

Boris Johnson  
Mayor of London  
City Hall  
The Queen's Walk  
More London  
London  
SE1 2AA

Great Minster House  
76 Marsham Street  
London SW1P 4DR

Tel: 020 7944 XXXX  
Fax: 020 7944 XXXX  
E-Mail: XXXX

Web site: [www.dft.gov.uk](http://www.dft.gov.uk)

20 October 2010

Dear Boris,

### **Spending Review 2010: TfL funding agreement**

This letter sets out a funding agreement for Transport for London up to 2014/15 which reflects my current intentions.

We have a shared commitment to protecting the tube upgrades and Crossrail, recognising the importance of these projects to the London and national economy. SR10 is predicated on the assurances you have given about delivery of the tube upgrades, and in respect of the need for appropriate measures to meet state aid rules (detailed below).

### **Basis of funding agreement and reviews**

1. This funding agreement ("SR10") will replace the previous TfL settlement set out in Bronwyn Hill's letter of 4 October 2007 to Steve Allen ("CSR07") and for the avoidance of doubt, supersedes any other "outstanding" funding agreements reached. It sets out my present intentions in relation to the Department for Transport's funding of Transport for London up to 2014/15. It also sets out the basis on which this funding agreement has been drawn up, including the contributions needed from the Mayor to support his commitments to Crossrail. Except where otherwise expressly indicated, this letter sets out the totality of DfT grant and borrowing support for TfL. Although it is my firm intention as Secretary of State to provide the support detailed on the basis described, no commitment is given since I cannot fetter my ability, or that of a future Secretary of State, to set grant levels as I see fit in response to relevant considerations.

2. SR10 has been determined after consultation with you, as Mayor, and TfL officials, and takes into account, amongst other things, your existing and anticipated spending commitments and potential revenue during this period.

## **Context of SR10**

3. It is our shared intention that TfL will manage the financing of the activities across its estate within the levels of borrowing, the grant funding set out below and TfL's other sources of income, and having regard to the basis on which SR10 has been drawn up. These activities include:

- TfL's transport and corporate activities (including Ex-Metronet and Tube Lines);
- Pensions;
- TfL's activities in support of successful delivery of the London 2012 Olympic and Paralympic games;
- Its obligations toward third parties;
- PFIs;
- TfL's Crossrail contribution; and
- The funding of the Independent Investment Programme Advisory Group

## **Assurances in respect of TfL Investment Programme**

4. SR10 is drawn up in the context of current developments with respect to the delivery of the TfL investment programme, in particular the purchase of Tube Lines by TfL. For value for money reasons and with a view to ensuring State Aid rules are not breached in the absence of a continuing role for the PPP Arbiter, there needs to be an effective and independent ongoing scrutiny of expenditure on the LU infrastructure. Therefore, I welcome your commitment to extend the scope of the Independent Investment Programme Advisory Group (IIPAG)'s role to cover the work managed by Tube Lines and additionally publish benchmarking across the range of London Underground maintenance, renewal and upgrade programmes. I have agreed revised terms of reference for the IIPAG with you (Annex A), and will receive copies of the Group's reports. The IIPAG will work under a Direction from you as Mayor as we have agreed. I have attached at Annex E what I understand to be the terms of your proposed Mayoral Direction. I confirm that I agree with it. This said, we agree that if the European Commission does not consider the IIPAG model set out in Annex A provides sufficient independent scrutiny, or wishes to see other measures put in place, then appropriate measures will be taken to satisfy them.

5. SR10 is also drawn up in the expectation that TfL officials will develop proposals for the future arrangements for the delivery of the Tube Lines infrastructure works, as part of a wider review of the structure of TfL, with initial proposals by the end of the year. This will take account of the options considered by the Joint Steering Committee which considered future arrangements for delivery following the collapse of the Metronet companies

and will examine the scope for introducing an independent pricing role to assess the economic and efficient cost of planned tube upgrade work.

