

# Transport for London

## Minutes of the Finance and Policy Committee

Conference Rooms 1 and 2, Ground Floor, Palestra,  
197 Blackfriars Road, London, SE1 8NJ  
9.30am, Wednesday 12 March 2014

### Members

Peter Anderson	Chairman
Daniel Moylan	Vice Chairman
Isabel Dedring	Deputy Chair of TfL
Angela Knight	Member
Michael Liebreich	Member (from 23/03/14)
Eva Lindholm	Member

### Also in Attendance

Brian Cooke	Member
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### Staff

Steve Allen	Managing Director, Finance
Sarah Atkins	Commercial Director, Rail and Underground (for part)
Sarah Bradley	Head of Group Financial Accounting, Finance (for part)
Alan Bristow	Director of Road Space Management, Surface Transport (for part)
Howard Carter	General Counsel
Patrick Doig	Planning and Reporting Controller, Finance, Surface Transport
Paul Doyle	Head of Projects and Accommodation, Finance (for part)
Garrett Emmerson	Chief Operating Officer, Surface Transport
Vernon Everitt	Managing Director Customer Experience, Marketing and Communications (for part)
Nick Fairholme	Director, Projects and Programmes, Surface Transport (for part)
David Goldstone	Chief Finance Officer
David Hendry	Director of Finance, Surface Transport
Matthew Hudson	Head of Business Development, Customer Experience (for part)
David Hughes	Director of Major Programme Sponsorship Train Systems and Upgrades, London Underground (for part)
Sarah Johnson	Head of Crossrail Joint Sponsor Team (for part)
Simon Kilonback	Director of Group Treasury
Terry Morgan	Chairman, Crossrail Limited
Ben Plowden	Director of Surface Strategy & Planning, Surface Transport (for part)
Andrew Pollins	Director of Finance, Rail and Underground
Andy Quincey	Director of Commercial, Finance (for part)
Dana Skelley	Director of Asset Management Surface Transport (for part)
David Waboso	Capital Programmes Director, Rail & Underground (for part)
Clive Walker	Director of Internal Audit

### Also in Attendance

David James	Chairman, Independent Investment Programme Advisory Group (IIPAG) (for part)
Ian Fugeman	Member, IIPAG (for part)
Shamus Kenny	Head of Secretariat

## **15/03/14 Apologies for Absence and Chair's Announcements**

Apologies for lateness were received from Michael Liebreich.

David Hendry was leaving his role as Director of Finance, Surface Transport after six years in post. The Chairman thanked David Hendry for his contribution to the work of the Committee and welcomed Patrick Doig, who would take on the role.

## **16/03/14 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; as a TfL appointed Non Executive Director, he did not have a declarable interest in the two Crossrail related items on the agenda. Angela Knight declared an interest as Chief Executive of Energy UK and as a Non Executive Director of William Cook Holdings Limited. Michael Liebreich declared an interest as Chairman of the Advisory Board of Bloomberg New Energy Finance.

## **17/03/14 Minutes of the Meeting held on 23 January 2014**

The minutes of the meeting held on 23 January 2014 were approved as a correct record and signed by the Chairman.

## **18/03/14 Matters Arising and Actions List**

**The Committee noted the Actions List.**

## **19/03/14 Operational and Financial Performance Report – Third Quarter 2013/14**

Steve Allen introduced the report, which set out TfL's Operational and Financial Performance during the third quarter of 2013/14 (15 September – 7 December 2013). The report included improvements intended to increase clarity and transparency.

The Committee discussed the variance to target on the Transport for London Road Network (TLRN) reliability – AM peak measure. The variance was the result of a significant growth in traffic across London over the previous six months as a result of increased economic activity. Traffic volume was back to 2009-10 levels, although the comparable reliability figure was better than it was in 2009-10. The Committee discussed the work TfL was doing with the Police to reduce the disruption to the TLRN when road traffic incidents were being investigated. Significant improvements had been made but further lessons could be learned from abroad. TfL was also looking at how it could improve the availability of real time information to road users when traffic incidents occurred.

