

Transport for London

Minutes of the Finance and Policy Committee

**Committee Rooms 1 and 2, Ground Floor, Palestra,
197 Blackfriars Road, London, SE1 8NJ
9.30am, Wednesday 27 November 2013**

Members

Peter Anderson	Chairman
Daniel Moylan	Vice Chairman
Isabel Dedring	Deputy Chair of TfL (from minute 85/11/13)
Angela Knight	Member

Also in Attendance

Brian Cooke	Member
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Staff

Steve Allen	Managing Director, Finance
John Barry	Head of Network Development, London Buses, Surface Transport (for part)
Howard Carter	General Counsel
Leon Daniels	Managing Director, Surface Transport
Michèle Dix	Managing Director, Planning
Nick Fairholme	Director, Projects and Programmes, Surface Transport (for part)
David Goldstone	Chief Finance Officer
David Hendry	Director of Finance, Surface Transport
David Hughes	Director Of Major Programme Sponsorship Train Systems and Upgrades, London Underground (for part)
Terry Morgan	Chairman, Crossrail Limited
Andrew Pollins	Director of Finance, Rail and Underground
Julian Ware	Senior Principal, Finance (for part)
Alex Williams	Director, Borough Planning (for part)
Shamus Kenny	Head of Secretariat

Also in Attendance

Colin Porter	Member, Independent Investment Programme Advisory Group (for part)
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80/11/13 Apologies for Absence and Chair's Announcements

Apologies for absence were received from Michael Liebreich and Eva Lindholm. Apologies for lateness were received from Isabel Dedring.

81/11/13 Declarations of Interests

Peter Anderson declared an interest as a director of the Canary Wharf Group plc in relation to Crossrail and the Jubilee line upgrade. Daniel Moylan declared an interest as a Councillor for the Royal Borough of Kensington and Chelsea, as a Non Executive Director of Crossrail Limited (appointed by TfL) and as Chairman of Urban Design London. Angela Knight declared an interest as Chief Executive of Energy UK and as a director of Knight Rail.

82/11/13 Minutes of the Meeting held on 17 October 2013

The minutes of the meeting held on 17 October 2013 were approved as a correct record and signed by the Chairman.

83/11/13 Matters Arising and Actions List

The Committee noted the Actions List.

84/11/13 Operational and Financial Performance Report – Second Quarter 2013/14

Steve Allen introduced the report, which set out TfL's Operational and Financial Performance during the second quarter of 2013/14.

The Committee noted the report.

85/11/13 London Road User Charging and Traffic Enforcement Notice Processing Contract Relet

Leon Daniels introduced the paper, and the related paper on Part 2 of the agenda, which sought a recommendation that the Board approve Procurement, Financial and Project Authority in relation to the London Road User Charging and Traffic Enforcement Notice Processing Relet Project.

The Committee:

- 1 noted the paper and the related paper on Part 2 of the agenda; and**
- 2 recommended that the Board:**
 - (a) approve the proposed arrangements for the London Road User Charging and Traffic Enforcement Notice Processing contracts;**
 - (b) grant Procurement Authority and approve the award of contracts, as set out in the paper in Part 2 of the agenda;**
 - (c) authorise additional Project Authority, as set out in the paper in Part 2 of the agenda, to cover the cost of implementation;**
 - (d) authorise a decrease in Financial Authority from the amount currently set aside in the TfL Business Plan to 2021/22;**
 - (e) delegate to the TfL Officers described in paragraph 3 below the authority to finalise the terms of the agreements described in the paper and the paper on Part 2 of the agenda (the Agreements);**
 - (f) authorise the agreement and execution (whether by deed or otherwise) on behalf of TfL of any documentation to be entered into in connection with the completion and implementation of the Agreements and any of the matters referred to in any of them (including, without limitation, all agreements,**

deeds, guarantees, indemnities, announcements, notices, contracts, certificates, letters or other documents); and

(g) authorise TfL Officers to do all such other things as they consider necessary or desirable to facilitate the execution and implementation of the Agreements and any related documentation as referenced in (e) above; and

3 The following TfL Officers shall have delegated authority: the Commissioner, Managing Director Finance, Managing Director Surface Transport, General Counsel and the Chief Finance Officer.