These proposals will be discussed at official level between my Department and TfL and will be subject to review by myself as Secretary of State.

## **Deliverables**

6. Subject to paragraph 9 below, you have confirmed that SR10 will allow you to deliver the schemes listed at Annex B to the milestones specified. This includes key elements of the LU infrastructure investment programme. We have agreed that the milestones and delivery dates listed reflect your current delivery programme.

## **Future reviews**

7. It is currently intended that a new funding agreement to succeed SR10 will be drawn up no later than 2014, for 2015/16 onwards. In addition, SR10 may itself be subject to review at any point prior to that time, for example in the context of a wider government Spending Review or other wider pressures on the Department's finances or those of the Government as a whole. As Secretary of State, I would also expect to review SR10 at any time before 2014/15, including in year, if, for example, there is significant deviation from the commitments referred to in paragraphs 4 to 6 above, or TfL do not meet their Base Funding Amount payments to the Crossrail project

8. In any future review, the Secretary of State will take all relevant circumstances into account including:

- a) Delivery of the reforms and schemes listed in paragraphs 4, 5 and 6 above and at Annex B;
- b) Adherence to the agreed borrowing limits listed below in this letter;
- c) The extent to which TfL has managed its estate as described in paragraph 3 above, including use TfL and the Mayor have made of their capacity to raise further income and reduce expenditure; and the extent to which any exceptional pressures on TfL's budget could have been or can be prevented or alleviated by them;
- d) DfT's public expenditure position and other pressures on the Department's budget; and
- e) Whether TfL have failed to meet any TfL Base Funding Amount payments to the Crossrail project.

9. I acknowledge that TfL will need to enter into commitments in relation to some of the projects at Annex B which extend beyond the current Spending Review period, and that the GLA and TfL will need to raise additional

borrowing beyond 2014/15 to meet your Crossrail funding commitments. The Government will take account of these commitments in considering levels of grant and borrowing support in the future.

## Settlement

### *GLA Transport Grant profile*

10. My firm intention is that subject to the above and to the yearly grant determination process, a GLA transport grant, comprising a General Grant and a Investment Grant supporting delivery of the schemes and milestones set out in Annex B (notably upgrade of the Tube), will be paid according to the profile set out in the table below. This includes an abatement in respect of the separate Metronet capital grant described at paragraph 12 below in 2014/15 only. The abatement is made in lieu of the interest that would otherwise have been payable by TfL on the amount of the Metronet capital grant, had TfL borrowed those amounts. The abatement has been calculated on the basis of a fixed interest rate of 4.05%. This was the PWLB rate for a 25-year maturity loan on the morning of 6 October 2010. An abatement will continue to apply after 2014/15 and will be taken into account in setting the baseline for future grant settlements.

<b>£m (cash)</b>	11/12	12/13	13/14	14/15
General	1,943	1,922	1,795	1,517
Abatement in respect of Metronet capital grant	-0	-0	-0	-41
Investment Grant	861	881	904	928
<b>GLA transport Grant</b>	<b>2,804</b>	<b>2,803</b>	<b>2,699</b>	<b>2,404</b>

### *Other grants*

11. In addition to the GLA Transport Grant profile, I currently intend to make the following funding available.

12. Capital grant will be provided under S31 of the Local Government Act 2003, to replace funding that would otherwise have been raised by the former Metronet companies through borrowing, on the following profile. The grant payable in years 2012/13 and 2013/14 will be abated in lieu of the interest that would otherwise have been payable by TfL on the amount of the Metronet capital grant, had TfL borrowed those amounts. The abatement has

been calculated on the basis of a fixed interest rate of 4.05%. This was the PWLB rate for a 25-year maturity loan on the morning of 6 October 2010.

