

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 25 November 2014

Members

Peter Anderson	Chairman
Daniel Moylan	Vice Chairman
Brian Cooke	Member
Isabel Dedring	Deputy Chair of TfL
Baroness Grey-Thompson DBE	Member
Michael Liebreich	Member
Eva Lindholm	Member

Staff

Steve Allen	Managing Director, Finance
Howard Carter	General Counsel
Graeme Craig	Director, Commercial Development (for 105/11/14)
Patrick Doig	Director of Finance, Surface Transport
Andy Eastaugh	Head of TfL Programme Management Office
Garrett Emmerson	Chief Operating Officer, Surface Transport
Jonathan Fox	Director, London Rail (for 10xx/11/14)
Terry Morgan	Chairman, Crossrail Limited
Andrew Pollins	Interim Chief Finance Officer
Gareth Powell	Director of Strategy & Service Development, Rail and Underground
Trevor Sandford	Senior Associate, Finance (for 10x/11/14)
Rachel Stretton	Interim Director of Finance, Rail and Underground
Clive Walker	Director of Internal Audit
Shamus Kenny	Head of Secretariat

Also in Attendance

Doug Clayton	EC Harris (for 106/11/14)
Ian Fugeman	Member, Independent Investment Programme Advisory Group
David James	Chairman, Independent Investment Programme Advisory Group

100/11/14 Apologies for Absence and Chair's Announcements

Apologies for absence were received from Sir John Armit CBE and Angela Knight.

101/11/14 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. Baroness Grey Thompson declared an interest as a member of the London Legacy Development Corporation. Michael Liebreich declared an interest as Chairman of the Advisory Board of Bloomberg New Energy Finance.

102/11/14 Minutes of the Meeting held on 14 October 2014

The minutes of the meeting held on 14 October 2014 were approved as a correct record and signed by the Chairman.

103/11/14 Matters Arising, Actions List and Use of Delegated Authority

The Committee noted the Actions List and use of Delegated Authority.

104/11/14 Operational and Financial Performance and Investment Programme Reports – Second Quarter, 2014/15

Steve Allen introduced TfL's Operational and Financial Performance Report and the Investment Programme Report for the second quarter of 2014/15 (22 June – 13 September 2014).

The Committee noted the reports.

105/11/14 Commercial Development Advisory Group

Steve Allen and Graeme Craig introduced the paper which updated the Committee on the current progress in establishing the Commercial Development Advisory Group (CDAG). The purpose of the CDAG was to provide scrutiny, assurance and expert advice on strategies and plans, both in formulation and during implementation. The paper included the Terms of Reference for the CDAG for recommendation to the Board.

The CDAG was expected to comprise four or five external experts. The Committee was keen that recruitment of a high calibre group be undertaken as soon as possible, to enable the Commercial Development Directorate to achieve the challenging targets set out in the Business Plan. It was anticipated that a Chairman would be appointed by the end of January 2015 and would assist in recruiting the remaining members by the end of March 2015.

The Committee recommended that the Board approves the terms of reference of the Commercial Development Advisory Group and notes the recruitment process.

106/11/14 Review of the Assurance and Approval Processes applicable to Investment Projects

Daniel Moylan said that a Special Purpose Sub-Committee had been established to review the assurance and approval processes applicable to investment projects. Its Members wanted TfL to aspire to have a robust 'best in class' programme assurance process, led by the Programme Management Office (PMO). At the request of the Sub-Committee, the Managing Director Finance had commissioned a benchmarking exercise, which was undertaken by EC Harris and appended to the paper on the agenda.

Doug Clayton of EC Harris confirmed that TfL was not dissimilar to its peers or best practice but made three recommendations in relation to: strengthening the independence of the PMO through structural change; improving the capability of the PMO to challenge;

and a review of assurance processes so that they were continuous rather than event based.

David James said the Independent Investment Programme Advisory Group (IIPAG) fully supported the majority of the report but had further recommendations in relation to the maturity of the PMO.

Steve Allen welcomed the helpful contributions from EC Harris and the IIPAG. An implementation plan would be developed to address all but one of the issues raised. TfL would not take forward the suggestion that there should be a single capital programme directorate for the entire organisation.

The draft Implementation Plan and the views of the IIPAG would be considered at a meeting of the Finance and Policy Special Purpose Sub-Committee to be convened in December 2014. The Implementation Plan would then be submitted for approval to the Committee in January 2015. **[Action: Secretariat / Steve Allen]**

The Committee:

- 1 noted and considered the findings and recommendations of the EC Harris benchmarking report; and**
- 2 agreed that the Special Purpose Sub-Committee should meet to review the proposed delivery plan of changes to assurance to address the EC Harris and Independent Investment Programme Advisory Group recommendations, ahead of its submission to the Committee for approval in January 2015.**

107/11/14 Project Monitoring – Project Approvals

Steve Allen introduced the paper, which set out the forward approval programme for projects with a value in excess of £50m, from November 2014 to June 2016. Members were advised that the cycle superhighways item on the forward schedule would be submitted to the Board in early 2015, rather than December 2014, to allow adequate consideration to be given to the high volume of consultation responses.

