

# Transport for London

## Minutes of the Meeting

Committee Room 5, City Hall, The Queen's Walk, London  
10.00am, Thursday 3 July 2014

### Members

Isabel Dedring	Deputy Chair (in the Chair)
Peter Anderson	Member
Sir Brendan Barber	Member
Richard Barnes	Member
Charles Belcher	Member
Roger Burnley	Member
Brian Cooke	Member
Michael Liebreich	Member
Eva Lindholm	Member
Daniel Moylan	Member
Bob Oddy	Member
Steve Wright	Member

### Staff

Steve Allen	Managing Director, Finance
Mike Brown	Managing Director, Rail and Underground
Howard Carter	General Counsel
Leon Daniels	Managing Director, Surface Transport
Michèle Dix	Managing Director, Planning
Vernon Everitt	Managing Director, Customer Experience, Marketing and Communications
David Goldstone	Chief Finance Officer
Sir Peter Hendy CBE	Commissioner
Terry Morgan	Chairman, Crossrail Limited
Gareth Powell	Director of Strategy & Service Development, Rail and Underground (for 51/07/14)
Clive Walker	Director of Internal Audit
Shamus Kenny	Head of Secretariat

### **42/07/14 Apologies for Absence and Chairman's Announcements**

Apologies for absence had received from the Mayor (Chairman), Sir John Armitt CBE, Baroness Grey-Thompson, Angela Knight and Keith Williams. In the absence of the Chairman, Isabel Dedring chaired the meeting.

Isabel Dedring informed the Board that the Mayor had extended the period of office of Eva Lindholm to June 2016.

The Board and Commissioner congratulated David Goldstone on his appointment as the new Chief Executive of the London Legacy Development Corporation. He joined TfL as Chief Finance Officer in 2012 and had shown great leadership of the Finance team and played a key role as part of TfL's senior management. Arrangements for recruiting his successor would be made as soon as possible.

The Board and Commissioner also congratulated Michèle Dix on her lifetime achievement award from PTRC Education & Research Services Limited. The award recognised her outstanding contribution to transport planning in the Capital.

#### **43/07/14    Declarations of Interest**

The following interests were declared: Peter Anderson as a director of the Canary Wharf Group plc in relation to Crossrail and the Jubilee line upgrade; Sir Brendan Barber as Chairman of ACAS; Richard Barnes as a Councillor for the London Borough of Hillingdon; Charles Belcher as a member of Atos Origin Advisory Council on Transport; Michael Liebreich as Chairman of the Advisory Board of Bloomberg New Energy Finance; Daniel Moylan as a Councillor for the Royal Borough of Kensington and Chelsea, Chairman of Urban Design London and a non-executive director of Crossrail Limited (appointed by TfL); Bob Oddy on taxi related issues; and Steve Wright on matters relating to private hire vehicles.

#### **44/07/14    Minutes of the Meeting held on 26 March 2014**

**The minutes of the meeting held on 26 March 2014 were approved as a correct record and the Chairman was authorised to sign them.**

#### **45/07/14    Matters Arising and Actions List**

**The Actions List was noted.**

#### **46/07/14    Commissioner's Report**

Sir Peter Hendy introduced his report, which provided an overview of major issues and developments since the report to the meeting on 26 March 2014, and updated Members on significant projects and initiatives.

Leon Daniels and Mike Brown were invited to speak on two issues not covered in the report.

Leon Daniels informed Members of the background to the taxi demonstration in London on 11 June 2014, which centred on the licensing of 'Uber' as a private hire operator. The Private Hire Vehicle (PHV) trade and licensed cab trade had alleged that the entity managing the booking and dispatch services was not the licensed operator as there was a reference to Uber BV, a related but distinct company based in the Netherlands in certain Uber documentation. TfL was satisfied that Uber was operating lawfully and the company had taken steps and made changes to its documentation to make it clear as to who was accepting bookings.