<b>£m (cash)</b>	11/12	12/13	13/14	14/15
Metronet grant	424	369	216	0
Abatement	0	-17	-32	0
<b>Total Metronet grant</b>	<b>424</b>	<b>352</b>	<b>184</b>	<b>0</b>

14. Following TfL's request for a service decrement, the Department will make a grant of £24m available to TfL in 2012/13 to reflect the savings over 10 years associated with the Department withdrawing sponsorship of the South London Line / Victoria to Bellingham services from 2012. TfL will use this grant to fund the costs of the East London Line extension phase 2 from Surrey Quays to Clapham Junction via Peckham Rye. It is expected that this service will commence in 2012. TfL will be responsible for this service and all ongoing costs, including any further mitigation measures. Other conditions set out in the original proposal from the Secretary of State for Transport to the Mayor of London dated 5/12/2008, and the subsequent response from Ian Brown at TfL dated 12/1/2009, still apply.

15. Continued funding will be made available to support the ITSO on Prestige project to make TfL's Oyster estate interoperable with national smartcard specifications, in accordance with the ITSO on Prestige agreement dated 28 May 2009.

16. TfL has successfully bid for funding from the Department for the installation of electric vehicle recharging infrastructure under the first round of the Plugged-In Places programme. The level of any funding offered to TfL in 2011/12 and 2012/13 for the continuation of this programme will be determined as part of wider considerations relating to the second round of the programme, which will take place later this year.

17. Grant payments in respect of London Overground will continue to be made separately, and will be set in accordance with the agreed Grant Memorandum for the operation of the Silverlink Metro Network, as amended by the sub-agreement following the transfer of services on implementation of the new Southern franchise.

18. I recognise that bus services contracted by TfL are also currently eligible for Bus Service Operators Grant (BSOG) paid by the Department. I am currently reviewing the level of BSOG payment and would expect these changes to apply in London as in other parts of the country. I am also reviewing the arrangements for payment of BSOG and I will discuss any possible changes to the current arrangements with TfL before implementing them.

### *Borrowing limits*

19. TfL's borrowing is to be contained within the following profile, which includes £165m of borrowing cover which will be made available during the Spending Review period to fund the procurement of the Piccadilly Line fleet:

<b>£m (cash)</b>	11/12	12/13	13/14	14/15
<b>TfL Borrowing</b>	425	445	345	650

20. Guidance on interpretation of borrowing limits and PFI accounting treatment is set out at Annex C.

### *Crossrail*

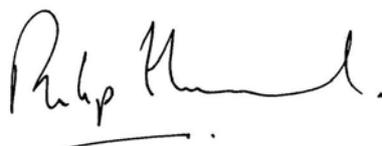
21. Separately, as Mayor you will be able to raise borrowing for Crossrail through the GLA, supported by a supplementary business rate, according to the following profile:

<b>£m (cash)</b>	11/12	12/13	13/14	14/15
<b>GLA Borrowing</b>	700	700	800	500

22. Alongside TfL's prudential borrowing for Crossrail (to be contained with the borrowing profile at paragraph 19) and the GLA debt underpinned by a supplementary business rate, the upper limit of the Department's yearly Crossrail grant contributions (the Department's Sponsor Contribution to Crossrail) will be as follows:

<b>£m (cash)</b>	11/12	12/13	13/14	14/15
<b>Crossrail Capital grant</b>	517	1205	1123	1082

23. The borrowing limits and DfT Crossrail grant line set out above are predicated on our agreements on the delivery, funding and governance of Crossrail, as set out in Annex D.



**PHILIP HAMMOND**

## **Annex A**

### **Terms of Reference for the Independent Investment Programme Advisory Group (IIPAG)**

#### **Purpose**

The IIPAG will provide independent assurance and expert advice to the Mayor of London concerning Transport for London's Investment Programme as published from time to time; including all maintenance, renewal, upgrades and major projects, but not operational issues or the activities of Crossrail Limited. The IIPAG will consider issues of economy, efficiency and value for money in preparing its advice.

