

## Agenda

**Meeting: Land and Property Committee**

**Date: Tuesday 1 October 2024**

**Time: 2pm**

**Place: Paddington Room, 11th Floor,  
Palestra, 197 Blackfriars Road,  
London, SE1 8NJ**

### Members

Prof Greg Clark CBE (Chair)  
Anurag Gupta (Vice Chair )  
Arthur Kay

Anne McMeel  
Marie Pye  
Sara Turnbull

Copies of the papers and any attachments are available on [tfl.gov.uk How We Are Governed](https://tfl.gov.uk/How-We-Are-Governed).

This meeting will be open to the public and webcast live on [TfL's YouTube channel](#), except for where exempt information is being discussed as noted on the agenda.

There is access for disabled people and induction loops are available. A guide for the press and public on attending and reporting meetings of local government bodies, including the use of film, photography, social media and other means is available on [www.london.gov.uk/sites/default/files/Openness-in-Meetings.pdf](https://www.london.gov.uk/sites/default/files/Openness-in-Meetings.pdf).

### Further Information

If you have questions, would like further information about the meeting or require special facilities please contact: Sue Riley, Secretariat Email: [SueRiley@tfl.gov.uk](mailto:SueRiley@tfl.gov.uk).

For media enquiries please contact the TfL Press Office; telephone: 0343 222 4141; email: [PressOffice@tfl.gov.uk](mailto:PressOffice@tfl.gov.uk)

Andrea Clarke, General Counsel  
Monday 23 September 2024

**Agenda  
Land and Property Committee  
Tuesday 1 October 2024**

**1 Apologies for Absence and Chair's Announcements**

**2 Declarations of Interest**

General Counsel

**Members are reminded that any interests in a matter under discussion must be declared at the start of the meeting, or at the commencement of the item of business.**

**Members must not take part in any discussion or decision on such a matter and, depending on the nature of the interest, may be asked to leave the room during the discussion.**

**3 Minutes of the Meeting of the Committee held on 3 July 2024**

General Counsel

**The Committee is asked to approve the minutes of the meeting of the Committee held on 3 July 2024 and authorise the Chair to sign them.**

**4 Matters Arising and Actions List**

General Counsel

**The Committee is asked to note the updated actions list.**

**5 Chief Executive's Report**

Director and Chief Executive, Places for London

**The Committee is asked to note the report.**

**6 Finance Report – Period 5, 2024/25**

Chief Finance Officer, Places for London

**The Committee is asked to note the report.**

## **7 Places for London Performance Report**

Director and Chief Executive, Places for London

**The Committee is asked to note the report and the exempt supplementary information on Part 2 of the agenda.**

## **8 Places for London Assurance Update**

Director of Risk and Assurance

**The Committee is asked to note the paper and the exempt supplementary information on Part 2 of the agenda.**

## **9 Bollo Lane and West London Development Joint Venture**

Property Development Director, Places for London

**The Committee is asked to note the paper and the exempt supplementary information on Part 2 of the agenda and approve an increase in Land Authority in the sum set out in the paper on Part 2 of the agenda to enable the matters described in this paper and the related paper on Part 2 of the agenda.**

## **10 Enterprise Risk Update – Attraction and Retention of Our Employees (Places-L0-02)**

Head of Operations, Places for London

**The Committee is asked to note the paper and the exempt supplementary information on Part 2 of the agenda.**

## **11 Enterprise Risk Update - Stakeholders (Places-L0-04)**

Head of Operations, Places for London

**The Committee is asked to note the paper and the exempt supplementary information on Part 2 of the agenda.**

## **12 Members' Suggestions for Future Discussion Items**

General Counsel

**The Committee is asked to note the forward plan and is invited to raise any suggestions for future discussion items for the forward plan and for informal briefings.**

## **13 Any Other Business the Chair Considers Urgent**

**The Chair will state the reason for urgency of any item taken.**

## **14 Date of Next Meeting**

Tuesday 10 December 2024 at 2pm.

## **15 Exclusion of Press and Public**

**The Committee is recommended to agree 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 following items of business.**

## **Part 2 Agenda**

### **16 Places for London Performance Report**

Exempt supplementary information relating to the item on Part 1.

### **17 Places for London Assurance Update**

Exempt supplementary information relating to the item on Part 1.

### **18 Bollo Lane and West London Development Joint Venture**

Exempt supplementary information relating to the item on Part 1.

**19 Enterprise Risk Update – Attraction and Retention of Our Employees (Places-L0-02)**

Exempt supplementary information relating to the item on Part 1.

**20 Enterprise Risk Update - Stakeholders (Places-L0-04)**

Exempt supplementary information relating to the item on Part 1.