There had been no Project Authority granted by the Commissioner or the Managing Director, Finance, in accordance with delegated authority under TfL's Standing Orders, since the last meeting.

The Committee noted the report.

108/11/14 Transfer of West Anglia routes from DfT to TfL and Crossrail and West Anglia Station Leases

Gareth Powell and Jonathan Fox introduced the paper and the related exempt supplemental information on Part 2 of the agenda. The paper updated the Committee on: the proposed transfer of responsibility for the West Anglia Inner passenger train (WAI) services and stations from the Department for Transport to TfL; the proposals for London Overground Rail Operations Limited (LOROL) to operate the WAI services and stations under the existing London Overground Concession Agreement; and the proposal for TfL to enter into 125 year station leases in respect of certain West Anglia Inner and Crossrail stations.

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

1 approves:

- (a) the transfer of responsibility for the West Anglia Inner services and stations and entering into the Terms of Transfer, Grant Memorandum and any further documentation required to facilitate the transfer (Transfer Agreements);
- (b) entering into a Deed of Amendment to the Concession Agreement with LOROL in relation to the West Anglia Inner services and stations (Deed of Amendment); and
- (c) entering into 125 year leases at Crossrail eastern and West Anglia stations (Station Leases), each with the value identified in the paper on Part 2 of the agenda;

2 authorises 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 Transfer Agreements, the Deed of Amendment with LOROL and the Station Leases (the Franchise 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

3 authorises TfL Officers and Subsidiaries to do all such other things as they consider necessary or desirable to facilitate the execution and implementation of the Franchise Agreements and the matters referred to therein.

4 The following Officers and Subsidiaries shall have delegated authority:

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

109/11/14 Any Other Business the Chair Considers Urgent

There were no other items of business raised.

110/10/14 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 information in relation to the items on: the Review of the Assurance and Approval Processes applicable to Investment Projects; and Transfer of West Anglia routes from DfT to TfL and Crossrail and West

Anglia Station Leases.

The meeting closed at 10.45am.

The next meeting would be held on Thursday 22 January 2014 at 10.00am.

Chair: _____

Date: _____

Transport for London

Minutes of the Finance and Policy Special Purpose Sub-Committee

Waterloo Room, 7th Floor, Palestra,
197 Blackfriars Road, London, SE1 8NJ
2.00pm, Tuesday 16 December 2014

Members

Daniel Moylan	Chairman
Brian Cooke	Member
Angela Knight	Member

Staff

Steve Allen	Managing Director, Finance
Michael Bridgeland	Head of Programme Management Office Assurance
Howard Carter	General Counsel
Andy Eastaugh	Head of Programme Management Office
Andrew Pollins	Interim Chief Finance Officer
David Waboso	Capital Programmes Director, London Underground
Clive Walker	Director of Internal Audit

Also in attendance

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

06/12/14 Apologies for Absence and Chair's Announcements

There were no apologies for absence.

07/12/14 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. Angela Knight declared an interest as Chief Executive of Energy UK and a non-executive director of William Cook Holdings Limited.

08/12/14 Minutes of the Meeting Held on 20 August 2014

The minutes of the meeting held on 20 August 2014 were approved as a correct record and the Chairman was authorised to sign them.

09/12/14 Review of the Assurance and Approval Processes Applicable to Investment Projects

At its meeting on 25 November 2014, the Finance and Policy Committee considered the benchmarking report from EC Harris that compared TfL's programme assurance review process to its peers. The Committee discussed the recommendations in the report and the views of the Independent Investment Programme Advisory Group (IIPAG) and requested an implementation plan to address the actions it had agreed.

The Sub-Committee noted the outline implementation plan and discussed the issues it raised in relation to each of the three lines of defence in project assurance (project management systems and controls, the Programme Management Office (PMO)/External Experts and the Independent Investment Programme Advisory Group).

Both Members and the IIPAG believed it was essential for the PMO to be appropriately resourced, with the necessary skills and competencies, to give it the credibility necessary to foster a TfL wider organisational culture that welcomed and sought assurance audits. Members acknowledged the success of the IIPAG, but as it was formed at the end of the PPP regime, it was agreed that it was appropriate to consider if any changes were required to its structure and operation.

Members requested that the paper to the Committee include more background information and detail, in particular:

- (a) the EC Harris recommendations and the changes proposed to meet these;
- (b) the vision for the operation of the three lines of defence in project assurance (Project Management systems and controls, Programme Management Office/External Expert and the IIPAG), including the focus of each line and the relationship between them; and
- (c) the structural, organisational and cultural changes that were proposed to achieve the vision, including opportunities to further strengthen the third line of defence.

[Action: Steve Allen]

10/12/14 Any Other Business the Chair Considers Urgent

There were no other additional items of business raised.

The meeting closed at 2.45pm.

Chair: _____

Date: _____