

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, Wednesday 2 March 2016

Members

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

In Attendance

Michael Bridgeland	Head of Programme Management Office Assurance
Alan Bristow	Director of Road Space Management (for Minute Item 34/03/16)
Mike Brown	TfL Commissioner
Nick Brown	Managing Director, London Underground and London Rail
Howard Carter	General Counsel
Graeme Craig	Director of Commercial Development, Finance
Leon Daniels	Managing Director, Surface Transport
Patrick Doig	Director of Finance, Surface Transport
Garrett Emmerson	Chief Operating Officer, Surface Transport
Jonathan Fox	Director of London Rail (for Minute Item 39/03/16)
David Hughes	Director Of Major Programme Sponsorship, London Underground
Terry Morgan	Chairman, Crossrail Limited
Ian Nunn	Chief Finance Officer
Ben Plowden	Director of Strategy and Planning (for Minute Item 33/03/16)
Andrew Pollins	Finance Director, Rail & Underground
Garry Sterritt	Head of Asset Investment (for Minute Item 32/03/16)
David Waboso	Capital Programme Directorate, London Underground
Clive Walker	Director of Internal Audit
Marc Wolman	Head of PMO
Shamus Kenny	Head of Secretariat
James Stanton	Secretariat
David James	Chairman, Independent Investment Programme Advisory Group
Derek Fryer	Member, Independent Investment Programme Advisory Group
Colin Porter	Member, Independent Investment Programme Advisory Group

25/03/16 Apologies for Absence and Chair's Announcements

Apologies for absence were received from Isabel Dedring.

26/03/16 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.

Daniel Moylan advised that he would be chairing the Crossrail 2 organisation once established. The Members' Register of Interests and TfL website would be updated accordingly.

27/03/16 Minutes of the Meetings of the Finance and Policy Committee held on 21 January 2016 and 16 February 2016

The minutes of the meetings held on 21 January 2016 and 16 February 2016 were approved as correct records and signed by the Chair.

28/03/16 Matters Arising and Actions List

Members considered the update on actions. It was noted that an update paper had been circulated on the Baking Riverside Rail Extension and would be discussed under Any Other Business.

The Committee noted the Actions List.

29/03/16 Operational and Financial Performance and Investment Programme Reports - Third Quarter, 2015/2016

Ian Nunn introduced the paper on TfL's Operational and Financial Performance and the Investment Programme Report for the third quarter of 2015/16. The Committee noted the reports and that the cash balance was committed for large scale transport improvement projects.

The Committee noted the TfL Operational and Financial Performance and Investment Programme Reports – Third quarter 2015/16.

30/03/16 Savings and Efficiencies Programme Review

Ian Nunn presented the paper. Members discussed the benefits that the Savings and Efficiencies Review programme had brought to the organisation. The financial discipline that this programme had originally brought was now being taken forward within regular budgeting, management and accounting practices. As many of the figures and assumptions had become out of date, it was agreed that the programme would be discontinued. The lessons of the programme would become part of "business as usual"

with robust ongoing reporting as part of the budgeting process. Future reporting would be clear on what, where and how savings were expected to be made and any potential risks to their achievement.

The Committee:

- 1 noted the findings of the 2015/16 review by PricewaterhouseCoopers of the Savings and Efficiencies programme; and**
- 2 approved the closure of the current Savings and Efficiencies programme.**

31/03/16 Project Monitoring - Project Approvals

Ian Nunn presented the paper. 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.

Members noted that the resale value of the boats was an essential part of the business case relating to the future of the Woolwich ferry and that this would be included in the wording of future papers. **[Action: Ian Nunn]**

The Committee noted the paper.

