

## Transport for London

Minutes of a meeting of the Board  
held on Tuesday 29 July 2003, commencing at 10.30 a.m.  
in the Chamber, City Hall, the Queen's Walk, London, SE1 2AA

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**Present:**

**Board Members:** Dave Wetzel (in the Chair)  
Stephen Glaister  
Kirsten Hearn  
Oli Jackson  
Susan Kramer (for min nos 41/07/03 – 50/07/03)  
Paul Moore  
Murziline Parchment  
David Quarmby  
Tony West

**In attendance:**

**Special Advisor** Bryan Heiser

**TfL Officers:** Robert Kiley  
Maggie Bellis  
Ian Brown  
Stephen Critchley  
Isabel Dedring  
Mary Hardy  
Peter Hendy  
Pip Hesketh  
Betty Morgan  
Rachael Nutter  
Malcolm Murray-Clark  
Tim O'Toole  
Jay Walder

**Secretary:** Jacqui Gregory

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### 37/07/03 APOLOGIES FOR ABSENCE

Apologies for absence were received from Ken Livingstone, David Begg, Mike Hodgkinson, Lynn Sloman and Bob Crow.

Noël Harwerth

The Commissioner advised Board Members of Noël Harwerth's resignation from the Board, following her appointment as Partnership

Director of all three infrastructure companies.

**Agreed** that the Board's thanks be conveyed to Noël Harwerth for her contribution to Board meetings and for the support she had given to TfL during her time as a Board Member.

The Chair proposed that Mike Hodgkinson be appointed as Chair of the Audit Committee in place of Noël Harwerth, to take immediate effect. This nomination was duly seconded by David Quarmby and carried unanimously.

Lynn Sloman

The Board **noted** that Lynn Sloman was absent from the Board due to ill-health. In response to a suggestion made by the Chair, the Board **agreed** that their best wishes be conveyed to Lynn Sloman and they wished her a speedy recovery.

**38/07/03 MINUTES OF PREVIOUS MEETING HELD ON 28 MAY 2003**

The minutes of the meeting held on 28 May 2003 were **agreed** and signed as a true record.

**39/07/03 MATTERS ARISING**

Declaration of Interests

The Chair reminded Board Members of the requirement to declare any interests in the matters under discussion. No interests were declared.

Matters Arising

There were no matters arising, not covered elsewhere on the Board's agenda.

**40/07/03 COMMISSIONER'S REPORT**

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

**41/07/03 2003/04 TfL GROUP FINANCIAL POSITION**

Jay Walder explained that given the timing of the cycle of Board/Committee meetings, it had not been possible to present the first quarter of 2003/04 financial results to this Board meeting. He advised the Board that spending fell short of budget in the first quarter of 2003/04, with spending showing an increase of 38% when compared with the first quarter of 2002/03. The Board **noted** that when they approved TfL's budget on 20 March 2003, congestion charging income, including enforcement, had been forecast at £214.5 million. However, lower than expected traffic volumes and payment income were now

forecast to be significantly reduced. In addition, a number of cost pressures had been highlighted by business units as needing to be incurred during 2003/04; Jay Walder assured the Board that no increased expenditure would be incurred until the relevant business cases had been proved.

In order to mitigate the impact of the lower congestion charge scheme revenues and cost pressures, TfL had carried out a rigorous review of its 2003/04 programmes and identified areas of work that could be delayed until 2004/05 or beyond and areas where savings or efficiencies could be made.

In response to a question raised by David Quarmby, Jay Walder advised that the financial position report presented to the Board focused on the TfL businesses, excluding LUL, and therefore did not refer to LUL's financial position in any way. Future financial reports to the Board would deal with all parts of TfL, including LUL.

In response to a question raised by Oli Jackson, regarding the recovery of congestion charging PCNs, Malcolm Murray-Clark indicated that the level of recovery was currently some 62%; this figure of PCNs paid had risen considerably since the first few months of operation of the congestion charging scheme, when the figure was less than 50%. This figure was expected to increase further as improved enforcement and systems were implemented and the full enforcement process was completed, which could, in some cases, take up to one year.

Peter Hendy reported that a draft agreement had been negotiated with Capita which was designed to deliver significant improvements to the current substandard quality of the Congestion Charging service provided by Capita. An independent and confidential audit had been undertaken by Deloitte & Touche, which revealed that Capita would not make a profit under their existing contract with TfL. The new draft agreement, which would apply for the remaining four and a half years of the contract with Capita, would be cost neutral to TfL and was considered to be an effective option for TfL.

