March and 8 June 2016 meetings of the Crossrail Sponsor Board. It noted the current position in relation to the regulation of the Heathrow Spur. The update on the Semi Annual Construction Report 15 covered the risk of breaching intervention Point 0 and the effort being made by Crossrail Limited to mitigate that risk.

Project Monitoring - Project Approvals

- 4.4 The Committee noted the paper, which provided a forward approval programme for projects with a value in excess of £50m and details of the Project Authority approved under delegated authority by the Commissioner (three projects) and the Chief Finance Officer (nine Projects) since the meeting of the Committee on 8 July 2016.

Independent Investment Programme Advisory Group 2015/16 Annual Report

- 4.5 The Committee noted the Independent Investment Programme Advisory Group's (IIPAG) Annual Report for 2015/16, which assessed TfL's delivery of its investment programme for the period April 2015 to March 2016.
- 4.6 In 2015/16 the IIPAG had spent more time on larger projects and thought that in general controls were improving and there had been some progress on systems issues. There was still work to do on procurement and commercial and on opportunities around TfL's carbon footprint and standards and specifications. Members acknowledged the value of the IIPAG's work.
- 4.7 The Committee discussed the key themes arising from the report and the Management Response.

Independent Investment Programme Advisory Group 2016/17 Budget and Work Plan

- 4.8 The Committee discussed the IIPAG budget and work plan in the context of the drive to reduce all budgets across TfL and the £1m plus increase in

Project Assurance budgets since 2013/14. The Chief Finance Officer recommended a budget lower than that proposed by the IIPAG as he considered that there were opportunities to achieve efficiencies in the way the IIPAG operated and the scope of the work plan by taking a risk based approach. The Committee considered the views of the IIPAG that its budget proposal was risk based, should not be set by officers or with reference to the enhanced Project Assurance resource and that the budget proposed was insufficient to ensure that it could adequately deliver its work plan to the quality required.

- 4.9 The Commissioner recognised the significant contribution of the IIPAG to improvements in TfL's projects, along with new TfL staff, leadership and an effective Executive Committee.
- 4.10 The Committee endorsed the Independent Investment Programme Advisory Group Work Plan for 2016/17, together with the recommended revised budget of £395k, prior to its submission to the Mayor for approval. The Committee agreed that a further paper should be considered by the Programmes and Investment Committee on the remit of the IIPAG, with a more detailed work plan and proposed changes to the IIPAG's mode of operation. That Committee could then consider how the IIPAG could make the best contribution to the delivery of cost effective projects, for the greatest value for money and if the budget should be reviewed.

Stratford – Angel Road (STAR) Project

- 4.11 Under the authority delegated by the Board on 19 July 2016, the Committee approved Financial, Project and Procurement Authority in relation to the STAR project. The STAR project will extend the third tracking of the West Anglia Main Line from Stratford – Tottenham Hale through to Angel Road. The project will increase services on the line from two to four trains per hour, which is a key enabler for the delivery of up to 8,500 new homes and up to 3,500 new jobs. The Mayor confirmed his consent to the Committee exercising the authority to enable TfL to take on the sponsorship role at the start of September and for the project to commence without further delay.

List of appendices to this report:

None

List of Background Papers:

Papers submitted to the Finance and Policy Committee on 21 April and 8 July 2016

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