The Secretary of State for Transport also wishes to be assured that the financial support provided to TfL delivers value for money to the taxpayer, and will be consulted in relation to the work of the Group and will receive copies of reports and other materials that are provided to the Mayor as set out in this Terms of Reference.

#### **Membership**

Six to eight Members

#### **Frequency of Meetings**

The Group shall meet at least twice a year. The Chair of the IIPAG will determine the frequency of any additional meetings should they be required for the group to function effectively.

Group members may be required to attend relevant meetings of the Finance and Policy Committee or TfL Board.

#### **Terms of Reference**

1. The Group will advise the Mayor, the Finance and Policy Committee and the TfL Board, sending reports also to the Secretary of State for Transport with regard to:
  - (a) the delivery of the TfL Investment Programme. This may include consideration of systemic or generic issues such as organisational capability and structure, and the efficiency, effectiveness and economy of delivery of the Investment Programme, including all maintenance, renewal, upgrades and major projects.
  - (b) the approval of projects by the TfL Board and/or Finance and Policy Committee, by overseeing the system of gateway reviews and ensuring they are undertaken thoroughly and efficiently, and (where necessary) recommending that further reports or reviews be commissioned;
  - (c) the adequacy of progress and delivery status of major projects between formal approval gates;
  - (d) other aspects of the Investment Programme it considers appropriate; and
  - (e) examination and commentary upon the draft Asset Management Plans relating to the infrastructure of London Underground.

The remit of the Group does not include operational issues or the activities of Crossrail Limited.

2. The Group will be responsible for the direction of a team undertaking benchmarking of the costs of maintenance and project delivery on the London Underground network, using data provided by London Underground and such other materials as the Group considers appropriate, including international benchmarking. The Group will broaden benchmarking to other areas of TfL undertaking delivery of the Investment Programme at an appropriate time.
3. The Group will assign members to review and report on specific high value and/or high risk projects or programme areas within the TfL Investment Programme.
4. Annually, the IIPAG will consult with TfL and the Secretary of State for Transport and propose a workplan for the year to the Mayor for his approval. The plan will cover both the Group's involvement in the review of specific projects and its activities to form a broader assessment of the delivery of the Investment Programme. The workplan will be kept under review by the Group, and changes will be proposed to the Finance and Policy Committee as required. Significant changes will be agreed with the Mayor, having consulted with the Secretary of State, prior to implementation.
5. The Group may, to support its work, provide advice in relation to the selection of appropriate engineering and project management consultancies in accordance with TfL's policies and procedures on procurement and conflicts of interest as they may vary from time to time.
6. Annually, the Group will review the level of resource required to undertake the activities set out in the terms of reference and will recommend a budget to the Finance and Policy Committee for consideration, prior to a budget being submitted by TfL to the Mayor for his approval.
7. The Group will publish an annual report on TfL's delivery of its Investment Programme from its work during the year, drawing out any common themes, systemic issues and lessons learnt. The Group may also publish additional reports throughout the year as it sees fit, after consulting the Mayor and subject to appropriate obligations relating to confidentiality and conflicts of interest.
8. The Group will notify the Mayor and TfL Board of any issues of significant concern in relation to the value for money or delivery of the Investment Programme. Any notification of such issues shall be passed to the Secretary of State for Transport together, where so requested by the Secretary of State and subject to appropriate confidentiality obligations, with such other reports and related data which the Group may produce for the Mayor or the TfL Board and its committees. The Secretary of State shall pass such material to the European Commission as necessary.