32/03/16 Surface Transport Asset Renewals Programme

Garrett Emmerson introduced the paper. The Committee noted the proposed annual programme and the increase in the current year's budget to bring forward aspects of the ongoing programme (including carriageway works, column replacements, etc). The progress being made to bring assets to the wanted position was noted. Members suggested that it would be useful for TfL's financial reporting purposes for the renewals budget to be clearly identifiable from the rest of the capital budget. This would give a clear indication of how much investment was needed on an ongoing basis to maintain the existing network of assets. **[Action: Garrett Emmerson]**

Members also suggested the need to drive innovation, for example, in bringing together contractors, manufacturers and suppliers to promote engineering innovation and to address issues such as the noise and disruption caused by major works. Members supported TfL exploring all options for the effective use of regulation and enforcement for the benefit of customers. This could include a concerted effort to lobby government for changes in legislation where the current level of fines had shown to be an insufficient deterrent for repeat offenders. **[Action: Garrett Emmerson]**

The Committee noted the paper and:

- 1 recommended to the Board that, for the year 2015/16, the Board approve additional Project Authority of £16.0m for the Surface Transport Asset Capital Renewal Programme, comprising £10.9m re-profiled from 2016/17 to deliver priority works, £2.63m for works at Blackfriars Road (funded by the London Borough of Southwark) and a number of smaller contributions**

(totalling £2.47m) from other projects, taking the total Project Authority for 2015/16 to £108.8m; and

- 2 approved Project Authority of £90.5m for the year 2016/17 to deliver the Surface Transport Asset Capital Renewal Programme.

33/03/16 Cycling Vision Portfolio - Annual Update

Ben Plowden introduced the paper. Members requested that future updates include a summary table on high level cycling statistics, to include cyclist numbers, journeys, distance travelled and the spend on cycling as a proportion of budget and modal share. Statistical information from the monitoring programme would also show the impact of Quietways and Cycle Superhighways against the baseline and targets in the original business case for each scheme. **[Action: Ben Plowden]**

The Committee also discussed how TfL responded to incidents on busy roads to keep traffic flowing, with particular reference to roads where space had been reallocated for segregated Cycle Superhighways. A paper on incident response on the Transport for London Road Network would be submitted to a future meeting of the Surface Transport Panel. **[Action: Ben Plowden]**

Members suggested that TfL should do all that it could to encourage cyclists to make use of the new facilities once they had been completed. The information campaigns which had been run on the use of buggies on buses was cited as a potential example of what could be achieved.

An update on the delivery of the Quietways programme was also requested by Members. **[Action: Ben Plowden]**

As these schemes were largely being delivered on the road networks of the London Boroughs, an update would be useful in highlighting where any further impetus was required.

The Committee noted, and recommended that the Board also note, the progress made:

- 1 in delivering the Cycling Vision Portfolio; and
- 2 against the programme in the last twelve months.

34/03/16 A23/A232 Fiveways Croydon - Advance Property Purchase

Alan Bristow introduced the paper. Members expressed support for the forward planning measures that would enable the project to progress whilst also giving full consideration should a case of real hardship arise from a local resident. The scheme was seen to be very much needed in the area and a key part of the management of the A23. A full cost benefit analysis, once the scheme was completed, would be useful in proving the case for other investments. **[Action: Alan Bristow]**

The Committee approved additional budgeted Project Authority and Land Authority, as set out in the Part 2 paper submitted, for potential land acquisition for the delivery of a road modernisation project to support local growth.

35/03/16 New Tube for London Programme: Piccadilly Line Modernisation

David Hughes introduced the paper and the related supplementary information on Part 2 of the agenda. Colin Porter left the meeting during the consideration of the Part 2 information for this item.

The Committee noted that the proposal would take the project through to the point of contract award for new rolling stock in 2017. Members suggested that similar papers in future incorporate summary information on carbon costs. **[Action: David Hughes]**

The Committee recommended that the Board approve an increase in budgeted project authority to commence the procurement of new rolling stock and signalling systems for the Piccadilly line modernisation, deliver enabling works and to continue design development for the Bakerloo, Central and Waterloo & City line upgrades.

36/03/16 Bank Station Capacity Upgrade

David Hughes introduced the paper and the related supplementary information on Part 2 of the agenda. Michael Liebreich took no part in the discussion of this item and left the meeting during the consideration of the information on Part 2 of the agenda.

The Bank Station Capacity Upgrade would provide additional capacity at Bank Station to meet the forecasted growth in passenger demand, step-free access to the Northern line platforms and improved fire and evacuation measures. Works had commenced in 2015 and the new capacity below ground was expected to be available from 2020 and a new entrance open in 2021.