## Transport for London

### Minutes of the Land and Property Committee

Conference Room 1, Ground Floor, Palestra,  
197 Blackfriars Road, London, SE1 8NJ  
10.00am, Wednesday 3 July 2024

#### Members

Professor Greg Clark CBE (Chair)  
Dr Nina Skorupska CBE (Vice Chair)  
Seb Dance  
Anne McMeel

#### Places for London Limited Leadership Team

Graeme Craig	Director and Chief Executive Officer
Mark Farrow	Director of Strategy and Planning
Daniel Lovatt	Director of Asset Management
Martin Mohamad	Head of Investment
Digby Nicklin	Chief Finance Officer
Lisa-Jane Risk	Head of Operations
Ben Tate	Head of Property Development

#### Staff

Karen Bain	Project Assurance Review Manager
Justine Curry	Interim Director of Legal
Margaret Deegan	Head of Property and Planning Law
Lorraine Humphrey	Director of Risk and Assurance
Sue Riley	Secretariat Officer
Sanjeeve Thakrar	Risk Manager

#### Independent Investment Programme Advisory Group (IIPAG)

Ray Christopher      Chair, IIPAG Places for London Sub-Group

#### Special Advisors to the Places for London Leadership Team

Sherin Aminossehe  
Peter Vernon (for part)

### 15/07/24      Apologies for Absence and Chair's Announcements

Apologies for absence had been received from Anurag Gupta and Marie Pye. The meeting was quorate.

An apology for absence had also been received from the Greater London Authority observer Lyn Garner, Chief Executive Officer, London Legacy Development Corporation. Alex Williams, Chief Customer and Strategy Officer was also unable to attend the meeting.

The Chair welcomed everyone to the meeting. The meeting was broadcast live to TfL's YouTube channel, except for the discussion of the information on Part 2 of the agenda, which was exempt from publication, to ensure the public and press could observe the proceedings and decision making.

The Chair reminded those present that safety was paramount at TfL and encouraged Members to raise any safety issues during discussions on a relevant item or with the appropriate member of the Executive Committee after the meeting.

The scheduled meeting was held during the pre-election period for the General Election to ensure that the Committee continued to be informed and to be transparent and accountable for TfL's activities. While the Committee was not a political forum, Members were asked to be mindful of the pre-election restrictions and not to say anything that could be construed as being designed to affect support for any political party or candidate.

## **16/07/24    Declarations of Interests**

Members confirmed that their declarations of interests, as published on [tfl.gov.uk](https://www.tfl.gov.uk), were up to date.

Since the last meeting, there had been three updates to declarations: Anurag Gupta had been appointed to the Steering Committee of the UK India Infrastructure Financing Bridge (UKIIB) – a joint initiative of the City of London Corporation and the Government of India's NITI Aayog. Anurag had also completed his term as a Board Member at The Staff College; Marie Pye had been appointed as an Independent Panel Member of the General Optical Council; and Dr Nina Skorupska CBE had been appointed a member of the Independent Advisory Panel for the National Grid Electricity Distribution. Nina also stood down on 28 June 2024 as the Chief Executive of The Association for Renewable Energy and Clean Technology, previously known as Renewable Energy Association.

There were no interests to declare that related specifically to items on the agenda.

## **17/07/24    Minutes of the Meeting of the Committee held on 11 March 2024**

**The minutes of the meeting of the Committee held on 11 March 2024 were approved as a correct record, and the Chair was authorised to sign them.**

## **18/07/24    Matters Arising and Actions List**

Justine Curry introduced the item, which set out progress against actions agreed at previous meetings of the Committee.

**The Committee noted the updated actions list.**



## **19/07/24 Use of Delegated Authority**

Justine Curry introduced the item. Since the last meeting of the Committee on 11 March 2024, there had been one approval of Land Authority by the Commissioner for the Fenwick South development, Clapham, Lambeth.

There had been no other uses of delegated authority nor any Mayoral Directions to TfL within the remit of the Committee.

**The Committee noted the paper.**

## **20/07/24 Chief Executive's Report**

Graeme Craig introduced the report, which provided an overview on major issues and developments since the meeting of the Committee on 11 March 2024.

The significant progress made in health and safety culture and compliances was highlighted, with no severe warning notices issued during the period. The Committee welcomed the safety initiatives, including the Safety, Health and Wellbeing Stand Down Day in Places for London held on 25 April 2024.

Savills had been appointed as Places for London's Real Estate Partner and would review the current Places for London housing programme with the aim of maximising the number of homes delivered. The outcome of the review would be shared with the Committee and include a risk profile, critical path dates and clear timelines and sequencing. **[Action: Lester Hampson]**

The Committee congratulated staff on winning two awards at the European Transform Awards, which specialised in rebranding and brand development.

Places for London's current operating model was being reviewed, to ensure it was fit for purpose.

The Southwark Over Station Development change of scope from office development to purpose built student accommodation and homes was highlighted, with the benefits clearly set out in the report. This approach had been supported by the London Borough of Southwark due to the increased number of affordable homes created as well as improvements to the public realm. Approval in relation to the change in scope, in accordance with Standing Orders, would be submitted to a future meeting.

Places for London needed to be able to adapt quickly to a constantly changing market in an agile and appropriate manner.

There was still a high demand for good quality office accommodation and the decision to move to student accommodation was site specific only.

A copy of the Marketing Strategy would be sent to all Committee Members.

**[Action: Graeme Craig]**

The Skills Academy was being developed in conjunction with joint venture partners and other partners. Places for London would seek to maximise partnership working in this area.

**The Committee noted the report.**

## **21/07/24 Finance Report - 2023/24 Full Year**

Digby Nicklin introduced the Finance Report to the end of Quarter 4, 2023/24 (the financial year ending 31 March 2024). The Chair welcomed the new report format.