**The Committee noted the report.**

## **20/03/14 TfL Budget 2014/15**

Steve Allen introduced the paper, which sought a recommendation that the Board approve TfL's Budget 2014/15. The Budget was consistent with the Business Plan, approved in December 2013 but had been updated to reflect changes since the Business Plan had been agreed.

Prior to submission to the Board, it was requested that the document include information on proposals to review the fare structure for part time workers.

The Committee congratulated the authors on the clarity and readability of the document.

### **The Committee:**

- 1 noted the draft TfL Budget for 2014/15;**
- 2 noted that the document may be revised and updated prior to submission to the Board, for consideration on 26 March 2014;**
- 3 subject to the inclusion of information on proposals to review the fare structure for part time workers, recommend that the Board:**
  - (a) approves the draft TfL Budget for 2014/15; and**
  - (b) delegates to the Managing Director Finance or the Chief Finance Officer, the authority to make any editorial or other minor changes prior to its publication.**

## **21/03/14 TfL Prudential Indicators 2013/14 to 2016/17**

David Goldstone and Sarah Bradley introduced the paper, which set out the proposed TfL borrowing limits and other Prudential Indicators under the CIPFA Prudential Code, which were consistent with the proposed Treasury Management Strategy for 2014/15. These limits and indicators were based on figures in the 2014/15 TfL Budget, considered elsewhere on the agenda.

**The Committee noted the paper and recommended that the Board approves:**

- 1 revised limits for long term liabilities and total external debt for 2013/14, reflecting changes to the expected settlement profile of the Crossrail property provision;**
- 2 revised Prudential Indicators for 2013/14, as set out in Appendix 1 of the paper, for Corporation capital expenditure and the Corporation capital financing requirement. These revisions reflect changes to the expected settlement profile of the Crossrail property provision and changes resulting from increased management recharges to subsidiaries. The proposed Indicator for the Group ratio of financing costs to net revenue has also been revised reflecting changed assumptions regarding internal allocations of Transport Grant to revenue versus capital expenditure;**
- 3 the TfL Prudential Indicators as set out in Appendix 2 of the paper for 2014/15 and the following two years; and**

- 4 the Treasury Indicators as set out in Appendix 3 of the paper for 2014/15 and the following two years.**

## **22/03/14 Group Treasury Activities**

Steve Allen and Simon Kilonback introduced the paper and the related paper on Part 2 of the agenda, which provided an update on Group Treasury's activities from 1 April 2013 to date, as required by the Treasury Management Policy Statement and Treasury Management Practices 2013/14, approved by the Board in March 2013.

The Committee congratulated officers on the successful issuance of a £370m bond for 50 years priced at a spread of Gilts +55bps (with a coupon of 4.000 per cent). The transaction included a one month delayed settlement period and would form part of the £650m incremental borrowing amount agreed with Government for the financial year 2014/15.

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

## **23/03/14 Treasury Management Strategy 2014/15**

Steve Allen and Simon Kilonback introduced the paper, and the related paper on Part 2 of the agenda, which sought a recommendation that the Board approve the proposed TfL Treasury Management Strategy (TMS) for 2014/15. The TMS 2014/15 comprised the Investment Strategy 2014/15, the Borrowing Strategy 2014/15, the Risk Management Strategy 2014/15 and TfL Policy on Minimum Revenue Provision. The Committee was asked to approve the establishment of a new Revolving Credit Facility.

The Committee was provided with revised appendices 1 and 2 for the paper on Part 1 of the agenda to correct errors in the tables the published paper.

The Committee noted that the additional diversification of investment counterparties helped to alleviate a potential concern about an over concentration of credit risk associated with TfL's investment portfolio. Although the list had been expanded, it was focussed on the organisations that had the best credit ratings, where TfL had an existing relationship or which were frequent issuers.