86/11/13 Barclays Cycle Hire Contract Extension

Leon Daniels and Nick Fairholme introduced the paper, and the related paper on Part 2 of the agenda. The papers informed the Committee of the approaching expiry of the first period of the current London Cycle Hire Agreement (the Agreement) between Transport Trading Limited and Serco Limited (Serco) in July 2015. The paper sought a recommendation that the Board approve the extension of the Agreement with Serco and approve the additional Procurement Authority required.

Members were advised that a review was underway to determine how revenue and usage of the scheme could be further improved. This included proposals for further improvements to aid redistribution of the bicycles. The review would contribute to the specification for the Cycle Hire Transition Programme.

The Committee requested that the Cycling Vision paper, to be submitted to a future meeting, contain:

- (a) clear evidence of the benefits of segregated cycle lanes;
- (b) the impact on the speed, flow and behaviour of other road users compared to alternative approaches such as 'shared space'; and
- (c) information on the different models for segregating cyclists from motorised traffic used in other countries.

[Action: Leon Daniels]

Papers for individual segregation schemes would include information on the likely impact on all modes of travel of the proposals.

The Committee:

1 noted the paper and the related paper on Part 2 of the agenda; and

2 recommended that the Board:

- (a) approve the extension of the London Cycle Hire Agreement (the Agreement) between Transport Trading Limited and Serco Limited (Serco), as described in the paper on Part 2 of the agenda;**
- (b) approve additional Procurement Authority for that extension of the Agreement, as described in the paper on Part 2 of the agenda;**

- (c) delegate to the TfL Officers and the Subsidiaries (as described in paragraph 3 below) the authority to finalise the terms of the extension to the Agreement;**
- (d) authorise the agreement and execution (whether by deed or otherwise on behalf of TfL or any Subsidiary (as appropriate)) any documentation to be entered into in connection with the completion and implementation of the extension to the Agreement and any of the matters referred to in it (including, without limitation, all agreements, deeds, guarantees, indemnities, announcements, notices, contracts, certificates, letters or other documents); and**
- (e) authorise TfL Officers and Subsidiaries to do all such other things as they consider necessary or desirable to facilitate the execution and implementation of the Agreement and the matters referred to in it;**

3 The following Officers and Subsidiaries shall have delegated authority:

- (a) TfL Officers: the Commissioner, Managing Director Finance, Managing Director Surface Transport, General Counsel and the Chief Finance Officer; 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.**

87/11/13 Safety Camera Replacement Project

Leon Daniels introduced the paper and the related paper on Part 2 of the agenda, which sought Project Authority to implement a trial of average speed cameras (ASCs) as part of the Safety Camera Replacement Programme (SCRP).

On 13 March 2013, the Committee approved the SCRП, which would replace now obsolete wet film safety cameras at 629 sites with new digital technology. The Committee deferred a decision on the implementation of ASCs, as part of the SCRП, pending a future discussion on the broader safety camera strategy, enforcement policy, user acceptance and the use of alternate technologies in reducing speed and Killed or Seriously Injured incidents (KSIs), such as speed warning signs.

On 17 December 2013, the Committee considered the strategy and policy information provided. Based on evidence from the use of ASCs on the A13, the introduction of ASCs in specific locations was also believed to be more effective than the use of spot cameras in enforcing the speed limit, reducing KSIs and maintaining smoother traffic flow. However, given the Committee's remaining concerns about the public acceptability of this approach and its views that there would be benefits from gaining further experience of the operational impacts of ASCs from a small number of additional sites, the decision on deployment of ASCs was considered further with the Mayor.

The Mayor's view was that ASCs should be installed in London at a limited number of appropriate locations, on the basis of a long-term trial to further assess their operational benefits. Therefore, approval was sought for a trial of four ASC systems as part of the SCRП. These systems would be installed at locations where TfL's operational experience

and casualty analysis showed there would be likely to be demonstrable casualty reduction benefits over and above those that would be achieved by like for like replacement of spot speed cameras. This would be in line with the policies set out in Safe Streets for London, the Mayor's road safety action plan for London, which was published on 6 June 2013. It would also provide additional experience of the operational impacts of ASCs including their overall casualty reduction impact, their impact on traffic speeds and flow.

The Committee agreed that the use of ASCs required a strong evidence base. A post implementation review would be conducted of the impact of introducing ASCs at the four locations identified to determine if they were making a difference and should be retained. The review would look at the KSI data for the three years prior to implementation and for each quarter after implementation. The information would include impact on traffic flow and the type of collisions taking place on those roads.

