

TRANSPORT FOR LONDON

BOARD

**SUBJECT: GOVERNANCE ARRANGEMENTS IN RELATION TO THE
MANAGING DIRECTOR, SURFACE TRANSPORT**

DATE: 8 DECEMBER 2010

1 PURPOSE AND DECISION REQUIRED

- 1.1 At the meeting of the Board on 4 November 2010, the Board noted the resignation of David Brown as Managing Director, Surface Transport, taking effect from 30 March 2011 and that he would be taking up an executive position at the Go-Ahead Group from 1 April 2011 and will become the Group Chief Executive in the summer of 2011.
- 1.2 In order to ensure no perceived or actual conflicts of interests arise between his current and future roles, mechanisms have been put in place to ensure that decision making within TfL is robust and transparent, and the probity of which is not in question.
- 1.3 This paper asks the Board to agree changes to Standing Orders and to note the other governance controls that have been introduced.

2 BACKGROUND

- 2.1 Go-Ahead is one of the UK's largest bus operators and has a significant market share in London. It also has a rail operation, Govia, which is responsible for a number of rail services to, and from, London.
- 2.2 In his role as Managing Director, Surface Transport, David has previously been responsible for overseeing the award of bus contracts to bus operators, including to Go-Ahead. He also had access to information which may be of commercial interest to Go-Ahead's bus and rail interests.
- 2.3 On announcement of his resignation David Brown has taken no further part in the negotiations or award of bus contracts, nor has he had access to other information which may give rise to a conflict between his current and future positions.

3 THE AWARD OF BUS CONTRACTS

- 3.1 TfL, through its subsidiary company, London Bus Services Limited (LBSL), has a rolling programme of awarding bus contracts to commercial operators.
- 3.2 Under Standing Orders, the Managing Director, Surface Transport has commitment and procurement authority for transactions for the provision of bus services up to £100m (and for all other transactions £25m).

- 3.3 The Board has also delegated to LBSL, under Standing Orders, TfL's functions in relation to the determination of the London Bus Network and any addition to, or variation of, a network service.
- 3.4 In practice, the award of bus contracts occurs through a Tender Evaluation Committee of LBSL which has defined Terms of Reference. Members of the Tender Evaluation Committee are the directors of LBSL.
- 3.5 It is proposed that Standing Orders are amended to reflect the practical mechanisms put in place, so that David Brown no longer has commitment and procurement authority for the provision of bus services and that the Commissioner and, subject to the consent of the Commissioner, the Finance Director, Surface Transport have that authority until the new Managing Director, Surface Transport is in post.
- 3.6 The Managing Director, Surface Transport, has ceased to be a member of the Tender Evaluation Committee and no longer takes any part in that decision making process. That Committee will be chaired by the Finance Director, Surface Transport, with issues escalated to the Commissioner when required. The minutes of the meetings of that Committee will also be provided to the Commissioner and General Counsel.
- 3.7 No information in relation to the award of bus contracts is being provided to the Managing Director, Surface Transport, and the detailed information available to bus operators on the TfL website will make it clear that David Brown has no part in the decision making process for the award of future bus contracts.

4 OTHER INFORMATION

- 4.1 Mechanisms have also been put in place in order to ensure that David Brown does not have access to any other information that would give his future employer a competitive or other advantage. Commercially sensitive information, which is not publicly available, will not be provided to him.

5 RECOMMENDATION

- 5.1 The Board is asked to:
- (a) NOTE the mechanisms put in place to ensure that there is no conflict of interest in relation to the current and future positions of David Brown; and
 - (b) APPROVE the changes to Standing Orders outlined in this paper.

6 CONTACT

- 6.1 Contact: Howard Carter, General Counsel
Number: 020 7126 4097
Email: HowardCarter@tfl.gov.uk