### **The Committee:**

- 1 noted the paper and the related paper on Part 2 of the agenda;**
- 2 recommended that the Board approves the Treasury Management Strategy for 2014/15, including the Investment Strategy 2014/15, the Borrowing Strategy 2014/15, the Risk Management Strategy 2014/15 and the TfL Policy on Minimum Revenue Provision included as Appendix 1 of the paper;**
- 3 approved the proposed Approved Investment List as set out in Appendix 1 to Part 2 of the paper and the Counterparty Credit Exposure Limits contained in Part 2 of the paper;**
- 4 recommended that, in relation to the implementation of permitted borrowing in relation to the Euro Medium Term Note Programme, the Euro Commercial Paper Programme or any notes issued under standalone documentation (as described on the paper on Part 2 of the agenda), the Board delegates the approval and**

entry into of any required agreements or other documentation including any associated Prospectus or Information Memorandum to Officers under the TMS and that General Counsel be authorised to make the necessary changes to the Finance and Policy Committee Terms of Reference in Transport for London's Standing Orders accordingly;

- 5 approved the entry by TfL into a Revolving Credit Facility, up to the value proposed in the paper on Part 2 of the agenda, and delegate authority to the TfL Officers (as described in paragraph 8 below) to agree the detailed terms of and establish such a facility should they believe it prudent to do so;
- 6 delegated authority to the TfL Officers to approve, sign, execute (by deed or otherwise) and deliver on behalf of TfL any and all ancillary documentation to be entered into by TfL in relation to the Revolving Credit Facility; and
- 7 approved the Proposed New Approved Derivatives Counterparties List is set out in Part 2 of the paper.
- 8 The following Officers and Subsidiaries shall have delegated authority:
  - (a) TfL Officers: the Commissioner, Managing Director Finance, Chief Finance Officer, General Counsel and Director of Group Treasury; 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.

## **24/03/14 Treasury Management and Derivative Investments Policies 2014/2015**

Steve Allen and Simon Kilonback introduced the paper, which sought a recommendation to the Board that it approve the proposed TfL Treasury Management Policy Statement and Treasury Management Practices (together, the TM Policy), and the proposed TfL Group Policy relating to the use of Derivative Investments for 2014/15.

### **The Committee:**

- 1 noted the paper;
- 2 recommend that the Board:
  - (a) approves the proposed TfL Treasury Management Policy Statement and Treasury Management Practices in Appendix 1 of the paper; and
  - (b) approves the proposed TfL Group Policy Relating to the use of Derivative Investments in Appendix 2 of the paper.

## **25/03/14 Exchange Rate, Commodity Rate and/or Price and Interest Rate Derivative Programmes**

Steve Allen and Simon Kilonback introduced the paper, which sought approval for derivative programmes proposed to mitigate TfL's exposure to exchange rate and commodity rate and/or price risks when these risks are encountered in the ordinary course of business and to interest rate risk on imminent and future borrowings.

Members were informed that TfL was seeking suppliers on new contracts that involved foreign currency to be more transparent about the costs, to see if TfL could manage the risks itself to reduce the cost.

Papers seeking authority for contracts that involved foreign currency would set out the financial risks. Aggregate lists of the financial risks taken with contracts that were agreed within the limits of delegated authority would be provided to the Committee.

### **The Committee:**

- 1 noted the paper;**
- 2 approved, 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 2013/14 (or 2014/15 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; and**
  - (b) mitigating exchange rate risk exposures arising from any TfL investments in foreign currencies as permitted by the proposed Treasury Management Strategy (TMS) 2013/14 (or 2014/15 as may be applicable at such time); and**
  - (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; and**
  - (d) mitigating interest rate risk related to any imminent TfL borrowing, once the borrowing has become certain and authorised according to relevant TMS 2013/14 (or 2014/15 as maybe applicable at such time) provisions; and**
  - (e) mitigating interest rate risk related to planned future TfL borrowing forecast in TfL's Business Plan approved by the Board in December 2013 in accordance with the TMS and the Derivatives Policy 2013/14 (or 2014/15 as maybe applicable at such time);**

**for the purposes of the prudent management of the financial affairs of TfL and its subsidiaries and limiting the extent to which one or more TfL bodies would**

**be affected by changes in exchange rates, commodity prices or interest rates as applicable;**

- 3 delegated authority to any of the Commissioner, Managing Director Finance, General Counsel, Chief Finance Officer, and Director of Group Treasury to agree and execute any documentation (including without limitation all agreements, deeds, guarantees, announcements, notices, contracts, certificates, letters or other documents) to be entered into in connection with the derivative investments referred to in paragraph 2 above.**

## **26/03/14 Crossrail: Extension of the Interim Crossrail Limited Funding Payments Agreement with Network Rail**

Steve Allen introduced the paper, and the related paper on Part 2 of the agenda, which updated the Committee 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) and sought a recommendation that the Board approve the extension.