Results showed a strong operational performance, despite challenging market conditions, which impacted capital spend. Places for London was on target to meet all other performance indicators.

It was anticipated that unbudgeted income and expenditure would reduce with improved forecasting. The transfer of assets from TfL had impacted the balance sheet as the condition of the assets was sometimes unclear at the time of transfer, particularly in relation to the bus garages. With greater due diligence prior to transfer, this should also improve combined with a fully resourced asset team and implementation of lessons learnt.

It was confirmed that views on Places for London's creditworthiness was not directly linked to that of TfL, as it was a standalone company with no parent company guarantee, although there may be a halo effect from TfL's rating.

**The Committee noted the report.**

## **22/07/24 Places for London Quarterly Performance Report**

Graeme Craig, Lisa-Jane Risk, Digby Nicklin, Daniel Lovatt, Ben Tate and Mark Farrow introduced the report, which provided an update on market context, health and safety, financial performance, operational performance, project updates and understanding of Places for London's impact, for the period 7 January to 31 March 2024.

A Health and Safety Strategy had been developed based on Health and Wellbeing, Beyond Bricks and Mortar, and Learning and Collaborating, the three pillars of the Safety, Health and Wellbeing Strategy. The Committee commended the activity and commented that the ongoing challenge was to ensure that momentum was sustained and feedback acted upon.

Voids continued to be tracked and benchmarked.

A performance culture continued to be developed with financial performance included in objectives within Asset Management.

Work had started on site at Kilburn Box Park and restaurants at Baker Street and Victoria were due to open alongside Victoria Arcade and other new retail units.

The first Customer Conference would be held in September 2024, focusing on the role of small and medium sized businesses. The Customer Survey results reflected the need for current assets, infrastructure and services to tenants to be improved and updated. As investments by Places for London were realised, it was anticipated that customer satisfaction would improve substantially.

Tenants would also be incentivised to reflect behaviours such as sustainability and meet net zero targets by 2030.

Places for London's Retail Strategy was being developed and would be submitted to a future meeting. **[Action: Graeme Craig]**

An informal briefing on Acquisition Strategy would be arranged. **[Action: Graeme Craig]**

**The Committee noted the report and the exempt supplementary information on Part 2 of the agenda.**

### **23/07/24 Places for London Assurance Update**

Lorraine Humphrey introduced the item, which provided an update on progress with assurance activity during Quarter 1 of 2024/25 (1 April to 22 June 2024) and updates on the status of all open assurance recommendations at the end of Period 2 (25 May 2024). Ray Christopher presented the Independent Investment Programme Advisory Group elements of the item.

There were no overdue audit actions. Work continued to develop Places for London's Risk Appetite and Tolerance approach.

The Committee welcomed the strengthening of the Project Management Office.

**The Committee noted the paper and the exempt supplementary information on Part 2 of the agenda.**

### **24/07/24 Places for London Delivery Portfolios**

Graeme Craig introduced the report providing an update on activity in the two major capital portfolios of work, property development and asset management.

It was noted that the target date for Net Zero Carbon Demonstrator was November 2024 and not November 2025.

The Committee welcomed the report and stressed the importance of transparency in the change control mechanisms.

**The Committee noted the paper.**

## **25/07/24 Places for London End of Year Valuation Results**

Daniel Lovatt introduced the overview of the end of year valuation for Places for London's investment assets and joint ventures.

The annual valuation was produced using asset-specific data and market information and carried out by an independent company.

**The Committee noted the paper and the exempt supplementary information on Part 2 of the agenda.**

## **26/07/24 Enterprise Risk Update – Financial Sustainability (Places-L0-03)**

Digby Nicklin introduced the overview of Enterprise Risk L0-03, defined as the “ability to maintain a healthy and viable financial position over the short and medium term”.

The risk was deemed as Adequately Controlled with a Target Assessment as Low.

An informal briefing on a financial-distress plan would be arranged.

**[Action: Digby Nicklin]**

**The Committee noted the paper and the exempt supplementary information on Part 2 of the agenda.**

## **27/07/24 Enterprise Risk Update – Environment, Including Climate Adaption (Places-L0-05)**

Mark Farrow introduced the overview of Enterprise Risk L0-05, looking at the impact of changing climate, including an increased likelihood of flooding and extreme weather events on Places for London's portfolio.

Horizon scanning, adaptations, resilience and rising insurance costs were all critical factors. A control action would be added to the risk template relating to insurance.

**[Action: Mark Farrow]**

**The Committee noted the paper and the exempt supplementary information on Part 2 of the agenda.**

## **28/07/24 Members' Suggestions for Future Discussion Items**

Justine Curry introduced the item. No additional suggestions were raised for future discussion items on the forward plan or for informal briefings, other than those already noted during the meeting.

**The Committee noted the forward plan.**

## **29/07/24 Any Other Business the Chair Considers Urgent**

There was no other urgent business to discuss.

## **30/07/24 Date of Next Meeting**

The next scheduled meeting of the Committee would be held on Tuesday 1 October 2024 at 2pm.