The Committee noted the paper and supplementary paper on Part 2 of the agenda and:

- 1 recommended that the Board grant additional budgeted Project Authority of £353.2m to allow Stage 2 of the works for the Contract with Dragados SA to be instructed, allowing full implementation of the Bank Station Capacity Upgrade project; and**
- 2 noted that there was no change in Estimated Final Cost for the Bank Station Capacity Upgrade project and that no additional Procurement Authority was required as part of the request.**

37/03/16 Jubilee Line Upgrade 2

David Hughes introduced the paper and the related supplementary information on Part 2 of the agenda. The Jubilee Line Upgrade 2 project, along with the provision of 10

additional trains via the separate Jubilee and Northern Line Additional Trains project, would support the introduction of an increased peak service (36 trains per hour) from April 2020. The project included implementation of power, cooling, track, depot enabling and signalling works.

The Committee noted the paper, and the supplementary paper on Part 2 of the agenda, and recommended that the Board approve additional budgeted Project Authority of £69m, increasing total Project Authority to £104.6m.

38/03/16 Northern Line Upgrade 2

David Hughes introduced the paper and the related supplementary information on Part 2 of the agenda. The Northern Line Upgrade 2 project would deliver a service of 30 trains per hour on all branches of the Northern Line by April 2023. This phase of the project would deliver concept designs for all asset areas that form part of the project (power, cooling, signalling, track, Highgate Depot and rolling stock modifications). Concept designs would be completed by May 2017, after which a further funding request for detailed design and enabling works would be brought forward.

The Committee noted the paper, and the supplementary paper on Part 2 of the agenda, and recommended that the Board approve additional budgeted Project Authority of £7.892m, increasing total Project Authority to £11.314m.

39/03/16 London Overground Train Operating Concession

Jonathan Fox introduced the paper and the related supplementary information on Part 2 of the agenda. The Committee received an update on the process being undertaken by Rail for London (RfL) for the next concession agreement to operate London Overground passenger train services from November 2016. In March 2015, RfL issued a notice in the Official Journal of the European Union to commence a procurement process to appoint the next operator of these services. The concession term would cover an initial period of seven and half years with a pre-priced option exercisable by RfL to extend by up to two years at RfL's discretion. This would place the end date of the concession between March 2024 and March 2026. Members noted that TfL was prohibited by legislation from operating the concession itself.

The Committee noted the paper and the supplementary information on Part 2 of the agenda and recommended that the Board:

- 1 approve entry into the Concession Agreement and ancillary agreements (the Concession Agreements) with the bidder identified in the paper on Part 2 of the agenda;**
- 2 authorise the TfL Officers and Subsidiaries described below to finalise the terms of the Concession Agreements;**
 - (a) TfL Officers: the Commissioner, Chief Finance Officer, 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;

- 3 authorise 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 the completion and implementation of the Concession 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**
- 4 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 Concession Agreements and the matters referred to in them.**

40/03/16 New Advertising Agreement

Graeme Craig introduced the paper and the related supplementary information on Part 2 of the agenda. A strategic approach had been taken to identify a new concessionaire for the majority of TfL's advertising estate. The new Advertising Partnering Agreement would be a bespoke contract developed from the existing London Underground Commercial Advertising Concession agreement and the recent Bus Shelter Advertising agreement. The Agreement reflected TfL's objective to form a partnering relationship with the successful bidder and incorporated a financial regime which consisted of a gross revenue share arrangement.

The provision of services under the Advertising Partnering Agreement would commence on 1 October 2016 and would continue until 31 March 2025, unless terminated earlier in accordance with the termination provisions of the Agreement.