The Committee discussed what purpose some, or all, of the savings that would be generated by extending the IFA could be applied to, the impact (if any) on CRL's Intervention Points and the level of engagement with CRL on the application of the proposed savings.

### **The Committee:**

- 1 noted the paper and the related paper on Part 2 of the agenda;**
- 2 subject to officers engaging in further discussions with Crossrail Limited and additional information being provided to the Board, recommended that the Board approves the proposed extension of the Interim Crossrail Limited Funding Payments Agreement.**

## **27/03/14 Crossrail Enhancements**

Steve Allen introduced the paper, and the related paper on Part 2 of the agenda, which briefed the Committee on the proposal to extend Crossrail services from Maidenhead to Reading and sought a recommendation that the Board approve this change to the Crossrail Project.

Approval of the extension of Crossrail services to Reading would require the purchase of one additional train in accordance with the contract options as set out in the Rolling Stock and Depot Services Provider Agreement.

**The Committee noted the paper and the related paper on Part 2 of the agenda and, subject to officers engaging in further discussions with Crossrail Limited on the funding of the proposal and that additional information being provided to the Board, recommended that the Board:**

- 1 approves the extension of Crossrail services to Reading;**
- 2 approves the exercise by Rail for London Limited of an option under the contract with Bombardier Transportation UK Limited for the purchase of an**

**additional train for the extended Crossrail service (the Option), with additional Procurement Authority in the sum described in the paper on Part 2 of the agenda;**

- 3 delegates to the TfL Officers and the Subsidiaries (as described in paragraph 7 below) the authority to finalise the terms of the Agreement including the provision of financial guarantees by TfL;**
- 4 authorises 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 exercise of the Option (including, without limitation, all agreements, deeds, guarantees, indemnities, property or other licences, announcements, notices, contracts, certificates, letters or other documents);**
- 5 authorises TfL Officers and Subsidiaries to do all such other things as they consider necessary or desirable to facilitate the exercise of the Option; and**
- 6 authorises such TfL Officers as may be appointed by the Commissioner, to act on behalf of TfL as Sponsor Representative in relation to TfL's membership of the Crossrail Sponsor Board, insofar as any decision making functions carried out by the Sponsor Board related to the Option, and/or the matters referred to in it.**
- 7 The following Officers and Subsidiaries shall have delegated authority:**
  - (a) TfL Officers: the Commissioner, Managing Director Finance, Managing Director London Underground and London Rail, the Commercial 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.**

## **28/03/14 Procurement of the Revenue Collection System and Services**

Vernon Everitt and Mathew Hudson introduced the paper, which informed the Committee of the progress of the procurement for revenue collection and associated services to replace those currently provided under a contract with Cubic until August 2015.

The Cubic contract currently provided the front office (gatelines, validators, ticket vending equipment and their control systems), back office, and other services to support Oyster and magnetic ticket retailing and acceptance across our services. Some services, such as communications networks and card procurement had been separated from the Cubic contract and were now provided directly under separate contracts.

The paper did not address overall ticketing strategy, on which significant changes were being delivered through initiatives such as the Future Ticketing Project and the proposed Fit for the Future – Stations. These changes would continue to take place during the life of the proposed contract. The proposed procurement would provide a flexible contract capable of supporting changes, much as the current contract with Cubic did.

**The Committee noted the work in progress to procure the fares collection system and that a paper for approval of the contract would be submitted to the Committee later in 2014, for its recommendation to the Board.**

### **29/03/14 Contact Centre Strategy**

Vernon Everitt and Mathew Hudson introduced the paper, and the related paper on Part 2 of the agenda, which explored proposals to deliver Customer Contact Centre functions in the future. The Contact Centres provided customer service for all fares enquiries and a number of modal areas.