## **31/07/24 Exclusion of the 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), when it considered the exempt information in relation to the items on: Places for London Quarterly Performance Report; Places for London Assurance Update; Places for London End of Year Valuation Results; Enterprise Risk Update – Financial Sustainability (Places-L0-03); and Enterprise Risk Update – Environment Including Climate Adaption (Places-L0-05).**

The meeting closed at 1.05pm.

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

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



**Land and Property Committee**



**Date: 1 October 2024**

**Item: Matters Arising and Actions List**

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**This paper will be considered in public**

**1 Summary**

- 1.1 This paper informs the Committee of progress against actions agreed at previous meetings and any use of delegated authority via Chair's Action since the last meeting. There has been no use of Chair's Action or Delegated Authority.
- 1.2 Appendix 1 sets out the progress against actions agreed at previous meetings.

**2 Recommendation**

- 2.1 **The Committee is asked to note the Actions List.**

**List of appendices to this report:**

Appendix 1: Actions List

**List of Background Papers:**

Minutes of previous meetings of the Land and Property Committee

Contact Officer: Andrea Clarke, General Counsel  
Email: [AndreaClarke@tfl.gov.uk](mailto:AndreaClarke@tfl.gov.uk)

Land and Property Committee Actions List (to be reported to the meeting on 1 October 2024)

Appendix 1

Actions from the meeting held on 3 July 2024

Minute No.	Item/Description	Action By	Target Date	Status/Note
20/07/24 (1)	<b>Chief Executive's Report: Savill Review of Places for London Housing Programme</b> The outcome of the Savill review to be shared with the Committee when completed and to include a risk profile, critical path dates and clear timelines/sequencing.	Lester Hampson	December 2024	An update is included in the Chief Executive's Report on the agenda for this meeting.
20/07/24 (2)	<b>Chief Executive's Report: Marketing Strategy</b> A copy of the Marketing Strategy to be sent to all Committee Members.	Graeme Craig/ Secretariat	July 2024	<b>Completed.</b> The Marketing Strategy was sent to Members on 12 July 2024.
22/07/24 (1)	<b>Places for London Quarterly Performance Report: Retail Strategy</b> Places for London's Retail Strategy to be submitted to a future meeting.	Graeme Craig	March 2025	On the Forward Plan for the meeting on 18 March 2025.
22/07/24 (2)	<b>Places for London Quarterly Performance Report: Acquisition Strategy</b> An informal briefing on Acquisition Strategy to be arranged.	Daniel Lovatt	December 2024	An informal briefing will be scheduled.
26/07/24	<b>Enterprise Risk Update – Financial Sustainability (Places-L0-03)</b> An informal briefing on a financial distress plan to be arranged.	Digby Nicklin/ Secretariat	To be scheduled	An informal briefing will be scheduled.



Minute No.	Item/Description	Action By	Target Date	Status/Note
27/07/24	<b>Enterprise Risk Update – Environment, Including Climate Adaption (Places-L0-05)</b> A control action to be added to the risk template relating to insurance.	Mark Farrow	December 2024	In progress. Updates are being made. Ongoing discussions are taking place.

### Actions from previous meetings

Minute No.	Item/Description	Action By	Target Date	Status/Note
08/03/24 (2)	<b>Places for London Scorecard</b> The strategic scorecard to be linked to Mayoral strategies.	Mark Farrow	December 2024	An update will be provided in the Performance Report to the 10 December 2024 meeting.
09/03/24 (2)	<b>Places for London Quarterly Performance Report</b> Any increases in operating surplus, due to delayed decisions, to be clearly reflected in future reports.	Digby Nicklin	Ongoing	<b>Completed.</b> These will be reflected in future Finance Reports.
09/03/24 (3)	<b>Places for London Quarterly Performance Report</b> An update on car parking charges to be submitted to a future meeting.	Daniel Lovatt	December 2024	An update will be provided in the Chief Executive's Report to the 10 December 2024 meeting.
09/03/24 (4)	<b>Places for London Quarterly Performance Report</b> A section on representation and declarations of protected characteristics to be included in future reports.	Mark Farrow	October 2024	<b>Completed.</b> All staff representativeness is reported on the Places for London Scorecard and further detail is incorporated in the Performance Reports.

<b>Minute No.</b>	<b>Item/Description</b>	<b>Action By</b>	<b>Target Date</b>	<b>Status/Note</b>
<b>72/12/23</b>	<b>Places for London Assurance Update: Temporary accommodation</b> The subject of residential assets and options for providing temporary accommodation for London boroughs to be discussed at a future briefing.	Daniel Lovatt / Lester Hampson	To be scheduled	An informal briefing will be scheduled.
<b>76/12/23 (1)</b> <b>36/06/23 (3)</b>	<b>Skills and Education Programme: Build East Site Visit</b> A site visit to Build East training centre to be arranged.	Secretariat	To be scheduled	A site visit will be scheduled.
<b>55/09/23</b>	<b>Electric Vehicle Charging Hubs: Leverage</b> A detailed note on TfL's buying power and leverage to be provided to Members.	Alex Gilbert	December 2024	Information is included in the Chief Executive's Report on agenda for this meeting and a further update will be provided at the next meeting of the Committee. Further information will be provided when authority is sought.
<b>41/06/23 (1)</b>	<b>Members' Suggestions for Future Discussion Items: Site Visits</b> Site visits to be arranged to Places for London development sites.	Secretariat	To be scheduled	In progress. Site visits are being arranged to align with key updates and milestones.
<b>41/06/23 (2)</b>	<b>Members' Suggestions for Future Discussion Items: Housing and Energy</b> Issues around housing development and energy, including District Heating Networks, were suggested for future discussion.	Secretariat	October 2024	<b>Completed.</b> Updates are provided as part of the Chief Executive's Report to draw out any key highlights.