The PHV and licensed cab trades had also alleged that Uber PHVs were equipped with taximeters, which was prohibited. TfL's view was that the use of GPS information and remote calculation of fares did not constitute a taximeter as defined by the legislation. However, as the relevant law predated the advent of smartphones and as the judgement on this issue was finely balanced, TfL had written to all interested parties on its intention to seek a definitive and binding declaration from the High Court. However, the Licensed Taxi Drivers Association (LTDA) had subsequently issued summonses in the Westminster Magistrates' Court against a number of Uber drivers, which meant the

High Court would not consider the matter whilst there were ongoing criminal proceedings on the same issues of law. As the Magistrates' Court decision was not binding and likely to be appealed, the LTDA action had effectively delayed the opportunity to get essential and binding clarity about how the law should be applied in these circumstances.

TfL had also completed a recent and satisfactory compliance check at the premises of Uber London Limited, involving several thousand records. An earlier check had revealed a single case where it appeared that a driver was not covered by insurance and appropriate action was being taken in relation to that.

Due to their declared interests, neither Bob Oddy nor Steve Wright were able to comment on the Taxi and Private Hire update and took no part in the decision.

Mike Brown informed Members that there was an ongoing dispute with London Underground power controllers, who were seeking a large pay increase without any related gain in productivity. Staff had been on strike for eight days and proposed to extend this for a further seven days. There had been no impact on service delivery. Generally constructive discussions with the trades unions were also continuing on the Fit for the Future – Stations programme, with the majority of the changes expected to be in place by early 2015.

The Commissioner highlighted that the Northern line was now operating entirely on new signalling, which meant more trains could operate and at higher average speeds. An improved timetable was introduced on 22 June and another frequency increase was scheduled for December 2014, when track work would be completed. The signalling upgrade had been achieved around six months ahead of programme and with considerably fewer closures than would have been required under the PPP arrangements.

Over 4,000 people had attended a bus cavalcade on Regents Street as part of the Year of the Bus celebrations and the Battlebus would be the centrepiece of the London Transport Museum's commemoration of the First World War "Goodbye Piccadilly – from Home Front to Western Front".

TfL had successfully prosecuted Virgin Media for five offences committed while carrying out streetworks on Croydon Road, for which it was fined £5,000 and ordered to pay £3,394 towards TfL's legal costs. The court took into account that (at the time of the prosecution) TfL had issued Virgin Media with a total of 244 Fixed Penalty Notices for various streetworks offences and a successful prosecution by Richmond Council in June 2013 for similar offences. TfL had also successfully prosecuted both Virgin Media and its contractor McNicholas Construction Services Limited for three offences committed in the course of undertaking works on the A316 Chertsey Road. Virgin Media was fined £3,335 for offences of unsafe working practices and £1,665 for working in breach of permit conditions and ordered to pay £2,520 towards TfL's legal costs. McNicholas was fined £1,665 for the one offence of working in breach of permit conditions and ordered to pay £2,520 towards legal costs. This was TfL's first prosecution of contractors engaged by works promoters. TfL had reminded Virgin Media of its streetworks compliance obligations and asked it to adopt the Mayor's Code of Conduct for Road Works, primarily aimed at encouraging works promoters to use all possible means of reducing road traffic congestion and encourage its contractors to incorporate good practice when executing road works. TfL also wrote to McNicholas. While the fines issued were at the top end of the range available to the court, they were small compared to the size of Virgin Media and TfL was lobbying Government to

increase the level of fines to an appropriate level. In the absence of stronger sanctions, it was hoped that the reputational damage would encourage future compliance.

The Commissioner had written to the Metropolitan Police and security services about the scale and duration of highway closures during State events and had received a positive response. The matter was due to be considered further by the Surface Transport Panel on 9 July 2014.

TfL was fully prepared to welcome the Tour de France, the World's largest annual sporting event, which was expected to attract over one million spectators. Members commended the excellent communications with businesses, residents and the public on the road closures and travel mitigation measures.

