

# Transport for London

## Minutes of the Finance and Policy Committee

Conference Rooms 1 and 2, Ground Floor, Palestra,  
197 Blackfriars Road, London, SE1 8NJ  
10.00am, Thursday 15 October 2015

### Members

#### Present

Peter Anderson (Chair)  
Daniel Moylan (Vice-Chair)  
Brian Cooke  
Michael Liebreich

#### Staff

Michael Bridgeland	Head of Project Assurance, Finance (for Minute 87/10/15)
Mike Brown	Commissioner, Transport for London
Nick Brown	Managing Director, London Underground and London Rail
Howard Carter	General Counsel
Leon Daniels	Managing Director, Surface Transport
Patrick Doig	Director of Finance, Surface Transport
Stuart Harvey	Sub-Surface Programme Director, London Underground (for Minute 87/10/15)
David Hughes	Director of Major Programme Sponsorship, London Underground
Simon Kilonback	Director of Group Treasury, Finance
Ian Nunn	Chief Finance Officer and Interim Managing Director, Finance
Andrew Pollins	Finance Director, Rail and Underground
Gareth Powell	Director of Strategy, London Underground and Chief Operating Officer, London Rail
David Waboso	Director Capital Programmes, London Underground
Clive Walker	Director of Internal Audit
Ed Wells	Interim Head of Programme Management Office, Finance (for Minute 87/10/15)
Shamus Kenny	Head of Secretariat
James Stanton	Secretariat

#### Also in Attendance

David James	Chairman, Independent Investment Programme Advisory Group
Ian Fugeman	Member, Independent Investment Programme Advisory Group

### 83/10/15 Apologies for Absence and Chair's Announcements

Apologies for absence were received from Sir John Armit CBE, Isabel Dedring, Baroness Grey-Thompson DBE, Angela Knight and Eva Lindholm.

## **84/10/15 Declarations of Interests**

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; Daniel Moylan 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; and Michael Liebreich as Chairman of the Advisory Board of Bloomberg New Energy Finance.

## **85/10/15 Minutes of the Meetings of the Finance and Policy Committee held on 30 July 2015 and 28 September 2015**

The draft minutes of the extraordinary meeting were amended to remove the words “or potential realignment” from resolution (b) in Minute 80/09/15 and to correct the sequential numbering of the items.

Subject to the above amendments, the minutes of the meeting held on 30 July 2015 and the extraordinary meeting held on 28 September 2015 were approved as a correct record, and signed by the Chair.

## **86/10/15 Matters Arising and Actions List**

**The Committee noted the Actions List.**

## **87/10/15 Project Monitoring - Project Approvals**

Ian Nunn presented the forward approval programme for projects with a value in excess of £50m from July 2015 to January 2017. The Commissioner had approved Project Authority for one project since the meeting of the Committee held on 30 July 2015. The Managing Director, Finance had approved Project Authority for eight projects.

Members discussed the Committee’s forward plan of upcoming items and noted that this included an in-year financial decision on Crossrail 2. It was expected that the Comprehensive Spending Review (CSR) announcement, to be made prior to the next scheduled meeting in December 2015, would provide further clarity around funding issues for this and other projects. Members discussed potential arrangements for the involvement of planners, project specialists and designers at an early stage of major projects, such as Crossrail 2. This would enable commercial development opportunities to be examined as part of the initial planning process and the production of robust budgets and business cases. This would be discussed further at an appropriate stage after the CSR.

An update would be provided to Brian Cooke on the involvement of third party funding of Dingwall Road Loop project. **[Action: Gareth Powell]**

Further information on the project to design and procure new wagons for the Track Plant & Servicing Depot would be circulated to Members. **[Action: Gareth Powell]**

Members suggested that the revised timetable for the introduction of Night Tube provided an opportunity for a thorough physical inspection of the network's preparedness in terms of signage, accessibility and the aesthetics of any new gates related to night running. **[Action: Nick Brown]**

**The Committee noted the forward approval programme for projects with a value in excess of £50m and details of the Project Authority granted by the Commissioner and the Managing Director, Finance in accordance with delegated authority under TfL's Standing Orders.**

## **88/10/15 Prudential Indicators - Outturn for the Year Ended 31 March 2015**

Ian Nunn introduced the paper, which set out TfL's performance against the final revised indicators for the Financial Year 2014/15. TfL, both independently as 'the Corporation' and as part of the wider 'Group' including its subsidiaries, had been within the total Authorised Limits for External Debt for the year to 31 March 2015. The Corporation outturn at 31 March 2015 had been below the limits set for both the direct borrowings and the long term liabilities components of the Authorised Limit.

The total external debt for the TfL Group had also been within the Authorised Limit. Within this overall position, the Group outturn for long term liabilities had been over the voluntary indicator, however this was in line with previous years and reflected debt reclassifications. This was not considered to be a matter for concern and TfL's capital plans remained affordable. It had enabled TfL to take commercially advantageous actions.