**Land and Property Committee**



**Date:** 1 October 2024

**Item:** Chief Executive's Report

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**This paper will be considered in public**

**1 Summary**

1.1 This report provides an overview of progress and issues since the previous meeting of the Committee, held on 3 July 2024.

**2 Recommendation**

2.1 **The Committee is asked to note the report.**

**3 Health and Safety**

3.1 I am pleased to report that there were no serious injuries in the first six months of the year. We have had two high potential incidents: one involving corroded steel beams, and the other a tenant undertaking unauthorised refurbishment works. Both have been addressed. We have had five instances of minor injuries, all of which have been investigated and with actions identified.

3.2 We issued eight severe warning notices to our tenants, three of which have been closed. We are working with the remaining five tenants to resolve the open notices. In the interim, we have put in place mitigations to manage any severe risks.

3.3 More broadly, we have seen consistent improvements in compliance across the tenant-managed estate. In the previous report, I highlighted that the proportion of severe and high-compliance risk-rated properties dropped from 10.1 per cent to 6.6 per cent last year. The figure has continued to fall and has now reached 4.2 per cent. This has been achieved alongside an increase in the number of inspections carried out. By the end of the year, we expect that at least 50 per cent of our estate will achieve a low-risk rating, with virtually the full estate having been inspected.

3.4 Alongside formal inspections to ensure tenants, employees, and customers remain safe, the Compliance team engages and educates tenants to address any omissions or risks that have been identified. Action plans are then put in place to rectify and reduce risk. It is this combination of rigorous assessment and supportive follow-up, alongside practical support, that has proven so successful in improving compliance and reducing risk.

- 3.5 The Performance Report sets out more detail on progress in Health and Safety, but I will particularly highlight that our second Safety, Health and Wellbeing Standdown Day will take place in November. This session will focus on personal safety and builds on the success of our first Standdown Day on 25 April 2024 where we launched our Safety, Health and Wellbeing Strategy.

## **4 Cyber Security Incident**

- 4.1 As has been widely reported, since 1 September TfL has been dealing with a cyber security incident. The security of our systems and customer data is very important, and TfL has been conducting a thorough investigation into the incident, alongside the National Crime Agency and the National Cyber Security Centre.
- 4.2 In parallel, we have been doing all we can to protect our services and secure our systems and data. These proactive measures have meant that TfL and Places for London staff have had limited access to some systems. As a result, some internal processes have been impacted. We are not aware of any customer impacts and we expect any internal backlogs to be quickly addressed once systems are fully accessible again.

## **5 Housing Delivery**

- 5.1 The three months since the previous Committee meeting have seen a series of notable milestones being achieved in Places for London's housing programme, including planning applications being submitted on our two largest and most important schemes.

### **Edgware**

- 5.2 In July 2024, we and Ballymore submitted an outline planning application to redevelop Edgware town centre. The masterplan proposes 3,365 new homes, including 1,150 affordable homes, and 463 student accommodation spaces. In addition, we will more than double the existing commercial, retail and leisure space on the site, with 460,000 sq. ft of new shops, cafés and restaurants, as well as a new larger Sainsbury's superstore, cinema and leisure centre – all built around a new town square. New office and workspace for small and medium businesses will further support the local economy.
- 5.3 The development will also provide access to green space that has been closed off to the public for almost 100 years, creating the 4.7-acre Deans Brook nature park. Current scrubland will become a nature trail with wild planting, walking routes, seating and play areas. Across the project, 400 new trees will be planted, as well as 2.5 acres of new play space for children of all ages.
- 5.4 The development aims to generate zero emissions once in operation, with renewable energy sources, including air heat pumps, solar panels, green roofs and community growing gardens.
- 5.5 Significant investment will go towards delivering space safeguarded for health facilities such as general practice surgeries, clinics and a dentist, alongside a significant contribution to Barnet Council's education budget.

- 5.6 A new transport interchange is proposed, including a bus garage that can be easily adapted for electric vehicles (EVs) in the future – helping improve air quality and tackle the climate emergency. Importantly, we and Ballymore have agreed that no EVs will be permitted to use the garage unless and until the design has been approved by the London Fire Brigade, Barnet Council, the Health and Safety Executive and Building Control.
- 5.7 Subject to consent, the first phase will be delivered by 2031 which includes the new nature park, retail, leisure, cinema, 1,000 homes, the new Sainsbury's store, offices, the bus station and garage, and library and community centre.
- 5.8 The whole development has an anticipated completion date of 2036. Once complete, the Edgware Town Centre project is forecast to create over 1,400 full-time jobs and will generate £80m gross value added (GVA) for the local economy.

