

TRANSPORT FOR LONDON

AUDIT COMMITTEE

SUBJECT: MANAGEMENT OF THE CONFLICTS OF INTEREST OF THE INDEPENDENT INVESTMENT PROGRAMME ADVISORY GROUP

DATE: 15 DECEMBER 2010

1 PURPOSE AND DECISION REQUIRED

1.1 This paper seeks the Committee's approval of the governance arrangements in place in relation to the management of the potential conflicts of interest of the members of the Independent Investment Programme Advisory Group (IIPAG).

2 BACKGROUND

2.1 As reported to the Board at its meeting on 4 November 2010, the Mayor has directed TfL under section 155 of the Greater London Authority Act 1999 to operate and provide all necessary support to an independent group to support the management, governance and assurance of Transport for London's investment programme, such group to be known as the Independent Investment Programme Advisory Group and to carry out the functions specified in the detail of the Direction in accordance with its terms and the terms of reference.

2.2 The members of IIPAG were appointed for their extensive transport and project delivery experience. A number of the IIPAG members continue to work either directly or on a consultancy basis in relation to major projects and with organisations with which TfL has, or could have in the future, commercial relationships.

2.3 While there is no suggestion that an actual conflict of interest has yet arisen, there is clearly a potential for significant conflicts to arise. This paper sets out the principal controls put in place so that the IIPAG can carry out its functions appropriately.

3 TERMS OF APPOINTMENT

3.1 Under the terms of the appointment of the IIPAG members they are required to notify TfL from time to time of all pecuniary and non pecuniary interests "which may be perceived to influence [their] conduct or affect [their] actions in relation to fulfilling [their] responsibilities". They are required to notify TfL of any changes within 28 days of becoming aware of the change.

3.2 The Terms of Appointment also provide that their interests would be publicly available including on the TfL website and that they would comply with TfL's

processes on declarations of interest of which they have been notified from time to time.

- 3.3 The Terms of Appointment do not expressly prohibit the members from acting for an entity that has business with TfL. IIPAG members are only prohibited if it directly relates to work that they are doing under the appointment or in respect of a transaction with TfL. In addition, if they want to do work that may breach this, they are required to notify TfL and seek TfL's prior consent.
- 3.4 The Terms of Appointment also contain express obligations in relation to the confidentiality of TfL information.

4 PROPOSED APPROACH

- 4.1 The following steps are in place, or are being put in place, to mitigate the risks of a perceived or actual conflict of interest in relation to the members of IIPAG:
 - (a) all declaration of interest forms have been reviewed and will be published (and updated in the same manner as those of Board members);
 - (b) an unequivocal and documented confirmation that an IIPAG member does not have a relevant interest in an item will be made before project reviews are allocated;
 - (c) in relation to attendance at the meetings of the Project Review Group IIPAG members will expressly declare any interests in relation to items on the agenda at the commencement of the meeting and leave the room while those items are under discussion;
 - (d) to ensure that IIPAG members are not given access to information in which they have a conflict, they will only be provided with those Board and Committee papers that are either published or directly relevant to their reviews – any other paper should be provided only when expressly authorised after an assessment of conflicts has occurred;
 - (e) IIPAG members should only attend that part of a Committee meeting that is relevant to the reviews they have individually conducted; and
 - (f) In addition to attending for the approval of the IIPAG annual work programme, the Chair of IIPAG (or an alternative member in the event that the Chair has a conflict of interest) will be invited to attend TfL Board Meetings for the consideration of projects that are being recommended to the Board for approval for the relevant agenda items only.

5 RECOMMENDATION

- 5.1 The Committee is asked to APPROVE the arrangements in relation to the management of the potential conflicts of interests of the members of the Independent Investment Programme Advisory Group.

6 CONTACT

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