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

- 1 approve entering into an agreement for the exploitation of Transport for London's (TfL) advertising estate as described in the paper submitted with the entity identified in the paper submitted in Part 2 of the agenda (the Agreement);**
- 2 approve Financial and Procurement Authority in the sums set out in the paper on Part 2 of the agenda for the Agreement, including for the purposes of any capital commitment by TfL under the Agreement (Capital Commitment);**
- 3 authorise the TfL Officers and the Subsidiaries below to agree and finalise the terms of the Agreement;**
 - (a) TfL Officers: the Commissioner, Chief Finance Officer and General Counsel.**
 - (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.**

- 4** authorise the Commissioner and Chief Finance Officer to appoint (and replace) from time to time one or more officers of TfL to represent TfL on the Partnering Board that is proposed as part of the operation of the Agreement, such appointment carrying with it the authority to agree on behalf of TfL or any of its Subsidiaries any Capital Commitment up to the aggregate maximum set out in the paper submitted in Part 2 of the agenda;
- 5** authorise 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 the completion and implementation of the Agreement including any Capital Commitment, and any of the matters referred to in either regard (including, without limitation, all agreements, deeds, guarantees, indemnities, property or other licences, announcements, notices, contracts, certificates, letters or other documents); and
- 6** 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 any Capital Commitment and the matters referred to in, or relating to, it.

41/03/16 Crossrail - Project Delivery Partner Final Incentive Scheme

Ian Nunn introduced the paper and the related supplementary information on Part 2 of the agenda. Crossrail Limited had proposed to realign the current Final Incentive Scheme contained within the Project Delivery Partner (PDP) Services Contract. This represented a change to the PDP contract and required the approval of the Crossrail Sponsors, TfL and the Department for Transport.

The Committee is asked to note this paper and the related paper on part 2 of the agenda and recommend that the Board:

- 1** approve the proposal to amend the Project Delivery Partner contract to incorporate a revised Final Incentive Scheme (the Amendment);
- 2** authorise the TfL Officers and the Subsidiaries, as set out below, to finalise the terms of the Amendment;
 - (a)** TfL Officers: the Commissioner, Chief Finance Officer, Chief Executive of Crossrail and General Counsel; and
 - (b)** Subsidiaries: Subsidiaries of TfL including Transport Trading Limited, Crossrail 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.
- 3** authorise 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 the completion and implementation of the Amendment 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
- 4** 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 Amendment and the matters referred to in it;

42/03/16 Crossrail - Extension of the Interim CRL Funding Payments Agreement with Network Rail

Ian Nunn introduced the paper and the related supplementary information on Part 2 of the agenda. The Committee received an update on the progress that Crossrail Limited (CRL) had made in reaching agreement with Network Rail for an extension of the Interim CRL Funding Payments Agreement (IFA). The proposed extension of the IFA would enable CRL to avoid approximately £65m in finance charges. Extensive analysis had been conducted to model the impact of the extension of the IFA. This analysis indicated that the balance of the Sponsor Funding Account, access to which was critical to CRL's ability to respond to significant events and opportunities, would remain at an acceptable level throughout the duration of the IFA extension.

The Committee noted the paper and the related paper submitted in Part 2 of the agenda and recommended that the Board:

- 1 approve an extension of the Interim CRL Funding Payments Agreement under the terms set out in the Part 2 paper submitted (the Extension);**
- 2 authorise TfL Officers and Subsidiaries, as set out below, to finalise the terms of the Extension;**
 - (a) TfL Officers: the Commissioner, Chief Finance Officer, Chief Executive of Crossrail and General Counsel; and**
 - (b) Subsidiaries: Subsidiaries of TfL including Transport Trading Limited including Crossrail 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.**
- 3 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 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);**
- 4 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 Extension and the matters referred to in it.**

43/03/16 Group Treasury Activities

Ian Nunn introduced the paper and the related supplementary information on Part 2 of the agenda. The Committee received an update on Group Treasury's activities for the year 2015/16, as required by the Treasury Management Policy Statement and Treasury Management Practices 2015/16, approved by the Board in March 2015.

The Committee noted the update provided on Group Treasury's activities for the year 2015/16 as required by the Treasury Management Policy Statement and Treasury Management Practices 2015/16.