### **Earls Court**

- 5.9 Also in July 2024, the Earls Court Development Company submitted its masterplan on behalf of Earls Court Partnership Limited, our joint venture with Delancey, to transform the 40-acre site into a new neighbourhood with 4,000 new homes. Critically, the site will become permeable for the first time in over a century, with surrounding communities able to walk through a network of gardens including a 4.5-acre urban park, Table Park, set within 20 acres of new public and green open space for all to enjoy.
- 5.10 Celebrating Earls Court's legacy, the site will be home to three new world-class cultural venues, collectively accommodating over 2,500 people as well as a range of diverse spaces, fixed and pop-up venues and retail, dining and leisure spaces.
- 5.11 Earls Court will also become a showcase for clean and climate technologies, with 2.5m sq. ft of workspace supporting 12,000 on-site jobs within a climate resilient development, generating an 85 per cent increase in biodiversity across the site and operated through a zero-carbon energy network with a target of zero operational carbon.
- 5.12 Detailed plans have been submitted for the first phase of the development, set to commence in 2026. This will include 1,000 new homes, 100 shops, bars and restaurants, cultural and community spaces, and other neighbourhood amenities.
- 5.13 The final development is estimated to generate an uplift of £1.2bn GVA per year, including contributing an additional £75m spent in the local area each year.

### **Cockfosters**

- 5.14 On 15 August 2024, the Secretary of State granted consent for the disposal of land to allow us to progress our plans to deliver 350 new homes at Cockfosters. We first requested permission to sell the land currently used for car parking in 2021, but this was denied by the then Secretary of State.
- 5.15 The proposed three-acre car-free development at Cockfosters, which was approved at planning committee in February 2022, will deliver around 350 new homes next to the station. Forty per cent of the homes will be affordable. Some car parking, including all existing Blue Badge spaces, will be retained.

- 5.16 The scheme will deliver new commercial space and new train crew accommodation for TfL. The designs also improve public access to nearby Trent Park and the London Outer Orbital Path and will provide one acre of publicly accessible open space for the local community, with new trees and greenery replacing much of the current hard surface.
- 5.17 Work is underway to ensure that the development can come forward, including updating the designs in response to the latest fire safety requirements and liaising with the local planning authority on changes needed.
- 5.18 Designs also had to be reviewed in response to updated building safety regulations at Arnos Grove where we are working alongside Grainger to provide 162 new homes on land adjacent to the Tube station. We submitted a non-material amendment planning application to Enfield Council for consideration, and I am pleased to say that the amendments have been approved. We are now beginning the process to appoint a main contractor.

### **High Barnet**

- 5.19 The proposed scheme which replaces the previous scheme, will deliver around 280 homes across five blocks with at least 40 per cent being affordable. It will bring with it a number of benefits, including a better station environment with improved access and safety which, in turn, will encourage the use of sustainable transport. It comes complete with cycle parking facilities for use by both residents of the development and the public. The proposed scheme also puts sustainability at its heart, with Passivhaus principles applied resulting in enhanced ecology and biodiversity of public open space and throughout the scheme.
- 5.20 Internal engagement has taken place to develop a vacant possession strategy for the site. We have also engaged with operational teams to make them aware of the proposals and have consulted with them on their operational requirements. Community and external engagement will take place as part of the planning process.
- 5.21 To take this scheme forward we plan to repurpose one of Places for London's existing subsidiary companies which is no longer required for the purpose for which it was established. This is subject to approval by the existing company directors. This will enable Places for London to enter into a conditional joint venture agreement with Barratt London via the newly established West London Partnership. As with all Places for London schemes, public and stakeholder engagement on this proposed scheme will take place ahead to ensure that their views are taken into account before any plans are submitted for planning approval.

### **Liberty of Southwark**

- 5.22 Elsewhere, we and our joint venture partner, Landsec, have started delivery of Liberty of Southwark, situated between Southwark and London Bridge stations. The Liberty will provide 190,000 sq. ft of office space, as well as 34 new homes, half of which will be affordable. A heritage building, 15 Southwark Street, will be restored to its original use with retail on the ground floor and commercial workspace above.

5.23 The scheme was first approved in 2021 but was amended to ensure that the Roman mausoleum and mosaics found on the site can be uncovered and embedded into a new publicly accessible community space. The amendments also address updated building regulations, including the integration of a second staircase and lift lobby.

### **Other Key Updates**

5.24 An important milestone was achieved on 22 August 2024, with the completion of 101 homes in Block E at Kidbrooke Phase 1(b). As a result, we have now reached a total of 1,056 homes completed to date across our housing programme. Further blocks comprising a further 268 homes are scheduled to complete at Kidbrooke later this year.

5.25 Nationally, the new government has set a target of building 1.5m new homes by 2029, and in support of that target it is consulting on changes to the National Planning Policy Framework this autumn.

5.26 Our next commercial property joint venture will deliver around 1,200 homes (40 per cent affordable) at Limmo Peninsula, next to Canning Town Tube station. In August, three leading developers were shortlisted to enter the dialogue stage of the procurement. One of these shortlisted organisations will be appointed not only to develop Limmo but to bring forward thousands of homes in our new East London Partnership.