**The Committee noted the paper and related paper on Part 2 of the agenda and agreed the recommendations as described in the paper on Part 2 on the agenda.**

### **30/03/14 Extension of Total Purchased Services Contracts**

Sarah Atkins introduced the paper, and the related paper on Part 2 of the agenda, which sought a recommendation that the Board exercise TfL's option to extend the term for the group of five Total Purchased Services contracts ("TPS contracts") and supporting Framework Agreements by up to two years. The Contracts delivered maintenance on two thirds of London Underground's operational network.

The Committee requested that information relating to the indexation rates for the contracts be included in the paper submitted to the Board.

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

- 1 the extension of Total Purchased Service (TPS) 1, 2, 3, 4 and 5 service and framework contracts for a maximum duration of two years;**
- 2 procurement authority of £234.4m to cover the TPS contract extensions, to bring total procurement authority to £904.1m;**
- 3 delegation of authority to the TfL Officers and the Subsidiaries (as described in paragraph 2.2 below) the authority to finalise the terms of each of the proposed contract extensions including their respective durations;**
- 4 authorisation of 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 proposed contract extensions, noting that, in some cases, the value of the extended contract is at a level for which officer level authorisation is provided for in Standing Orders; and**
- 5 authorisation of TfL Officers and Subsidiaries to do all such other things as they consider necessary or desirable to facilitate the execution and implementation of the proposed contract extensions.**
- 6 The following Officers and Subsidiaries shall have delegated authority:**

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

### **31/03/14 Transforming London's Roads: Road Investment Programme**

Garrett Emmerson introduced the paper, which provided an overview of Surface Transport's Road Investment Programme in response to previous information requests from the Projects and Planning Panel and the Committee

The Committee welcomed the presentation on Transforming London's Roads and the Road Investment Programme, and the future strategy as a response to the Mayor's Roads Task Force report, published in June 2013. The investment programme included £100m for minor capital improvements; major schemes; cycling investment; road safety investment; and active traffic management.

The Committee discussed the scale of the Road Investment Programme and its desire for Surface Transport to have the appropriate resource and project governance structures to deliver it. Members were informed that the restructuring of Surface Transport was intended to enable it to better deliver projects. Advice and input on structure and project governance had been sought and received from the Independent Investment Programme Advisory Group.

The Committee discussed network reliability and the work to reduce the level of disruption caused by planned and emergency utilities work and by road traffic incidents. The Road Investment Programme would also lead to disruption of the network and officers were asked to consider what further information could be provided in advance to help road users plan their journeys.

As individual projects were submitted to the Committee for approval, the supporting paper would include modelling analysis setting out the expected impact on different groups of road users and any mitigating measures proposed.

The Committee would visit the London Streets Traffic Control Centre in June 2014 to see how the traffic modelling systems worked. **[Action: Garrett Emmerson]**

**The Committee noted the presentation.**

### **32/03/14 Structures and Tunnels Investment Portfolio**

Garrett Emmerson, Dana Skelley and Nick Fairholme introduced the paper, which sought a recommendation that the Board approve the increase in Financial and Project Authority being sought in relation to the Structures and Tunnels Investment Portfolio (STIP).

The proposals comprised strengthening, refurbishing or replacing eight structures on the Transport for London Road Network. The Committee recognised that the STIP sought to

address the previous underinvestment in structures and tunnels and to ensure that assets were kept in a good state of repair going forward.

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

- 1 authorises an increase in Financial Authority of £38.0m to a total authority of £232.5m, funded from Management Contingency for the Structures and Tunnels Investment Portfolio (STIP); and**
- 2 authorises additional Project Authority of £48.6 m to a total authority of £136.8m, to allow the four projects that form Work Package 1 in the STIP to progress to detailed design and for advance works to commence, prior to construction contract award, and to start the main construction works on the Chiswick Bridge Refurbishment project, noting that Procurement Authority for individual contracts within the STIP would be sought in accordance with the levels set out in Standing Orders.**

### **33/03/14 Transport for London Road Network Capital Renewals**

Dana Skelley introduced the paper, which provided an overview of the 2014/15 capital renewals programme for the Transport for London Road Network (TLRN). This was a mature business-as-usual programme.