44/03/16 Treasury Management Strategy 2016/17

Ian Nunn introduced the paper and the related supplementary information on Part 2 of the agenda. The Committee considered the background to the proposed TfL Treasury Management Strategy for 2016/17. This included recommended changes to the Investment Strategy for 2016/17, the Borrowing Strategy 2016/17 and the Risk Management Strategy 2016/17, along with the Counterparty Exposure Limits 2016/17 and the TfL Policy on Minimum Revenue Provision. No changes were proposed to the Derivative Counterparty List or the Approved Investments List for 2016/17.

Members noted the sound treasury management policies which were in place.

The Committee noted the paper and the supplementary information on Part 2 of the agenda submitted and agreed:

- 1 that the Board be recommended to approve the Treasury Management Strategy for 2016/17, including the Investment Strategy 2016/17, the Borrowing Strategy 2016/17, the Risk Management Strategy 2016/17, the Counterparty Exposure Limits 2016/17 and the TfL Policy on Minimum Revenue Provision included at Appendix 1 of the paper submitted;**
- 2 that the Board be recommended to authorise the Committee to approve any changes to the Treasury Management Strategy 2016/17 during the course of the year;**
- 3 the proposed Approved Investments List 2016/17 and Approved Derivative Counterparty List 2016/17 be approved as set out in Appendices 3 and 4 respectively of the paper submitted;**
- 4 noted that the proposals to the Committee for derivative investments set out in paragraph 5 below had been approved by the Managing Director Finance (in that capacity and in his capacity as Chief Finance Officer), as required under the Policy Relating to the Use of Derivative Investments 2015/16; and**
- 5 subject to the TfL Board approving the Treasury Management Strategy 2016/17 and the Policy Relating to the Use of Derivative Investments 2016/17, agreed to approve, pursuant to Section 49 of the Transport for London Act 2008 (the Act) and the TfL Group Policy Relating to the Use of Derivative Investments (the Derivatives Policy) for 2015/16 (or 2016/17 as maybe applicable at such time), Transport for London Finance Limited (as a qualifying TfL subsidiary for the purposes of the Act) entering into derivative investment(s) in relation to:**
 - (a) mitigating exchange rate risk related to specific currency exposures arising from the procurement of goods or services by any member of the TfL Group in the ordinary course of business as soon as practicable once the quantum of exchange rate risk to any member of the TfL Group is established;**
 - (b) mitigating exchange rate risk exposures arising from any TfL investments in foreign currencies as permitted by the proposed**

Treasury Management Strategy 2015/16 (or 2016/17 as may be applicable at such time);

- (c) mitigating commodity rate and/or price risk related to specific commodity (including oil and electricity) exposures arising from the procurement of goods or services by any member of the TfL Group in the ordinary course of business as soon as practicable once the quantum of commodity risk to any member of the TfL group is established;**
- (d) mitigating interest rate risk and if applicable currency risk related to any imminent TfL borrowing, once the borrowing has become certain and authorised according to relevant Treasury Management Strategy 2015/16 (or 2016/17 as may be applicable at such time) provisions; and**
- (e) mitigating interest rate risk and currency risk if applicable related to planned future TfL borrowing in accordance with the Treasury Management Strategy and the Derivatives Policy 2015/16 (or 2016/17 as may be applicable at such time).**

45/03/16 Treasury Management and Derivative Investments Policies 2016/17

Ian Nunn introduced the paper. Members noted that no substantial changes had been proposed to the Treasury Management policy or the TfL Group Policy relating to the use of Derivative Investments. The minor amendments proposed mostly reflected updates arising from the combination of the Managing Director, Finance role with the Chief Finance Officer role.

The Committee noted the paper and recommended that the Board approve:

- 1 the proposed TfL Treasury Management Policy and Treasury Management Practices for 2016/17 as set out in Appendix 1 to the paper submitted;**
- 2 that in relation to the existing TfL Treasury Management Policy and Treasury Management Practices 2015/16, the annual report on the performance of the treasury management function, the effects of decisions taken and the transactions executed in the past year, and on any non-compliance with the organisation's Treasury Management Policy Statement and Practices be submitted to the Finance and Policy Committee, rather than the Board; and**
- 3 the proposed TfL Group Policy relating to the use of Derivative Investments as set out in Appendix 2 to the paper submitted.**

46/03/16 Any Other Business the Chair Considers Urgent

Barking Riverside Rail Extension

As provided for under section 100B(4)(b) of the Local Government Act 1972, a paper on Barking Riverside Rail Extension was taken as an urgent item as the Chairman was of the opinion that it should be considered as a matter of urgency. A decision was required urgently, in light of the time limited approvals provided by the Committee on 16 February 2016, to enable the progression of the Barking Riverside Rail Extension project following

the issue of a Mayoral Direction to Transport for London on 25 January 2016 (Mayoral Direction 1594).