5.27 The East London Partnership builds on the success of our West London Partnership with Barratt London. Vacant possession has been achieved at Bollo Lane Phase I and we have completed the land transaction to formally establish the Partnership. Bollo Lane Phase I will deliver 195 new homes. We are working through the outstanding conditions for Phase 2, and January 2025 is targeted for starting work on the next 455 homes. Overall, Bollo Lane is expected to deliver up to 900 homes (50 per cent affordable).

5.28 Finally, we have started public consultation on a mixed-use, purpose-built student scheme at Southwark station comprising 430 self-contained student rooms alongside a block of 40 affordable homes.

5.29 Building on the progress above, our new Real Estate Partner, Savills, has been commissioned to undertake an independent review of the current residential programme within Places for London. The aim is to speed up delivery, including identifying opportunities to unlock sites that are currently stalled or financially challenged.

5.30 An initial workshop assessed 70 sites within the current programme alongside a further 30 'small sites.' Following this, detailed reviews have taken place, and Savills will now produce recommendations that will consider whether the correct sites are being prioritised, what more Places for London could do, and what support from Government, the Greater London Authority (GLA) or local authorities might help increase the pace of delivery. Updates will be shared with the Committee in due course.

## **6 Asset Management**

- 6.1 The Asset Management team has also had a very productive three months. The team continues to put in place the required business infrastructure, including critical steps in the procurement of replacement facilities management and finance systems. These are significant steps for the business as it moves towards greater ownership and control of its data.
- 6.2 Alongside this, an estate-wide condition survey is nearing completion, providing not only a much better understanding of the condition of the estate but also key basic information such as floor plans and floor areas.
- 6.3 In line with the wider partnerships' strategy, we launched the Delivery Partner tender in September. This tender will allow Asset Management to procure services at greater scale and speed. Following extensive soft market testing, there has been an excellent response from the market, and we hope to be able to announce our preferred partner before the end of the calendar year.
- 6.4 Following the successful acquisition of Buck Street market last year, the site has been formally relaunched as a BOXPARK. BOXPARK will operate the three-floor market that will include 60 independent food and retail traders complete with a rooftop terrace, enhancing the site's appeal as a vibrant social hub. Buck Street market demonstrates how Places for London can make strategic acquisitions and work with established partners to deliver value to both the business and the local community.
- 6.5 We are also working with BOXPARK at Liverpool Street, and we have now handed the arcade site over to allow fit out of the space which will be rebranded as BoxHall City.
- 6.6 Elsewhere, our commercial activity has continued at pace, and we have completed lettings at locations including Piccadilly, Ealing Broadway, South Wimbledon, Canada Water and Victoria Station Arcade. Notably, after major infrastructure works, we have completed a flagship letting at Baker Street to Market Place which will see 3-4 Station Approach occupied for the first time in over five years. These transactions will generate £500,000 a year.
- 6.7 Working with Morgan Sindall, we have also commenced work at our flagship arches site, Kilburn Mews, which will deliver a new urban space in the centre of Kilburn, directly opposite the station.
- 6.8 Finally, Places for London held its first customer conference on 18 September at Motel Studios, one of our tenants who is based in Shoreditch. This event brought together businesses operating on our estate with guest speakers from the GLA, the Federation of Small Business and Grow London Local. Businesses spoke about how they have worked to support their local communities, reduce their impact on the planet and make their industries more open and inclusive.
- 6.9 At the same event, Places for London launched its inaugural 'We Make Places for London' awards for its customers, recognising the amazing businesses that have a positive impact on London and Londoners across categories including communities and inclusion and sustainability and innovation.



## **7 Electric Vehicle Charging Hubs**

- 7.1 In November 2023, the Deputy Mayor for Transport announced our tender to seek a joint venture partner to facilitate investment into EV charging infrastructure.
- 7.2 The purpose of the joint venture is to fund, design, build, operate and maintain EV charging infrastructure and ancillary services to generate long-term, sustainable and growing dividends for the shareholders by delivering material improvements in the number, distribution, accessibility and sustainability of EV charging infrastructure in London – all of which will directly contribute to London’s transition to a net zero carbon city.
- 7.3 Although standards within the EV charging sector are still being refined, the joint venture intends to be at the forefront of developments in accessibility and safety. The charging infrastructure delivered will go beyond the requirements of the Public Charge Point Regulations 2023 and will implement best practices from the British Standards Institution’s guidance on accessible charging infrastructure. Customer safety will be prioritised across all site designs to provide clear lines of sight, high illuminance lighting and CCTV, as well as on-site presence where ancillary facilities are provided. These measures will make the infrastructure more accessible and inclusive and will provide a more positive experience for all customers.
- 7.4 I am delighted to report that throughout the rigorous and competitive procurement process, the programme has achieved all key milestones on time and with appropriate governance stage gates.
- 7.5 On 12 September 2024, we notified Fastned of its status of Preferred Bidder. Due to company’s listings on Euronext Amsterdam (a public stock exchange), Fastned deemed it critical to publicly disclose their status in order to comply with EU Market Abuse Regulations. Places for London and Fastned will now enter into discussions to finalise the joint venture business plan and legal contracts ahead of seeking approval from the Committee to proceed with contract award.
- 7.6 To allow contract award to be achieved within the preferred timeline of October, approval by way of Chair’s action will be sought to:
- (a) set up a Special Purpose Vehicle to hold Places for London’s shares in the new joint venture;
  - (b) provide Land Authority and a small amount of unbudgeted Financial Authority to support initial equity contributions for the five seed sites and five reserve sites; and
  - (c) guarantee from Places for London to support its subsidiary’s share of indemnities in the new joint venture.
- 7.7 This announcement marks another major milestone for Places for London. It is our ninth joint venture – our third pan-London joint venture and our first outside of core real estate. We are projecting that the EV charging joint venture will provide a material long-term income stream to Places while providing investment in critical infrastructure to support the decarbonisation of London’s road traffic.