**The Committee noted the paper and TfL's performance against the prudential indicators for TfL for the 2014/15 Financial Year.**

## **89/10/15 Group Treasury Activities**

Simon Kilonback introduced the paper and supplemental information on Part 2 of the agenda, which provided an update on TfL's investment, borrowing and risk management activity from 1 April 2015 to 30 September 2015. The Committee was provided with an additional graph relating to the paper on Part 2 of the agenda.

The Treasury Management Strategy 2015/16 (comprising the Investment Strategy 2015/16, Borrowing Strategy 2015/16 and Risk Management Strategy 2015/16) had been complied with in the year to 30 September 2015. The Committee noted the performance of the treasury management function in ensuring compliance and the additional treasury management activities undertaken in support of TfL corporately. Members discussed the financial activity of the organisation and long term planning arrangements. It was noted that the Government's Comprehensive Spending Review, due to conclude prior to the next scheduled meeting of the Committee, would provide further clarity with regard to some long term financial planning matters.

**The Committee noted the paper and the related paper supplemental information on Part 2 of the agenda, which provided an update on Group Treasury activities from**

**1 April 2015 to 30 September 2015, as required by the Treasury Management Policy Statement and Treasury Management Practices 2015/16.**

## **90/10/15 Review of TfL's Approved Counterparties**

Simon Kilonback introduced the paper and supplemental information on Part 2 of the agenda. The Committee, under authority delegated by the Board within the Treasury Management Strategy 2015/16, considered the approval of additions and amendments to the Approved Investment List 2015/16 and amendments to the Approved Derivative Counterparties List 2015/16.

In considering the Approved Investment List 2015/16 and Approved Derivative Counterparties List 2015/16 in Part 2 of the meeting, Members raised the importance of anticipating potential market moves in relation to events. It was agreed that the lists would be examined, and the Approved Investment List 2015/16 amended as necessary, in accordance with the views expressed at the meeting to ensure that the risk management approach to TfL's investments remained robust to changing market conditions, for example, the impact of the vehicle emissions testing issue ('Dieselgate') on parts of the automotive manufacturing sector. **[Action: Simon Kilonback]**

**The Committee noted the paper and the related supplemental information on Part 2 of the agenda and agreed that:**

- (a) the additions and amendments to the Approved Investment List 2015/16 as set out in Appendix 1 in Part 2 of the paper submitted and the potential amendments arising from the review of market conditions suggested by Members at the meeting, be approved; and**
- (b) the amendments to the Approved Derivative Counterparties List 2015/16 as set out in Appendix 2 in Part 2 of the paper submitted be approved.**

## **91/10/15 Any Other Business the Chair Considers Urgent**

There was no other business.

## **92/10/15 Exclusion of the 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 information in relation to the items on: Group Treasury Activities; and Review of TfL's Approved Counterparties.**

The meeting closed at 10.54am.

The next meeting would be held on Wednesday 2 December 2015 at 10:00am.

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

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

# Transport for London

## Minutes of the Finance and Policy Committee

Conference Rooms 1 and 2, Ground Floor, Palestra,  
197 Blackfriars Road, London, SE1 8NJ  
10.00am, Tuesday 17 November 2015

### Members

Peter Anderson (Chair)  
Daniel Moylan (Vice-Chair)  
Sir John Armitt CBE  
Brian Cooke  
Angela Knight  
Michael Liebreich  
Eva Lindholm

### Staff

Sarah Atkins	Commercial Director, Rail and Underground
Michael Bridgeland	Head of Programme Management Office Assurance
Nick Brown	Managing Director, London Underground and London Rail
Howard Carter	General Counsel
Patrick Doig	Director of Finance, Surface Transport
Garrett Emmerson	Chief Operating Officer, Surface Transport
David Hughes	Director of Major Programme Sponsorship, London Underground
Terry Morgan	Chairman, Crossrail Limited
Ian Nunn	Managing Director, Finance
Andrew Pollins	Finance Director, Rail and Underground
Gareth Powell	Director, Strategy & Service Development, London Underground
James Stanton	Secretariat

### Also in Attendance

David James	Chairman, Independent Investment Programme Advisory Group
Ian Fugeman	Member, Independent Investment Programme Advisory Group
Paul Jenkins	Member, Independent Investment Programme Advisory Group
Colin Porter	Member, Independent Investment Programme Advisory Group

## 93/11/15 Apologies for Absence and Chair's Announcements

Apologies for absence had been received from Isabel Dedring and Baroness Grey-Thompson DBE.

The meeting had been called with less than five clear working days' public notice in accordance with Standing Order 31. The Chairman had agreed, in accordance with Section 100B(4)(b) of the Local Government Act 1972, that the meeting be called as a matter of urgency in order to deal with the business listed at Minute 95/11/15.