On 16 February, in accordance with the delegation of authority granted by the Board on 3 February 2016, the Committee approved the entering into of Funding and Land and Works Agreements and related authorities requested for the Barking Riverside Rail Extension project. The approvals were subject to the Agreements being completed and signed between the parties by 4 March 2016.

The Committee noted the progress which had been made but that the original deadline would not be met. It agreed to extend the deadline until 9 March 2016. It was noted that a further update would be given at the meeting of the Board on 17 March 2016.

Under the authority delegated by the Board on 3 February 2016, the Committee:

- 1 noted the paper; and**
- 2 agreed to extend the timeframe for the approval previously granted until 9 March 2016 to enable the Agreements between the parties to be completed and signed.**

47/03/16 Date of Next Meeting

The next scheduled meeting would be held on Tuesday 21 June 2016 at 10:00am.

48/03/16 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 information in relation to the items on: A23/A232 Fiveways Croydon - Advance Property Purchase; New Tube for London Programme: Piccadilly Line Modernisation); Bank Station Capacity Upgrade; Jubilee Line Upgrade 2; Northern Line Upgrade 2; London Overground Train Operating Concession; New Advertising Agreement; Crossrail - Project Delivery Partner Final Incentive Scheme; Crossrail - Extension of the Interim CRL Funding Payments Agreement with Network Rail; Group Treasury Activities; Treasury Management Strategy 2016/17 and Barking Riverside Rail Extension.

The meeting closed at 12.50pm.

Chair: _____

Date: _____

Transport for London

Minutes of the Finance and Policy Committee

Waterloo Room, 7th Floor, Palestra,
197 Blackfriars Road, London, SE1 8NJ
10.00am, Thursday 21 April 2016

Members

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

In Attendance

Sarah Atkins	Commercial Director, Rail & Underground
Howard Carter	General Counsel
Andrea Clarke	General Counsel
Vernon Everitt	Managing Director, Customers, Communication and Technology
Matthew Hudson	Head of Business Development, Rail & Underground
David Hughes	Director Of Major Programme Sponsorship, Rail & Underground
Ian Nunn	Chief Finance Officer
Andrew Pollins	Finance Director Rail & Underground
Dave Proctor	Governance Manager, Rail and Underground Finance
Clive Walker	Director of Internal Audit
James Stanton	Secretariat
David James	Chairman, Independent Investment Programme Advisory Group
Terry Fitzgibbon	Member, Independent Investment Programme Advisory Group
Ian Fugeman	Member, Independent Investment Programme Advisory Group
Paul Jenkins	Member, Independent Investment Programme Advisory Group

49/04/16 Apologies for Absence and Chair's Announcements

Apologies for absence were received from Sir John Armit CBE, Angela Knight and Eva Lindholm. As the Chair, Peter Anderson, participated in the meeting via conference call, Daniel Moylan chaired the meeting.

50/04/16 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.

51/04/16 Commercial Exploitation of Contactless Systems

Vernon Everitt introduced the paper and the supplemental information on Part 2 of the agenda, which provided an update on ongoing commercial discussions. Members considered options to enable TfL to maximise the potential commercial return on its intellectual property and knowledge of the back office software for contactless payment systems. In addition to the options in the Part 2 paper, alternative options were raised at the meeting.

Members noted that TfL had been widely acknowledged as a market leader and the demand for such systems was expected to experience major growth in coming years.