In response to a request made by Susan Kramer, Peter Hendy undertook to produce a briefing note for Board Members which reconciled the 38% reduction in congestion charging income and the 20% less traffic entering the congestion charging zone, the 16% reduced traffic in the zone and 40% reduction in congestion.

The Board **noted** TfL's latest financial position for the year 2003/04 and **agreed** the changes to TfL's 2003/04 budget as outlined in the written report and annexes.

**42/07/03 TfL GROUP STATEMENT OF ACCOUNTS FOR YEAR ENDED 31 MARCH 2003**

Stephen Critchley advised the Board that the Statement of Accounts had been prepared in accordance with the provisions of the Audit Commission Act 1998 and the Accounts & Audit Regulations 2003. The Board noted that the Statement of Accounts had to be made available for public inspection for a period of four weeks following advertisement of the inspection period. The inspection period had commenced on 14 July 2003, after consideration of the accounts by the TfL Finance Committee. Following the public inspection, the auditors might receive questions or objections to the accounts, which would be reported to the Finance Committee at its next meeting in October.

David Quarmby advised that the Audit Committee had reviewed the Statement of Corporate Governance Assurance set out on page 5 of the accounts, in addition to reports presented by General Counsel and the Director of Internal Audit on the Code of Corporate Governance; the Audit Committee were satisfied that, with the exception of the matter set out below, TfL's corporate governance arrangements were adequate and were operating effectively. The aspects of the Code of Corporate Governance where further work was needed to ensure satisfactory levels of compliance was the completion of the implementation of new management information systems (Business Improvement Programme) which had progressed satisfactorily in 2002/03. Over the coming year, TfL would take steps to ensure this matter was properly addressed to enhance further their corporate governance arrangements.

The Board **approved** the Statement of Accounts for the year ended 31 March 2003 and **agreed** that the Chief Finance Officer would make any adjustments arising from the ongoing audit work, prior to the auditors signing their opinion.

**43/07/03 2002/03 TfL ANNUAL REPORT – PROPOSED APPROACH FOR PUBLICATION**

The Chair advised that contrary to what was stated in the written report, Board Members would be sent a full version of the annual report on 30 July 2003, with a view to their submitting any comments by 4.00 pm on 6 August 2003.

In response to a request made by Susan Kramer, Jay Walder undertook to ensure that the content of future annual reports would be produced and sent out to Board Members earlier in the year.

In respect of the proposed outline structure of the 2002/03 Annual Report, Tony West was of the view that the section of the Report which outlined the roles and achievements of equality and inclusion and employees should comprise more than a brief outline. In response to a

request made by Bryan Heiser, Peter Hendy undertook to ensure that reference to Dial-a-Ride was amended to refer to “*Door to Door*”.

The Board: -

- (1) **approved** the outline structure of the Annual Report;
- (2) **agreed** to submit comments on the full version of the annual report by 6 August 2003; and
- (3) **agreed** to delegate authority to the Managing Director, Finance and Planning, authority to finalise the Annual Report (in consultation with the Chair of TfL) having considered any comments received from Board Members.

#### **44/07/03 TfL LONGER TERM FARE POLICY REVIEW**

The Board congratulated Jay Walder and the Fares Team on their excellent fare policy review. The Board noted that foremost amongst the issues identified for train services in London was the difference in the fare structure on TfL services and train services in London. It was hoped that the forthcoming consultation with the Strategic Rail Authority on fare policy would provide an opportunity to rectify the problems and possibly reduce the fare setting powers of the private companies. David Quarmbly undertook to assist TfL in their discussions with the Strategic Rail Authority on this matter.

Jay Walder advised that smartcards were now being sold through the TfL Web-site and over 7,000 tickets had been sold to customers to date. Customers buying smartcards could renew their tickets by telephone or on the Web-site, without their having to visit a ticket office. The Board noted that the Oyster card would be officially launched in September 2003, with a pre-pay policy being put in place by the end of 2003/the beginning of 2004, with customers being charged the most economical price for their journey.

TfL hoped to provide a fully integrated technical solution for all rail in London and negotiations were taking place with National Rail, with a view to their possibly adopting TfL’s technology systems.

The Board **noted** the conclusions of the fares policy review and the various ongoing workstreams, the further outcomes of which would be reported to the Board in due course.

#### **45/07/03 PPP CONTRACT PERFORMANCE REPORT – ORAL UPDATE**

The Chair highlighted that this was the first time since London Underground had been in existence that the Board responsible for London Underground had met in public session; he welcomed the members of public present and noted that this was an important step in achieving open and transparent government, only made possible by the creation of the GLA family and the Mayor’s initiative.