The Chairman accepted the reasons for urgency in agreeing to receive the report.

## **94/11/15 Declarations of Interests**

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; Daniel Moylan 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; Sir John Armitt as Chairman of the National Express Group plc, Deputy Chairman of the Berkeley Group plc and a Member of the National Infrastructure Commission; and Michael Liebreich as Chairman of the Advisory Board of Bloomberg New Energy Finance.

## **95/11/15 Metropolitan Line Extension (Croxley Rail Link)**

Nick Brown and David Hughes introduced the paper. The Metropolitan Line Extension (MLE, formerly the Croxley Rail Link) would improve access to public transport for local residents by diverting and extending the Metropolitan line to Watford Junction. Metropolitan line trains would serve the existing Watford Junction and Watford High Street stations and two new stations. This would create new links to the West Coast mainline and employment opportunity sites. The Mayor had directed the transfer of delivery responsibility for the project to TfL in March 2015 under Mayoral Decision No: 1478 (MD1478). It was anticipated that the MLE project would enable trains to run to central London every 10 minutes during peak hours by 2020.

The Committee noted the further Mayoral Decision of 4 November 2015 (MD1570) which directed TfL to proceed with the transfer of the project and contribute an additional £2.73m of funding. This additional funding had been made necessary to make good a funding gap arising from clarification of the detail of the funding package proposed by Hertfordshire County Council (HCC). Negotiations between TfL and HCC had increased the level of transparency of the detailed funding proposals and highlighted that HCC's funding package assigned significant value to two land parcels which were of no commercial value to TfL. HCC had maintained that there were no further local funds available to make good the resultant £2.73m cash funding gap and the Mayor had issued the direction to TfL to cover the shortfall and enable the project to proceed without disruption.

Members noted the benefits which a careful review and value engineering exercise could bring to the value and scope of the project. The Department for Transport had defined the project at a high level and significant scope existed for TfL to ensure that best value was achieved, for example, through an appropriate delivery specification. It was agreed that officers would proceed with bringing the project in house and would return to the Committee at an appropriate stage having carried out initial scoping and value review exercises.

**[Action: David Hughes]**

### **1 Under the authority delegated by the Board on 4 November 2015, the Committee:**

- (a) supported the transfer of Metropolitan Line Extension (MLE) delivery and associated Transport and Works Act Order obligations from Hertfordshire County Council (HCC) to TfL in line with the direction issued by the Mayor on 26 March 2015 and the direction issued on 4 November 2015, which directed TfL to proceed in accordance with the direction issued on 26 March 2015 but on the basis that the HCC led**

local consortium nominal funding contribution of £128.08m includes land contributions which while valued by HCC at £2.73m were of no commercial value to TfL and therefore for TfL to provide up to a further £2.73m of funding in addition to the £46.5m TfL was directed to fund on 26 March 2015;

- (b) reapproved the requirement to enter into appropriate agreements with HCC to facilitate the transfer and delivery of MLE in line with the above directions and subject to due diligence, in particular to cover its funding, its delivery and associated matters and approve the entering into of such agreements with third parties as may also be necessary or desirable to implement the transfer and facilitate delivery;
- (c) reapproved the requirement to enter into a regulated track access agreement and connection agreement with Network Rail (NR) and station access agreements with the facility owners of Watford High Street station and Watford Junction station (currently London Midland) served by the MLE and any further agreements necessary or desirable for the operation of services over the MLE;
- (d) reauthorised the acquisition of land owned by NR, Watford Borough Council and other third parties as may be required for the construction and operation of the MLE in line with the above directions and subject to carrying out due diligence, authorise TfL Officers and Subsidiaries (defined in paragraph 2 below) the ability to agree and execute (whether by deed or otherwise) on behalf of TfL or a Subsidiary (as appropriate) any documentation to be entered into in connection with such acquisitions and commitments and to do such other things as they consider necessary or desirable to facilitate the proposed acquisitions and commitments;
- (e) noted that the Financial and Project Authorities granted by the Board on 1 July 2015 of respectively £304.68 and £284.40m to deliver the MLE remain for the time-being the same, but that a further submission seeking an uplift in these authorities may follow subject to the outcome of a planned post transfer cost review; and
- (f) noted that Procurement Authority for the construction of the infrastructure and systems works was expected to be sought in 2016.

2 The following TfL Officers and Subsidiaries shall have delegated authority in respect of (1) above:

- (a) TfL Officers: the Commissioner, Managing Director Finance, Managing Director Planning, Managing Director Rail and Underground and General Counsel; 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.

## **96/11/15 Any Other Business the Chair Considers Urgent**

There was no other business.

The meeting closed at 10.30am.

The next meeting would be held on Wednesday 2 December 2015 at 10:00am.

Chairman: \_\_\_\_\_

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