The Committee:

- 1 noted the paper and the supplementary paper on Part 2 of the agenda;**
- 2 approved the Project Authority required to implement the average speed camera element of the Safety Camera Replacement Programme (SCRCP) using existing budgets to enable further assessment of their operational impacts;**
- 3 noted that Procurement Authority would be sought from the Commissioner following the conclusion of the current procurement exercise for the SCRCP; and**
- 4 noted the proposed contract for average speed cameras had full Financial Authority to 2021/22 in the TfL Business Plan. However, as the contract had an option to be extended to 20 years, future Business Plans would need to provide for the remaining years of operation up to 2031/32.**

Daniel Moylan recorded his vote against the decision of the Committee.

88/11/13 Achieving Value for Money in the Delivery of London's Bus Service

Leon Daniels introduced the paper, and the related paper on Part 2 of the agenda, which provided information on how the planning, tendering and contract and performance management processes were driven to secure value for money, the reductions in bus network costs over the last five years and bus operator profit margins. The paper also set out options for how TfL would accommodate growth in demand within a constrained funding environment, and service priorities and trade-offs based on achieving a hypothetical 20 per cent saving.

Members welcomed the paper and recognised the maturity of the tendering process and that increases in ridership were largely in peak hours, where the provision of additional capacity was most expensive.

The Committee requested further information, to a future meeting, on the options, issues and trade-offs for London's bus services. The paper would set out the long term demand and subsidy forecast costs, reflecting predicted population growth and present a wider range of options to reduce costs, and the relative value of each element, including:

- (a) the costs and benefits of the existing provision of free travel;

- (b) vehicle lifetime costs: setting out specification, maintenance and fuel costs over the lifetime of vehicles and comparing the cost of extending vehicle life against the cost of renewing fleets and the impact on reliability and the Mayor's Air Quality Strategy;
- (c) fuel costs; including how the risk was shared between TfL and the operators and the expected impact of the greater use of electric and hybrid vehicles;
- (d) labour costs, setting out the savings achieved to date through developments such as iBus, and options for further savings; and
- (e) the predicted impact on income and routes for the Night Bus service.

[Action: Leon Daniels]

The Committee noted the paper and the related paper on Part 2 of the agenda.

89/11/13 Update on Planning Obligations

Michèle Dix, Alex Williams and Julian Ware introduced the paper, which provided an update on funding and delivery for developments that will contribute to the funding of Crossrail and other transport projects, an update on the Mayor's and boroughs' Community Infrastructure Levies (CILs) and an update on government proposals to reform the planning system and the implications for planning obligations.

Members were advised that the amount of money being raised by the Mayoral CIL and section 106 agreements toward Crossrail was being closely monitored.

The Committee discussed the value that good or new transport provision added to developments. While the allocation of CIL to transport or affordable housing was determined on a case by case basis, the Committee wanted a strong case to be made for transport funding.

The Committee also discussed the positive benefits to both developers and TfL of section 106 payments in kind, like the building of the bus station at London Bridge as part of the Shard development. TfL was reviewing its processes to improve the collection by London boroughs of section 106 funds for TfL.

A paper would be submitted to a future meeting of the Committee on the 2050 Infrastructure Plan.

[Action: Michèle Dix]

The Committee noted the paper.

90/11/13 Actuarial Valuations of the DLR Pension Scheme

Steve Allen introduced the paper, and the related paper on Part 2 of the agenda, which provided an update on the position with respect to the 2009 actuarial valuation and additionally the 2012 valuation of the DLR Pension Fund and the proposed next steps.

The Committee noted the paper and the supplemental paper on Part 2 of the agenda.

91/11/13 Any Other Business the Chair Considers Urgent

There were no other additional items of business raised.

92/11/13 Exclusion of Press and Public

The Committee 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: the London Road User Charging and Traffic Enforcement Notice Processing Contract Relet; Barclays Cycle Hire Contract Extension; Safety Camera Replacement Project; Achieving Value for Money in the Delivery of London's Bus Service; and Actuarial Valuations of the DLR Pension Scheme.

The meeting closed at 11.15am.

The next meeting would be held on Wednesday 23 January 2014 at 9.30am.