An episode of the Channel 4 series The Complainers had showcased the work of TfL's Customer Contact Centre and provided an excellent example of TfL's commitment to customer service.

The Commissioner commented on the extraordinary amount of cooperation that had been received from the Association of Train Operating Companies in encouraging real-time live National Rail data to be freely available to developers. This would result in a wider range of smartphone applications and changes to tfl.gov.uk that integrated information from TfL and National Rail services, to enable better journey planning.

Standard & Poor's had affirmed TfL's existing AA+ long-term rating outlook stable and Moody's had affirmed TfL's existing Aa2 long-term rating outlook stable. Both rating agencies had highlighted TfL's credit strengths. Fitch had confirmed TfL's AA issuer credit rating outlook stable in March 2014.

Members were advised that while London Underground ridership figures were below target the figures were still up but the situation was being monitored. Members also supported the One More Journey initiative on the buses as part of the service going cashless. Customers with insufficient credit for a bus fare but who had a positive balance on their card could make one more trip and the next time their card was topped up the balance was restored. Guidance had also been provided to drivers to help them identify and deal appropriately with vulnerable passengers.

Finally, the Commissioner and Board congratulated two employees who had been recognised in the Queen's Birthday Honours list. Mark Mackenzie, a Capability Development Specialist in Human Resources, had been awarded an MBE for services to equality, in particular action against hate crime toward people in the LGBT community. Amy Nicolson, a Revenue Protection Inspector in Surface Transport, had been awarded a BEM (British Empire Medal) for services to public transport passengers.

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

## **47/07/14 TfL Annual Report and Statement of Accounts for the Year Ended 31 March 2014**

Vernon Everitt and David Goldstone introduced the paper, which presented TfL's Annual Report and Statement of Accounts for the year ended 31 March 2014 and sought the Board's approval of the Statement of Accounts included in the Annual Report and approval for the publication of TfL's 2013/14 Annual Report.

The Annual Report and the Statement of Accounts for the year ended 31 March 2014 were considered in detail in the presence of the Auditors by the Audit and Assurance Committee at its meeting on 18 June 2014. The audit of the Statement of Accounts was substantially complete and expected to be signed off in the week commencing 7 July 2014.

As the outgoing Chief Finance Officer, David Goldstone was asked what further improvements could be made to the Annual Report and Statement of Accounts. He confirmed that the Accounts contained everything that was required to be included. The difficulty was making them more accessible, while meeting the prescriptive requirements for local government accounts.

Members acknowledged the considerable improvement in the clarity of, and consistency between, TfL's quarterly monitoring reports, the Operational and Financial Performance Report and Investment Report and their links to the Budget and Accounts. The accuracy of forecasting was challenging given the complexity of TfL's operation and the scale of its activities but work was underway to improve the cycle of planning, forecasting and reporting.

Members requested that for the 2014/15 Annual Report and Statement of Accounts, consideration be given to including:

- additional forward looking information on TfL's financial strategy including cross referenced links to relevant parts of the Business Plan for the accounting year and issues being addressed in the next Plan; and
- commentary on the level of cash balances and their projected profile during the year and beyond, to explain that it was committed and why TfL still had to use its borrowing approvals.

#### **The Board:**

- 1 approved the 2013/14 Annual Report;**
- 2 delegated authority to the Managing Director, Customer Experience, Marketing and Communications, to make any further design or editorial changes to the Annual Report as may be required; and**
- 3 approved the Statement of Accounts and agreed that the Chief Finance Officer would make any adjustments arising from the ongoing work prior to the auditors signing their opinion. Should any changes be required to the Statement of Accounts which, in the opinion of the Chief Finance Officer, were material, he would seek the approval of the Board to these changes.**

#### **48/07/14 Strategic Risk Management and Assurance Annual Report 2013/14**

David Goldstone introduced the paper, which summarised the key strategic risk management activity undertaken within TfL up to March 2014. It was considered good practice to submit an annual report on risk to the Board and it was appropriate to time this to coincide with the approval of the Statement of Accounts.