**The Committee noted the paper and:**

- 1 approved Project Authority of £56.6m in financial year 2014/15 to deliver the Transport for London Road Network Capital Renewals Programme; and**
- 2 approved an increase of £2.590m to the 2013/14 budget, taking the estimated final cost from £54.904m to £57.494m.**

### **34/03/14 TfL Office Accommodation**

Peter Anderson declared his interest in this item as a member of the Canary Wharf Group. He had not received the paper on Part 2 of the agenda and left the meeting, taking no further part in the discussion or decision. In his absence, Daniel Moylan chaired the meeting.

Steve Allen, Paul Doyle and Andrew Quincey introduced the paper, and the related paper on Part 2 of the agenda, which sought a recommendation that the Board approves the acquisition of a third new accommodation hub, maintaining the key tenets of the Accommodation Strategy's objectives and continuing to deliver modern, fit for purpose workspace that enhances TfL as an organisation.

Members were informed that the accommodation strategy and the principles of Hub buildings had worked well. The identification of staff to occupy the buildings was based on their working patterns including their need to access other hub buildings or other parts of London.

The terms of the lease for the proposed Hub property had been secured under competition, thereby benchmarking current rates of comparable buildings across London, and were considered to represent good value for money. The proposal could be funded within the current Business Plan.

The Committee noted planning permission was being sought for 55 Broadway but that the need for the new Hub property was not contingent on the proposal to vacate 55 Broadway by Autumn 2015.

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

- 1 approves the proposal for the next accommodation hub (the 'Hub') at the location stated in the corresponding paper on Part 2 of the agenda;**
- 2 approves the acquisition by TfL and/or any Subsidiaries (as described in paragraph 6 below) of a lease for the Hub property on the terms outlined in the corresponding paper on Part 2 of the agenda;**
- 3 approves the expenditure relating to the office fit-out, IM infrastructure, office furniture, Stamp Duty Land Tax (SDLT) and professional fees relating to the acquisition;**
- 4 delegates to the TfL Officers and Subsidiaries the authority to approve and finalise the terms (including and limited to the financial terms outlined in the paper on Part 2 of the agenda) of all documentation required in relation to the acquisition and fit out of and the relocation to the Hub property and 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 acquisition and fit out of the Property (including, without limitation, all agreements, deeds, guarantees, indemnities, announcements, notices, contracts, certificates, letters or other documents); and**
- 5 authorises the TfL Officers and Subsidiaries to do all such other things as they consider necessary or desirable to facilitate the acquisition and fit out of the Hub property and relocation utilising existing TfL accommodation procedures to the Hub.**
- 6 The following Officers and Subsidiaries shall have delegated authority:**
  - (a) TfL Officers: The Commissioner and Managing Director Finance.**
  - (b) Subsidiaries: Subsidiaries of TfL including Transport Trading Limited (TTL) and any other subsidiary (whether existing or presently or to be formed) of TTL and of the directors of the relevant company shall be authorised to act for and on behalf of that company.**

### **35/03/14 Any Other Business the Chair Considers Urgent**

There were no other additional items of business raised.

### **36/03/14 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: Group Treasury Activities, the Treasury Management Strategy 2014/15, the Exchange Rate, Commodity Rate and/or Price and Interest Rate Derivative Programmes, Crossrail Extension of the Interim CRL Funding Payments Agreement with Network Rail,**

**Crossrail Enhancements, the Contact Centre Strategy, the Extension of Total Purchased Services Contracts and TfL Office Accommodation.**

The meeting closed at 12.20pm.

The next meeting would be held on Thursday 5 June 2014 at 10.00am.

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

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

# Transport for London

## Minutes of the Extraordinary Meeting of the Finance and Policy Committee

Committee Room 4, City Hall, The Queen's Walk, London, SE1 2AA  
9.00am, Tuesday 13 May 2014

### Members

Daniel Moylan	Vice Chairman (in the Chair)
Sir John Armitt CBE	Member
Brian Cooke	Member
Angela Knight	Member

### Staff

Steve Allen	Managing Director, Finance
Howard Carter	General Counsel
Michèle Dix	Managing Director, Planning
Paul Doyle	Head of Projects and Accommodation, Finance (for part)
David Goldstone	Chief Finance Officer
Sarah Johnson	Head of Crossrail Joint Sponsor Team
Tricia Riley	Human Resources Director
Gareth Taylor	Recruitment Transformation Manager, Human Resources
Shamus Kenny	Head of Secretariat

### 37/05/14 Apologies for Absence and Chair's Announcements

Apologies for absence were received from Peter Anderson (Chairman), Isabel Dedring, Baroness Grey-Thompson DBE, Michael Liebreich and Eva Lindholm.