- 1 The Committee, acting under authority delegated by the Board on 17 March 2016, agreed that:**
 - (a) noted the paper, the related paper on Part 2 of the agenda and the update provided by officers in Part 2 of the meeting, including an alternative option for delivering a commercial return to TfL;**
 - (b) authorised officers to submit proposals both for a final fixed price for TfL's provision of a licence for ticketing back office software on its own and with the inclusion of associated services to a commercial third party as referred to in the paper in Part 2 of the agenda (Final Fixed Price Proposal) and presented to Members in Part 2 of the meeting;**
 - (c) granted Financial Authority and Project Authority as set out in the paper on Part 2 of the agenda subject to the update provided in Part 2 of the meeting;**
 - (d) noted that other authorities would be sought in accordance with Standing Orders;**
 - (e) the TfL Officers and Subsidiaries listed below be authorised to:**
 - (i) finalise Final Fixed Price Proposals on the basis agreed in Part 2 of the meeting, including option preference and the requirement to obtain at or above the agreed level of financial return;**
 - (ii) agree the terms of any agreement between Transport Trading Limited and the commercial third party for the provision of the licence of the ticketing back office software and, as necessary, the associated services (the Agreement) including, if required, the provision by TfL or a Subsidiary of a guarantee and/or a bond; and**
 - (iii) agree the 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 the completion and implementation of 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**
 - (f) authorised the TfL Officers and Subsidiaries to do all such things as they consider necessary or desirable to facilitate the Fixed Price Proposal submissions or the implementation of the Agreement.**
- 2 The following Officers and Subsidiaries shall have delegated authority:**

- (a) TfL Officers: the Commissioner, Chief Finance Officer, Managing Director Customers, Communication & Technology and General Counsel; and**
- (b) Subsidiaries: Subsidiaries of TfL including Transport Trading Limited (TTL) and any other subsidiary (whether existing presently or to be formed) of TTL and the directors of such authorised company shall be authorised to act for and on behalf of that company.**

3 Prior to the completion of any agreement, the Chair and available Committee Members be consulted on the final proposed terms and details of potential risks and mitigation measures.

52/04/16 Northern Line Extension

David Hughes introduced the paper. On 4 November 2015, the Board delegated authority to the Committee to approve any decisions reserved to the Board for determination in relation to the Northern Line Extension (NLE) project in order to progress matters that require consideration and decision at short notice.

The significant changes to the proposed over station development (OSD) at Battersea Power Station had resulted in a requirement for significant additional design work to develop a revised integrated station design which was capable of supporting the very different OSD to that originally intended and contracted. The revised design for the OSD at Battersea Power Station was now nearing an appropriate level of maturity to allow the new design to be agreed between TfL and the Battersea Power Station developer at concept level and to allow associated changes to access, worksites, lease demise and related matters to be reflected in the contractual arrangements between the parties by way of variation or supplemental agreement.

The Committee noted the paper and the supplementary paper on Part 2 of the agenda and, under the authority delegated by the Board on 4 November 2015, agreed:

- 1 Approved entry into by TfL and/or LUL (as the case may be) of such supplemental agreements (or deeds of variation or equivalent arrangements) with the developer of the Battersea Power Station as may be necessary or desirable to give effect to the agreed revised design of the over station development at that site together with any associated supplemental agreements or arrangements as may be necessary or desirable to reflect the related impacts on access, worksites and leases demises (together the “revised arrangements”);**
- 2 Subject to the above approvals:**
 - (a) delegated to the TfL Officers and the Subsidiaries (as described below) the authority to agree and finalise the terms of the revised arrangements;**
 - (b) 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 the completion and implementation of the revised arrangements; and**

(c) authorised the TfL Officers and Subsidiaries to do all such other things as they consider necessary or desirable to facilitate the execution and implementation of the revised arrangements and the matters referred to therein.

3 The following Officers and Subsidiaries shall have delegated authority:

- (a) TfL Officers: the Commissioner, Chief Finance Officer, 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.

53/04/16 Any Other Business the Chair Considers Urgent

There was no urgent business.

54/04/16 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 information in relation to the items on Commercial Exploitation of Contactless Systems and Northern Line Extension.

The meeting closed at 11.25am.

The next meeting would be held on Tuesday 21 June 2016 at 10:00am.

Chair: _____

Date: _____