On 18 June 2014, the Audit and Assurance Committee noted the Strategic Risk Management and Assurance Annual Report 2013/14 and endorsed its submission to the Board. The Committee received quarterly Strategic Risk Management updates, which provided a fuller description of the individual risks and mitigations.

Members were advised that, while there had been no change in risk profile, new risks had been added for completeness relating to IT and cyber security.

**The Board noted the report.**

## **49/07/14 Operational and Financial Performance and Investment Programme Reports – Fourth Quarter 2013/14**

Steve Allen introduced the Operational and Financial Performance and Investment Programme Reports for the Fourth Quarter of 2013/14 (7 December 2013 – 31 March 2014). Mike Brown and Leon Daniels commented on the performance of their operational businesses.

The highlights from the reports were:

- TfL had ended 2013/14 very close to budget;
- £532m of operational budget was contributed to fund capital investment. £118m of this was unplanned and could be allocated to capital programme budgets following the next review of Business Plan priorities;
- further information would be provided on the release of contingency in future reports, recognising the significant impact of a slight variation in major items like fares income;
- the scale of investment on the Underground was unprecedented with line and station capacity upgrade works all progressing well. On the Sub-surface Railway, the S-Stock trains increased capacity by 20 per cent and Thales had been invited to tender for the Automatic Train Control contract, having met the qualification criteria. The contract was expected to be awarded in the autumn;
- the major civil engineering challenge of relining the Baker Street to Bond Street tunnels was ahead of schedule;
- further investment was being made on the Overground to address the 400 per cent increase in demand since TfL had taken over the services. The benefits of TfL's operation were clear and would be extended to the West Anglia services in 2015, which would see stations and trains deep cleaned and new rolling stock introduced from 2017;
- Rail and Underground's delivery against its promises enhanced its reputation around the world. For example, the New York Transit Authority had recently requested advice on the delivery of an effective capital programme on a metro railway;
- the major road redesign scheme for the Elephant and Castle was expected to be delivered in June 2016;
- substantial works to extend the life of the Hogarth Flyover would see the road closed from 19 July to the end of August 2014. TfL was working with local boroughs to coordinate their major schemes and to communicate and reduce

delays;

- although industrial action had affected the year end reliability figures, underlying reliability on the Tube was at record levels for the third year and DLR and Overground reliability were ahead of target. The reliability of the Emirates Air Line had been impacted by high winds;
- bus Excess Wait Time and Journey Time Reliability on TfL's Road Network (TLRN) had been impacted by an increase in traffic flow. Mitigation measures using Operation Safeway and SCOOT would help to maintain or improve reliability;
- cycling rates on the (TLRN) were up; and
- crime rates continued to fall on the Underground, DLR and in particular on the bus networks and customer satisfaction scores across all services continued to be ahead of target.

Members were advised that TfL remained ready and willing to assist in the Croxley Rail Link project, subject to agreement on the reimbursement of costs.

**The Board noted the reports.**

## **50/07/14 Bank Station Capacity Transport and Works Act Order**

Michael Liebreich declared an interest as Chairman of the Advisory Board of Bloomberg New Energy Finance and took no part in the discussion of this item.

Mike Brown and Gareth Powell introduced the paper, and the related paper on Part 2 of the agenda, which sought approval for the submission of an application for a Transport & Works Act Order (TWAO) to obtain powers to construct, operate and maintain the proposed upgrade of Bank station. No additional Project Authority was sought at this time and the Estimated Final Cost of the project remains unchanged.

There had been extensive consultation on the proposals. The final consultation, with a particular focus on the blockade of the Northern line, was due to close on 6 July 2014. All comments received would be reviewed and factored into the final scheme design, where appropriate, before the TWAO application was submitted.