In the absence of the Chairman, Daniel Moylan chaired the meeting.

### 38/05/14 Declarations of Interests

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. Sir John Armitt declared an interest as Chairman of the Olympic Delivery Authority, Chairman of the National Express Group plc, Deputy Chairman of the Berkeley Group plc and a Member of the Airports Commission. Angela Knight declared an interest as Chief Executive of Energy UK and as a Non Executive Director of William Cook Holdings Limited.

### 39/05/14 TfL Office Accommodation

Peter Anderson had a declared interest in this item as a member of the Canary Wharf Group. He had not received the paper on Part 2 of the agenda and was not present at the meeting and so took no part in the discussion or decision.

Steve Allen and Paul Doyle introduced the paper and the related paper on Part 2 of the agenda, which sought approval for the acquisition of a third new accommodation hub (the 'Hub').

On 26 March 2014, the Board considered a recommendation, from the meeting of the Committee on 12 March 2014, in relation to the acquisition and preferred location for the Hub. The Board requested that TfL reconsider options for the location of the Hub. The Board noted that a decision on the new Hub was required before its next scheduled meeting and agreed, elsewhere on its agenda, to delegate to the Committee authority to approve any matter reserved to the Board from 27 March to 2 July 2014.

A further evaluation had been undertaken of the previously recommended option against a Hub in Stratford, compared on the same basis as the previous evaluation with a focus on the Net Present Cost. The recommended location and property selection had been amended to reflect the output of the most recent assessment. At the meeting, Steve Allen circulated a briefing note summarising the latest position, following further discussions and movements in the commercial negotiations for the new Hub, since the papers for this meeting had been circulated.

Members discussed the risk of delay in the construction of a new hub and were assured that this would be mitigated by options to extend current leases and the timing of the sale of the Broadway complex.

#### **The Committee:**

- 1 noted the paper and the supplemental information on Part 2 of the agenda; and**
- 2 in accordance with the authority delegated from the Board:**
  - (a) approved the proposal for the next accommodation hub (the 'Hub') property at the location stated in the related paper on Part 2 of the agenda;**
  - (b) approved the acquisition by TfL and/or any Subsidiaries (as described in paragraph 3 below) of a lease for the Hub property on the terms outlined in the related paper on Part 2 of the agenda;**
  - (c) approved the expenditure relating to the office fit-out, IM infrastructure, office furniture, Stamp Duty Land Tax (SDLT) and professional fees relating to the acquisition and subsequent occupation of the Hub property, as described in the related paper on Part 2 of the agenda;**
  - (d) delegated to the TfL Officers and Subsidiaries (as described in paragraph 3 below) the authority to approve and finalise the terms (including but not limited to the financial terms outlined in the related paper on Part 2 of the agenda) of all documentation required in relation to the acquisition and fit out of and the relocation to the Hub property and 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 acquisition and fit out of the Hub property (including, without limitation, all agreements, deeds, guarantees, indemnities, announcements, notices, contracts, certificates, letters or other documents); and**

- (e) authorised the TfL Officers and Subsidiaries to do all such other things as they consider necessary or desirable to facilitate the acquisition and fit out of the Hub property and relocation utilising existing TfL accommodation procedures to the Hub.**

**3 The following Officers and Subsidiaries shall have delegated authority:**

- (a) TfL Officers: The Commissioner and/or Managing Director Finance.**
- (b) Subsidiaries: Subsidiaries of TfL including Transport Trading Limited (TTL) and any other subsidiary (whether existing or presently or to be formed) of TTL and of the directors of the relevant company shall be authorised to act for and on behalf of that company.**

## **40/05/14 Recruitment Services Tender – Award of Framework Agreements**

Tricia Riley and Gareth Taylor introduced the paper and the related paper on Part 2 of the agenda, which informed the Committee of the approach taken to the procurement of services for the supply of temporary workers and permanent recruitment services to TfL over the next four years and sought authority to award seven framework agreements.

