This paper will be considered in public

1 Summary
1.1 To report to the Board on the meeting of the Finance and Policy Committee held on 17 June 2015.

2 Recommendation
2.1 That the Board notes the report.

3 Background
3.1 The main matters considered by the Committee are listed below. Items identified by an * in the list below appear elsewhere on the agenda for this meeting.

(a) Operational and Financial Performance and Investment Programme Reports – Fourth Quarter, 2014/15*;

(b) Update on Planning Obligations;

(c) Review of the Assurance and Approval Processes applicable to Investment Projects – Progress Update;

(d) Independent Investment Programme Advisory Group 2015/16 Budget and Work Plan;

(e) Project Monitoring – Project Approvals;

(f) Crossrail 2*;

(g) Croxley Rail Link*;

(h) Crossrail On Network Stations Improvement Programme;

(i) Bus Stops and Shelters Contract*;

(j) Total Purchased Services – Track Labour*;

(k) JNP Agency Workers Agreement*;
(l) London Overground Train Procurement; and

(m) Modernisation of the District, Metropolitan, Circle and Hammersmith & City lines and Automatic Train Control Contract*.

4 Issues Discussed

Operational and Financial Performance and Investment Programme Reports – Fourth Quarter, 2014/15

4.1 The Committee noted the Operational and Financial Performance and Investment Programme Reports for the fourth quarter of 2014/15. These appear elsewhere on the agenda.

Update on Planning Obligations

4.2 The Committee noted the paper, which provided an overview of the contributions received from developers by TfL during the year 2014/15. Members recognised that TfL was working with the tools available to it but thought there was a wider question on whether TfL received enough income from the added economic value that transport infrastructure provided.

Review of the Assurance and Approval Processes applicable to Investment Projects – Progress Update

4.3 The Committee noted the paper, which provided an update on the progress in implementing best practice proposals for the assurance and approval processes applicable to investment projects, including a new assurance framework, that the Committee had approved in January 2015.

4.4 The Independent Investment Programme Advisory Group’s (IIPAG’s) work plan and annual report from 2015/16 onwards would include assurance on whether the arrangements were fit for purpose.

4.5 To provide greater assurance and visibility to the Committee, the Project Monitoring – Project Approvals paper submitted to each meeting would, in future, include a list of the top ten projects that the PMO were keeping under review on the basis of risk.

Independent Investment Programme Advisory Group 2015/16 Budget and Work Plan

4.6 The Committee endorsed the IIPAG’s Work Plan and Budget for 2015/16, prior to its submission to the Mayor for approval.

4.7 The Committee was advised that relationships with the business continued to improve. The IIPAG was given greater access to information and its views were acted upon, thanks to the support of the Committee and the most senior staff. The IIPAG believed there was still a need for greater transparency and for
project teams to focus on the estimated final cost rather than living within the
Project Authority agreed at the start of a project.

4.8 The Managing Directors agreed that the IIPAG added value and welcomed
their comments and involvement in major projects.

**Project Monitoring – Project Approvals**

4.9 The Committee noted the paper, which set out the forward approval
programme for projects with a value in excess of £50m, from March 2015 to
July 2016 and detailed the Project Authority granted by the Commissioner and
the Managing Director, Finance, in accordance with delegated authority under
TfL’s Standing Orders, since the last meeting.

4.10 Members discussed the hydrogen bus trial extension. A paper would be
submitted to a future meeting of the Safety, Accessibility and Sustainability
Panel, with members of the Committee and the Surface Transport Panel invited
to attend, on the technological options and limitations for reducing the
emissions from London’s buses. This would include the progress with current
electric, hydrogen and hybrid vehicle trials and the routes that were most
suitable for each option.

**Crossrail 2**

4.11 The Committee noted the paper, which provided an update on the current
status of Crossrail 2 and the work to secure Government funding in the 2015
Comprehensive Spending Review. The Committee endorsed the
recommendation that the Board approve revised Project Authority for the
current phase of planning activity.

4.12 A paper on Crossrail 2 appears elsewhere on the agenda.

**Croxley Rail Link**

4.13 On 26 March 2015, the Mayor had directed TfL to assume full responsibility for
delivering the Croxley Rail Link project and to make arrangements for the
transfer of the project from Hertfordshire County Council (HCC) to TfL. The
decision was supported by the Department of Transport, HM Treasury and
HCC.

4.14 The Committee discussed the high risk of the project given its history and that
TfL had not yet seen the detailed contracts for the design and construction of
the scheme, which had already been let. TfL would examine the scope of the
project to seek to get best value. The Committee also sought greater assurance
on the certainty of the various funding streams for the project. The project
would be kept under review and a further paper submitted to the Committee
once the contracts had been reviewed.

4.15 The Committee endorsed the recommendation that the Board approves the
relevant authorities for the delivery of the Croxley Rail Link project.
4.16 A paper on the Croxley Rail Link appears elsewhere on the agenda.

**Crossrail On Network Stations Improvement Programme**

4.17 The Committee approved budgeted Project Authority of £93.6m within the approved Business Plan for this programme. £14m of the total had been granted by the DfT to cover the installation of three lift schemes. The programme comprised works at twenty two surface (On Network) stations to be served by TfL’s Crossrail services.

**Bus Stops and Shelters Contract**

4.18 The Committee noted the paper, which described the outcome of the procurement for the provision of supply, installation and maintenance services for bus shelters, stops, poster frames and other associated on-street infrastructure, including advertising rights. The Committee endorsed the recommendation that the Board approves the award of contracts and related authorities.

4.19 A paper on the Bus Stops and Shelters Contract appears elsewhere on the agenda.

**Total Purchased Services – Track Labour**

4.20 The Committee noted the paper and endorsed the recommendation that the Board grants an increase in Procurement Authority to cover a two year extension to the Total Purchased Service (TPS4A) contract. The existing contractor was Cleshar Contract Services Limited.

4.21 A paper on Total Purchased Services – Track Labour appears elsewhere on the agenda.

**JNP Agency Workers Agreement**

4.22 The Committee noted the paper and endorsed the recommendation that the Board approves an extension to the existing framework contract with Fusion People for the provision of both permanent and non permanent labour by 12 months to 30 September 2016, together with an associated increase in Procurement Authority.

4.23 A paper on the JNP Agency Workers agreement appears elsewhere on the agenda.

**London Overground Train Procurement**

4.24 The Committee noted the paper, which provided an update on TfL’s progress in the evaluation of tenders for new Overground Rolling Stock (the LOTRAIN Project). Under the authority delegated by the Board on 26 March 2015, the Committee approved the award of the contract to Bombardier and the required Project and Procurement Authority.
4.25 The Committee noted the paper which provided an update on the status of the modernisation of the District, Metropolitan, Circle and Hammersmith & City lines (the Programme), including the reprocurement of the Automatic Train Control (ATC) Contract.

4.26 The IIPAG gave its broad support to the recommendations and acknowledged the work to date. It raised issues around the capability and capacity of the inhouse resource, while acknowledging it was a good team, that would require strict control and monitoring. It also identified two issues on the scope of the project. The Managing Director Rail and Underground agreed with the assessment and would meet with the IIPAG to address the skills gaps in the inhouse team to ensure it was properly resourced. He also confirmed that the two scope issues were under review.

4.27 The Committee endorsed the recommendation that the Board approve the contract award and related authorities.

4.28 A paper on the Modernisation of the District, Metropolitan, Circle and Hammersmith & City lines and Automatic Train Control Contract appears elsewhere on the agenda.

List of appendices to this report:
None

List of Background Papers:

Papers submitted to the Finance and Policy Committee on 17 June 2015

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