At the appropriate time, the Rail and Underground Panel would look at the way-finding proposals for passengers within the station during the works. **[Action: Mike Brown]**

At its meeting on 5 June 2014, the Finance and Policy Committee noted the proposals and endorsed the recommendations to the Board.

**The Board:**

- 1 noted the paper and the related paper on Part 2 of the agenda;**
- 2 approved the submission by London Underground Limited of an application for an Order under the Transport and Works Act 1992 (TWAO) and for related consents to provide all the necessary rights in respect of the construction, operation and maintenance of the proposed upgrade of Bank station including any compulsory acquisition of land; and**

- 3 delegated authority to TfL Officers and Subsidiaries (as defined in paragraph 5 below) to:**
- (a) agree the final terms of the application (including the land and interests, environmental scoping and deemed permission to be the subject of the order) for the TWAO and related consents;**
  - (b) obtain the Mayor's written consent to apply for the TWAO (as required by the Greater London Authority Act 1999); and**
  - (c) do everything else necessary or desirable to facilitate the making of the TWAO including:**
    - (i) negotiating, signing and/or sealing any documents, agreements or notices required in connection with the submission of the application and related consents;**
    - (ii) promoting the TWAO including responding to any objections and dealing with any public inquiry that may be held in relation to the proposals;**
    - (iii) negotiating and agreeing mitigation to resolve environmental impacts; and**
    - (iv) agreeing and executing any related land agreements including without limitation approving Land Authority (as defined in Standing Orders) for any advance acquisition of land and any arrangements for accommodation works for affected owners (such delegated authority being in addition to the levels of authority set out in Standing Orders for Land Transactions); and**
- 4 noted that the above expenditure was included within the current Project and Financial Authority previously approved by the Board.**
- 5 The following TfL Officers and Subsidiaries shall have delegated authority:**
- (a) TfL Officers: Managing Director Rail and Underground, General Counsel and Director of Strategy and Service Development Rail and Underground; and**
  - (b) Subsidiaries: all subsidiary companies of TfL including Transport Trading Limited and any other subsidiary of Transport Trading Limited (whether existing presently or to be formed): any of the directors shall be authorised to act for or on behalf of any such subsidiary.**

### **51/07/14 Docklands Light Railway Franchise Procurement**

Mike Brown and Gareth Powell introduced the paper, and the related paper on Part 2 of the agenda, which updated the Board on the procurement process being undertaken by Docklands Light Railway Limited for the new franchise for the provision of passenger operations and maintenance of the Docklands Light Railway and sought approval to enter into a Franchise Agreement.



At its meeting on 5 June 2014, the Finance and Policy Committee noted the proposals. The further information that it had requested had been provided in the papers to the Board and Members of the Committee confirmed that they were content.

The tender evaluation concluded that the option to consolidate the maintenance arrangements for the City Airport and Woolwich Arsenal extensions represented value for money. Therefore, the Board was recommended to approve that option and approve the termination of the City Airport and Woolwich Arsenal Concession Agreements and the related Concession Companies.