Chair: _____

Date: _____

Transport for London

Minutes of the Extraordinary Meeting of the Finance and Policy Committee

**Boardroom, 14th Floor, Windsor House,
Victoria Street, London, SW1H 0TL
8.15am, Thursday 19 December 2013**

Members

Peter Anderson	Chairman
Daniel Moylan	Vice Chairman
Angela Knight	Member
Michael Liebreich	Member (by phone)
Eva Lindholm	Member (by phone)

Also in Attendance

Sir John Armitt CBE	Member
Brian Cooke	Member

Staff

Steve Allen	Managing Director, Finance
Sarah Atkins	Commercial Director, Rail and Underground
Mike Brown	Managing Director, Rail and Underground
Howard Carter	General Counsel
Andrea Clarke	Director of Legal
Carl Devlin	Programme Director, Sub-Surface Railway Upgrade Programme, London Underground
David Goldstone	Chief Finance Officer
David Hughes	Director Of Major Programme Sponsorship Train Systems and Upgrades, London Underground (for part)
Andrew Pollins	Director of Finance, Rail and Underground
Clive Walker	Director of Internal Audit
Shamus Kenny	Head of Secretariat

Also in Attendance

David James	Chairman, Independent Investment Programme Advisory Group
Nigel Quick	Member, Independent Investment Programme Advisory Group

80/12/13 Apologies for Absence and Chair's Announcements

Apologies for absence had been received from Isabel Dedring.

In accordance with Standing Order 30 and with Section 100B(4)(b) of the Local Government Act 1972, the Chairman agreed that the meeting be called as a matter of urgency in order to deal with the business on the agenda. The meeting had been called with less than five clear working days' public notice. The reason for urgency was that delaying decisions on the Sub-Surface Railway Upgrade Programme until the next meeting of the Committee or Board in 2014 would have a significant impact on negotiations relating to a commercial agreement.

81/12/13 Declarations of Interests

Peter Anderson declared an interest as a director of the Canary Wharf Group plc in relation to Crossrail and the Jubilee line upgrade. Daniel Moylan declared an interest as a Councillor for the Royal Borough of Kensington and Chelsea, as a Non Executive Director of Crossrail Limited (appointed by TfL) and as Chairman of Urban Design London. Angela Knight declared an interest as Chief Executive of Energy UK and as a director of Knight Rail. Michael Liebreich declared an interest as Chief Executive Officer, Bloomberg New Energy Finance.

82/12/13 Exclusion of Press and Public

The Committee agreed to exclude the press and public from the meeting, in accordance paragraphs 3 and 5 of Schedule 12A of the Local Government Act 1972 (as amended) in order to consider the following item as it contained information relating to the business affairs of TfL and where a claim to legal professional privilege could be made.

83/12/13 Sub Surface Railway Upgrade Programme

On 11 December 2013, the Board delegated to the Committee authority to make any decisions that were reserved to the Board for determination in relation to the Sub Surface Railway (SSR) Upgrade Programme (SUP) that may require consideration before the next meeting of the Board.

Mike Brown introduced the paper, which sought approval to a proposed settlement with Bombardier Transportation UK Limited (BT) to terminate the Automatic Train Control (ATC) Contract for signalling for the SSR, substantially on the terms outlined in the paper and to authorise TfL to commence a re-procurement for a replacement contractor.

In accordance with the authority delegated from the Board, the Committee:

- 1 approved the proposed settlement with Bombardier Transportation UK Limited (BT) to end the Automatic Train Control (ATC) contract substantially on the terms outlined in the paper and up to the amount due to BT for work completed to date;**
- 2 delegated to the Chairman, in consultation with available Members of the Committee and the available Members of the Board that had attended the meeting, authority to approve a settlement up to the maximum outlined in the paper; and**
- 3 approved the commencement of a competitive procurement process for a replacement contractor once the settlement is agreed.**
- 4 authorised TfL Officers and the Subsidiaries (as described in paragraph 6 below) to agree the final terms of any settlement with BT and to authorise the agreement and execution (whether by deed or otherwise) of any documentation that may be entered into in connection with such settlement; and**
- 5 note that further approval will be sought prior to the award of any replacement contract.**

6 The following Officers and Subsidiaries have delegated authority:

- (a) TfL Officers: the Commissioner; Managing Director, Finance; Managing Director Rail and Underground; General Counsel; and**
- (b) Subsidiaries of TfL including without limitation Transport Trading Limited and any other subsidiary (whether existing presently or to be formed) of Transport Trading Limited: any of the directors of these subsidiaries shall be authorised to act for and on behalf of any such**

84/11/13 Any Other Business the Chair Considers Urgent

There were no other additional items of business raised.

The meeting closed at 9.35am.

The next meeting would be held on Thursday 23 January 2014 at 9.30am.

Chair: _____

Date: _____