## Annex B

### COMMITTED SCHEMES AND MILESTONES

#### Milestones due to be reached during Spending Review Period:

Delivery Date	Description of Project and Milestone / Key Deliverables
2011	New Sub-Surface Lines signalling contract signed
2011	Jubilee Line Upgrade complete, delivering 33% increase in capacity
2011	Improved ticket machines (including Oyster vending) introduced at all LU stations
2012	Introduction of contactless bank card technology for fare payment across all modes
2013	Roll out of new air conditioned trains on Metropolitan Line complete
2013	21% capacity increase realised on Victoria Line as full fleet of new trains run entirely on new signalling.
2013	Tunnelling works begin at Bond St (congestion relief / Crossrail interchange)
2014	Life extension work to Piccadilly Line signalling complete
2014	A new ticket hall and gateline to serve Paddington Station (Hammersmith & City line), and a new station entrance to serve the Paddington Basin area, with step-free access and a significant increase in passenger circulation space throughout.
2014 <sup>1</sup>	Northern Line Upgrade complete, delivering 20% increase in capacity
2014	New entrance to Waterloo and City Line platforms opens at Bank (subject to agreement with Legal & General)
2014	Roll out of new air conditioned trains on Circle, Hammersmith & City Lines complete
2015	Investment in existing signalling, trains, safety critical station equipment and civil assets (eg bridges, tunnels, embankments) resulting in 18% improvement in the reliability of passenger journeys compared with 2010 (as measured by network-wide Lost Customer Hours per passenger journey)
2015	Delivery of prototype for a low energy, higher capacity train for Piccadilly and Bakerloo Lines;
2015	SCOOT (an automated intelligent traffic control system) rolled out across a further 1000 sites across London, resulting in 50% of London's traffic signals being controlled by this technology

<sup>1</sup> Forecast. Programme under review in September 2010 following TfL acquisition of Tube Lines, including examining opportunities to bring forward further capacity through additional rolling stock.

**Milestones due to be reached after Spending Review Period:**

<b>Delivery Date</b>	<b>Description of Project and Milestone / Key Deliverables</b>
2016	Roll out of new air conditioned trains on District Line complete
2016	Victoria Station Upgrade – Northern ticket hall complete
2016	Tottenham Court Road (congestion relief / Crossrail interchange); new passenger facilities open
2017	Bond St (congestion relief / Crossrail interchange) complete
2018	25% of track on Bakerloo, Central, Victoria and Sub Surface Lines replaced
2018	Full signalling upgrade across the Sub-Surface network complete
2018	Sub-Surface Lines power works complete; Sub-Surface Line Upgrade Complete delivering 33% capacity increase
2018	Victoria Station Upgrade – full scheme complete
2021	Works to relieve station congestion on Northern Line at Bank complete

## **Annex C**

### **Guidance on interpretation of borrowing limits and PFI accounting treatment**

The borrowing limits set out above relate to net additions to borrowing, or other on-balance sheet liabilities, across the TfL Group. Within these overall limits, TfL should manage its liabilities as it sees fit; this may include swapping finance leases (as measured for National Accounts purposes) with borrowing undertaken at the TfL level, subject to there being no overall increase in liabilities across the TfL Group.

Following the adoption of IFRS from 2009/10, the Treasury has prepared guidance for central Government Departments regarding the budgetary treatment of PFIs. In determining whether PFI transactions undertaken by TfL or its subsidiaries score within the borrowing limits, TfL should take account of the impact of those transactions on the National Accounts rather than the accounting treatment under IFRS. To determine whether a particular transaction should be treated as on or off balance-sheet for National Accounts purposes, TfL should follow the guidance on the Treasury website: "Technical Guidance on the Application of the Standards used in the production of the National Accounts to PFI and Similar Transactions - 2 September 2009". TfL should consult with the Department if there is any uncertainty over the interpretation of this guidance.

Any increase in TfL's balance sheet liabilities caused by a reclassification of PFI transactions signed before 31 March 2009 as a result of the move to IFRS will not be required to be absorbed within TfL's borrowing limits. Contracts signed before 1 April 2009 will continue to be treated as they were under UK GAAP for budgeting purposes. The Department is aware that other changes to the treatment of leases under IFRS are under consideration. No decisions have yet been taken on how such changes, if they were to come about, would affect budgets and borrowing limits in the public sector.