**The Board noted the paper and the supplementary information on Part 2 of the agenda and:**

- 1 approved entering into the Franchise Agreement and ancillary agreements (“Franchise Agreements”) with Keolis (UK) Limited/Amey Rail Limited (Joint Venture) for the sum set out in the paper included on Part 2 of the agenda;**
- 2 approved the termination of the City Airport and Woolwich Arsenal Concession Agreements;**
- 3 approved the dissolution of City Airport Rail Enterprises (Holdings) Limited, City Airport Rail Enterprises plc, Woolwich Arsenal Rail Enterprises Limited and Woolwich Arsenal Rail Enterprises (Holdings) Limited (together the “Concession Companies”);**
- 4 delegated to the TfL Officers and the Subsidiaries (as described in paragraph 7 below) the authority to finalise the terms of the Franchise Agreements and any notices or documentation in relation to the termination of the City Airport and Woolwich Arsenal Concession Agreements and the dissolution of the Concession Companies;**
- 5 authorised the agreement and execution (whether by deed or otherwise on behalf of TfL or any Subsidiary (as appropriate)) of any documentation to be entered into in connection with:**
  - (a) the completion and implementation of the Franchise Agreements and any of the matters referred to therein (including, without limitation, all agreements, deeds, guarantees, indemnities, property or other licences, announcements, notices, contracts, certificates, letters or other documents); and**
  - (b) the completion of any notices and other documentation in relation to the termination of the City Airport and Woolwich Arsenal Concession Agreements and the dissolution of the concession Companies; and**
- 6 authorised TfL Officers and Subsidiaries to do all such other things as they consider necessary or desirable to facilitate:**
  - (a) the execution and implementation of the Franchise Agreements and the matters referred to therein; and**
  - (b) the termination of the City Airport and Woolwich Arsenal Concession Agreements and the dissolution of the Concession Companies.**

- 7 The following Officers and Subsidiaries shall have delegated authority:
- (a) TfL Officers: the Commissioner, Managing Director Finance, Managing Director Rail and Underground and General Counsel; and
  - (b) Subsidiaries: Subsidiaries of TfL including Transport Trading Limited and any other subsidiary (whether existing presently or to be formed) 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.

### **52/07/14 Crossrail Limited – Appointment of Non-executive Directors**

Howard Carter introduced the paper and the related paper on Part 2 of the agenda. Approval was sought for the reappointment of a non-executive director to the Crossrail Limited Board and a delegation for the appointment of a non-executive director at the conclusion of a recruitment process.

**The Board noted the paper and the related paper on Part 2 of the agenda and:**

- 1 approved the reappointment of Terry Hill as a non-executive director to the Board of Crossrail Limited (CRL) until 31 August 2017; and
- 2 delegated to the Deputy Chair of TfL the authority to approve the appointment of a new non-executive director to the CRL Board, to replace two current non-executive directors who would stand down in August and September 2014.

### **53/07/14 Report of the meetings of the Remuneration Committee held on 27 March and 3 June 2014**

In the absence of the Chairman, the Vice Chairman of the Committee, Daniel Moylan, gave an update to the Board on the meetings of the Remuneration Committee held on 27 March and 3 June 2014.

**The Board noted the report.**

### **54/07/14 Report of the extraordinary meeting of the Finance and Policy Committee held on 13 May and the ordinary meeting held on 5 June 2014**

The Chairman of the Committee, Peter Anderson, gave an update to the Board on the extraordinary meeting of the Finance and Policy Committee, held on 13 May and the ordinary meeting held on 5 June 2014.

The Committee had reviewed the Independent Investment Programme Advisory Group's (IIPAG's) work plan and budget for 2014/15. The Committee's chairman was engaged in the process of recruiting new IIPAG members with particular emphasis on expertise in Surface Transport issues and in software development.

**The Board noted the report.**

## **55/07/14 Report of the meeting of the Audit and Assurance Committee held on 18 June 2014**

In the absence of the Chairman, the Vice Chairman of the Committee, Charles Belcher, gave an update to the Board on the meeting of the Audit and Assurance Committee, held on 18 June 2014.

He congratulated the legal team on its performance in Employment Tribunal outcomes for TfL.

**The Board noted the report.**

## **56/07/14 Any Other Business the Chairman Considers Urgent**

There was no other business to discuss that was not included on the agenda.

The next scheduled meeting would be held on Wednesday 24 September 2014 at 10.00am.

## **57/07/14 Exclusion of Press and Public**

**The Board 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: Bank Station Capacity Transport and Works Act Order; Docklands Light Railway Franchise Procurement; and Crossrail Limited – Appointment of Non-executive Directors.**

There being no further business, the meeting closed at 12.05pm.

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

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