Under Standing Orders, the value of the framework agreements required approval by the Board. On 26 March 2014, the Board delegated to the Finance and Policy Committee authority to approve any matter reserved to the Board from 27 March to 2 July 2014.

Members discussed the operation of the contracts, the balance between the supply of labour by Master Vendors and the second tier and the significant savings achieved by simplifying the existing arrangements. The Committee suggested that the Human Resources Director discuss with the Managing Director Finance if the level of resource proposed to be provided by the Master Vendors was required, given the simplification of the contracting arrangements.

### **The Committee:**

- 1 noted the paper and the related paper on Part 2 of the agenda;**
- 2 noted that there was sufficient financial authority in the TfL Business Plan to cover the estimated cost of £650m; and**
- 3 In accordance with the authority delegated from the Board, the Committee:**
  - (a) approved the award of seven framework agreements (the Agreements) for the supply of temporary workers and permanent recruitment services, with Procurement Authority of £650m, to the suppliers identified in the paper on Part 2 of the agenda;**
  - (b) authorised the TfL Officers and the Subsidiaries (as described in paragraph 4 below) to finalise the terms of the Agreements;**
  - (c) 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**

**Agreements and any of the matters referred to in them (including, without limitation, all agreements, deeds, guarantees, indemnities, announcements, notices, contracts, certificates, letters or other documents); and**

**(d) authorised TfL Officers and Subsidiaries to do all such other things as they consider necessary or desirable to facilitate the execution and implementation of the Agreements and the matters referred to in them.**

**4 The following Officers and Subsidiaries shall have delegated authority:**

**(a) TfL Officers: the Commissioner, Managing Director Finance, 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.**

## **41/05/14 HS2 Hybrid Bill and Petitioning**

Michèle Dix introduced the paper, which described the progress that had been made with the Department for Transport (DfT) and HS2 Limited on agreement to protect TfL's assets from the impacts of HS2, which was being promoted in parliament through the High Speed Rail (London to West Midlands) Bill (the Bill).

Good progress has been made with the DfT over what were very complex interfaces between HS2 and TfL's assets in the form of draft protective provisions agreements. Authority to lodge petitions against the Bill would protect TfL's interests and its negotiating position, particularly as parts of the Bill would need to be redesigned in light of the Higgins Review. TfL was particularly keen for the Bill to include provision and funding by HS2 for an Overground link at Old Oak Common, which was key to the connectivity business case for the project. TfL also wanted provision in the Bill for a HS1-HS2 link connection at a later stage.

Under Standing Orders, authority to lodge petitions required approval by the Board. On 26 March 2014, the Board delegated to the Finance and Policy Committee authority to approve any matter reserved to the Board from 27 March to 2 July 2014.

### **The Committee:**

**1 noted the paper, including that TfL was seeking protections through the proposed protective provisions agreements; and**

**2 in accordance with authority delegated from the Board, authorised the TfL Officers defined in paragraph 3 authority to:**

**(a) oppose any aspects of the High Speed Rail (London to West Midlands) Bill on behalf of Transport for London by lodging petitions against it;**

**(b) obtain the written consent of the Greater London Authority to such petitions, as required by the Greater London Authority Act 1999;**

**(c) finalise the terms of such petitions prior to being lodged; and**

**(d) do all such other things they consider necessary or desirable to facilitate the satisfactory conclusion of the matters relating to protection of Transport for London's assets as described in this paper.**

**3 The following TfL Officers shall have delegated authority: the Commissioner, Managing Director Finance, Managing Director Planning and General Counsel.**

#### **42/05/14 Any Other Business the Chair Considers Urgent**

There were no other additional items of business raised.

#### **43/05/14 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: TfL Office Accommodation and the Recruitment Services Tender – Award of Framework Agreements.**

The meeting closed at 10.00am.

The next meeting would be held on Thursday 5 June 2014 at 10.00am.

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

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