## Annex D

### **Agreement regarding the delivery, funding and governance of Crossrail**

The borrowing limits and DfT capital contribution to the Crossrail scheme as set out in paragraphs 21 - 23 of the covering letter to this annex are predicated on an agreement between the Secretary of State and the Mayor that:

1. The revised schedule of works proposed by Crossrail Limited ('CRL') for the Central Section lengthens the delivery date with services expected to open from 2018.
2. Limited revisions will be made to the Crossrail Project Delivery Agreement and Sponsors Agreement as required under the agreed funding arrangements underpinning the changes in paragraph 1 above. We expect these will include changes to commercially sensitive issues such as the Intervention Point values and the Sponsor Committed Funding. In addition, Sponsors will make targeted changes to incentivisation and governance arrangements, as well as Sponsor Review Points, with the shared aim that delivery of the Central Section and On Network Works is on time and on budget.
3. In order to meet the balance of the agreed total contribution from TfL to the project, including any contingency amounts should these be needed (with any necessary adjustments to profiles as agreed between officials), the Mayor of London will continue to support the scheme with funds from sources including:
  - GLA prudential borrowing and the Business Rate Supplement direct contribution, as set out in the January prospectus;
  - S106 Developer Contributions, as set out in the amendments to the London Plan and Supplementary Planning Guidance
  - The Community Infrastructure Levy;
  - Sales of surplus Crossrail land and overstation developments; and
  - TfL prudential borrowing, and other TfL sources.
4. TfL will also continue to take all reasonable steps to achieve efficiencies from the interface between Crossrail and London Underground.

Further detail underpinning the principles outlined above, as well as related funding profiles and the terms of the settlement in relation to other commercially confidential matters, will be outlined by my officials.

## Annex E

### Intended text of Mayoral Direction

#### Background

A. In June 2010 Transport for London acquired Tube Lines Ltd, bringing the PPP company under TfL control. This followed the 2008 transfer of the assets of Metronet BCV Ltd and Metronet SSL Ltd to two wholly owned subsidiaries of TfL (the so-called TfL Nominees), following Metronet's collapse. Since then, the parties to the PPP contracts have agreed that Schedule 1.9 of those contracts shall cease to have effect and, accordingly, no further references for direction shall be made to the PPP Arbiter, thereby removing his powers to, *inter alia*, collect and analyse benchmarking data relating both to the TfL Nominees and Tube Lines Ltd.

B. It is nonetheless important to ensure that there continues to be independent scrutiny of the delivery by the TfL Nominees and Tube Lines Ltd of the maintenance, upgrade and renewal works on the London Underground network, to provide assurance that the works are delivered economically and efficiently, and to ensure funding to TLL and TfL nominees does not infringe state aid rules.

C. The Secretary of State for Transport also wishes to ensure that the financial support provided to Transport for London by Government delivers value for money for the taxpayer.

D. I have therefore agreed with the Secretary of State for Transport that a Group of independent experts should provide such independent advice and scrutiny in accordance with the Direction below.

*In accordance with his powers under section 155 of the Greater London Authority Act 1999, the Mayor hereby directs Transport for London as set out in this Direction.*

1. Transport for London shall 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 this Direction in accordance with its terms and the terms of reference referred to in paragraph [8].

2. The function of the Independent Investment Programme Advisory Group shall be to provide independent advice and assurance to the Mayor of London concerning Transport for London's Investment Programme as published from time to time, including on the efficiency, effectiveness and economy of delivery of the Investment Programme, including all maintenance, renewal, upgrades and major projects; such assurance and any evidence supporting it shall also be made available to the Board of Transport for London.