Tim O'Toole advised that at the last Underground Advisory Panel, Bob Janowski, LUL's Chief Programmes Officer, had given a presentation on the outcome of his negotiations with the infrastructure companies on the provision of information on contract performance. Tim O'Toole outlined his proposals to provide regular reports to future meetings of the Board, which would include the following: -

- contract performance – output measures of performance would be given which would include availability, ambience and capability and the impact on the infrastructure service charge; and
- a progress update – a contract management system was being implemented which measured performance against cost and against schedule, which would enable Board Members to better judge the value LUL were getting from the PPP contracts. Tim O'Toole advised that Bob Janowski was currently in negotiations with Metronet and Tube Lines on how information could be provided in the most efficient manner. In respect of Tube Lines, it was expected that they would be in a position to produce the necessary information by mid-August 2003, with Metronet not expected to produce this information until later in the year, once they had determined their own management information systems.

Tim O'Toole advised the Board that a conference call took place every morning between senior management in LUL and the infrastructure companies (of which Tim O'Toole took part) to ensure that LUL were kept informed of any operational issues and to ensure that problems were addressed.

The Commissioner advised that regular reports on contract performance would be submitted to future Board meetings, commencing with the October Board meeting. The content of these reports would improve over time as LUL's information requirements of the infrastructure companies was bedded in.

The Board **noted** the oral update given by Tim O'Toole which outlined his future intentions regarding PPP contract performance reporting.

#### **46/07/03 LONDON BUSES STRATEGIC REVIEW**

The Board **noted** the written report on the outcome of the London Buses strategic review.

*Oli Jackson declared a non-pecuniary interest in this matter but remained in the meeting during discussion of the item.*

#### **47/07/03 IMPLEMENTATION OF TfL INTEGRATION PLAN**

Bob Kiley thanked everyone involved for their excellent work on achieving the smooth transfer of LUL to TfL on 15 July 2003.

Betty Morgan advised that as part of the integration plan, some staff as well as some property, rights and liabilities of LUL and LBSL would be transferred to TfL by means of an internal transfer scheme. The Board noted that this was separate from the transfer scheme which transferred LUL to TfL on 15 July 2003. Betty Morgan advised that consultation with the trades unions and staff was currently underway.

The Board: -

- (1) **noted** the current proposals for internal re-organisation; and
- (2) **authorised** the Commissioner (or in his absence the Managing Director, Finance & Planning) to make the internal transfer scheme and to enter into any related documents necessary to give effect of the internal transfer scheme and submit this to the Mayor for his approval.

#### **48/07/03 FUTURE OF THE SAFETY, HEALTH & ENVIRONMENT COMMITTEE**

David Quarmby advised the Board that Richard Stephenson had been appointed as the Group Director of Safety, Health & Environment and would be taking up his post on 1 August 2003.

*(Post meeting note: an organisational notice announcing Richard Stephenson's appointment was circulated on 18 July 2003).*

The Board noted that a special meeting of the Members of the Safety, Health & Environment Committee (SHEC) had been arranged to take place on 16 September 2003 to consider their revised terms of reference of SHEC prior to the next meeting scheduled for 6 October 2003.

The Board: -

- (1) **agreed** the course of action set out in the written report; and
- (2) **noted** that the new terms of reference of the Safety, Health & Environment Committee and the processes for management and review of these matters would be submitted to the TfL Board on 29 October 2003.

#### **49/07/03 APPOINTMENT OF SHAREHOLDER REPRESENTATIVE FOR LRT PENSION FUND TRUSTEE COMPANY LIMITED**

The Board **agreed** that the Director of Pensions (and in her absence the Director of Corporate Finance) be appointed as shareholder representative of the London Regional Transport Pension Fund Trustee Company Limited, with authority to vote at annual general meetings and extraordinary general meetings and to sign any documents on behalf of TfL in its capacity as shareholder of the London Regional Transport Pension Fund Trustee Company Limited, with immediate effect.

**50/07/03 CHAIR'S ACTION: SIGNING AND SEALING OF DOCUMENTS**

The Board **noted** the approval given by Chairman's action for an amendment to be made to TfL's Standing Orders, to include the Deputy Company Secretary in the list of persons authorised to execute documents under seal and to sign contracts on behalf of TfL.

There no further business, the meeting closed at 12.14 pm.

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Chairman