3. The Independent Investment Programme Advisory Group shall comprise independent expert advisers selected from a shortlist agreed between the Mayor of London and the Secretary of State for Transport, taking into account the need for expertise in relevant specialist fields including, without limitation, rail signalling and costs benchmarking. Transport for London shall undertake an open recruitment process as often as may be necessary in order to identify candidates for the shortlist agreed between the Mayor of London and the Secretary of State for Transport. Appointments to the Group, including the selection of a chairman and the termination of such appointments, will be made by the Mayor of London.

4. It shall be for the Independent Investment Programme Advisory Group to develop and consult with Transport for London and the Secretary of State for Transport on an annual programme of work, prior to its submission to the Mayor for his approval. Significant amendments to the work programme will also be subject to consultation with Transport for London and the Secretary of State for Transport prior to seeking the Mayor's approval.

5. Transport for London shall prepare each year a budget for approval by the Mayor so as to ensure that the Group has adequate resources and appropriate support to enable it to carry out effectively its role as described in this Mayoral Direction.

6 The activities of the Independent Investment Programme Advisory Group shall be:

6.1 continuation of the activities which to date have been undertaken by Transport for London's "Investment Programme Advisory Group".

6.2 oversight of the "gateway" reviews undertaken of Transport for London's projects including consideration of the system of gateway reviews and ensuring they are undertaken thoroughly and efficiently, and (where necessary) recommending that further reports or reviews be commissioned.

6.3 oversight of projects at any stage considered by the Independent Investment Programme Advisory Group to be appropriate including oversight of the adequacy of progress and delivery status of major projects between formal approval gates.

6.4 oversight of Transport for London's Investment Programme including consideration of management and organisational capability and the efficiency, effectiveness and economy of delivery of the Investment Programme, including maintenance, renewal, upgrades and major projects.

6.5 benchmarking of the costs of maintenance and project delivery on the London Underground network, using data provided by London Underground and such other materials as the Group considers appropriate, including international benchmarking

6.6 to notify the Mayor, and TfL Board of any issues of significant concern in relation to the value for money or delivery of the Investment Programme.

6.7 to support its work, provide advice in relation to the selection of appropriate engineering and project management consultancies in accordance with Transport for London's policies and procedures on procurement as they may vary from time to time.

6.8 examination and commentary upon draft Asset Management Plans relating to the infrastructure of London Underground.

6.9 to publish annually a report to the Board of Transport for London on the overall delivery of the Transport for London Investment Programme. The Group may also publish additional reports throughout the year as it sees fit, after consulting the Mayor and subject to appropriate obligations relating to confidentiality and conflicts of interest.

7. For the avoidance of doubt, the Independent Investment Programme Advisory Group's role shall not extend to any operational matters.

8. The terms of reference for the Independent Investment Programme Advisory Group shall be approved by the Mayor of London and the Secretary of State for Transport.

9. Transport for London will engage people with relevant skills and experience to form a professional benchmarking unit whose work will support and be reported directly to the Independent Investment Programme Advisory Group.

10. Transport for London shall, in taking decisions on the procurement, funding and delivery of the TfL Investment Programme, including through London Underground Ltd and the ex-PPP subsidiaries, take into account the outcome of the IIPAG's benchmarking of costs and other findings.

11. Transport for London and its subsidiaries (with the exception of Crossrail Ltd) shall co-operate fully with and make available to the Independent Investment Programme Advisory Group, subject to confidentiality obligations and requirements and appropriate arrangements as to conflicts of interest, all information that is requested by the Group that is relevant to the activities of the Independent Investment Programme Advisory Group including without limitation draft Asset Management Plans relating to the infrastructure of London Underground.

12. Any notification of issues of significant concern raised by the Group in accordance with paragraph 6.6 shall be passed to the Secretary of State for Transport together, where so requested by the Secretary of State and subject to appropriate confidentiality obligations, with such other reports and related data which the Group may produce for the Mayor or the TfL Board and its committees. The Secretary of State shall pass such material to the European Commission as necessary.