7.8 Fastned is a very credible partner with hundreds of charging stations across Europe. Critically, throughout the process they demonstrated full alignment with Places for London's mission. Fastned supported the development of all five proposed seed sites and expressed a strong appetite to expand the joint venture's portfolio of sites beyond the seed sites. Fastned's experience also suggests that both designs and delivery programmes can be optimised to provide additional charging bays at the proposed sites, added social value and community impact, and acceleration of the delivery programme.

## **8 Resourcing**

8.1 We have previously updated the Committee on our Operating Model Review undertaken by external consultants Bain & Company. The development of a new operating model was a collaborative effort with input from the Places for London's Executive, teams across all areas of Places for London, and TfL and GLA stakeholders.

8.2 We have sought to create an operating model that is comprehensive in delivering our strategy and business plan, while ensuring alignment to our core values. The operating model was guided by the following design principles:

- (a) prioritise the most critical capabilities to deliver our social and financial mission for London and serve our shareholder, TfL;
- (b) enable us to deliver on our commitments for the next three to five years, with the ability to adapt to meet the needs of any new project or partnership opportunity;
- (c) maximise the benefits of the portfolio to Londoners (social, environmental, and financial value), from strategy, through to development, ongoing asset management and property management;
- (d) focus on what only we can best do, based on strategic or operational need, our ability to be best-in-class or cost, or where we can access unique talent;
- (e) be set up to effectively manage all trusted partners and act as an 'intelligent client';
- (f) become an incubator for talent, investing in high-potential individuals and providing them with development opportunities while delivering a unique social mission for London and its transport network;
- (g) deliver a compelling employee value proposition that attracts and retains the best talent, and is representative of the diversity of London and the communities we serve;
- (h) strengthen our values-driven culture and instil the delivery mindset, incentives, behaviours, and ways of working that recognise and reward outcomes over process;
- (i) ensure our governance and management processes have clearly defined interfaces with our shareholder and other stakeholders to support fast-paced, delivery-focused decision-making; and

- (j) secure ownership of critical data and provide the right tools and capabilities to access and use the insights.

8.3 The recommendations will now be taken forward through the formal TfL change governance, including seeking approvals in relation to any potential organisational change implications which may also be subject to consultation in due course. In the interim, there are a small number of more immediate steps that we are taking to strengthen delivery:

- (a) to reflect the importance of the homes programme, the incoming Property Development Director will focus on housing delivery;
- (b) the Asset Management Director will be focused on growing our shareholder return and asset portfolio value with a team organised primarily by asset type;
- (c) a Head of Partnerships role, reporting directly into the Chief Executive, will embed commercial accountability and strategic planning across the portfolio, enabling Places for London to be an intelligent client; and
- (d) the Strategy and Planning Director will work across functions to both set Places for London's strategic direction and act as a bridge between portfolio-level strategy and asset-level strategy decisions.

## **9 Skills Academy**

9.1 On 20 September 2024, our new Skills Centre on Station Road in Edgware was formally opened by the Leader of Barnet Council. The centre is in a prominent location on Station Road and provides a very visible base for local people who may want to embark on careers in construction and the built environment.

9.2 The centre was funded and delivered by Places for London, our joint venture partner Ballymore and The Skills Centre (a community-focused, training and apprenticeships provider).

9.3 The centre will take advantage of the opportunities presented by our regeneration of Edgware Town Centre and will offer a diverse range of training opportunities, including classroom qualifications and hands-on skills training.

9.4 The new Centre builds on the work already achieved by Places for London that has seen more than 8,000 people undertake training in our Construction Skills Centres, of which more than 3,000 have been helped into work. Of these, 60 per cent of trainees are from groups under-represented in the industry. We have also engaged with more than 7,000 young people through our Education Engagement Programme and enabled 185 work experience placements for 16- to 19-year-olds. As the development programme ramps up, these numbers will increase.

**List of appendices to this report:**

None.

**List of Background Papers:**

None.

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Land and Property Committee



Date: 1 October 2024

Item: Finance Report – Period 5, 2024/25

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**This paper will be considered in public**

**1 Summary**

1.1 The Finance Report presentation sets out Places for London's financial results to the end of Period 5, 2024/25 (1 April to 17 August 2024).

**2 Recommendation**

2.1 **The Committee is asked to note the report.**

**3 Summary**

3.1 The Finance Report presentation provides a summary of the financial performance results to the end of Period 5, Financial Year 2024/25.

3.2 Due to the recent cyber security incident, we are currently addressing several financial reporting impacts and are actively working through the resolution process.

**List of appendices to this report:**

Appendix 1: Finance Report Presentation

**List of Background Papers:**

None

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# Finance Report – Appendix 1

**2024/25 – Year To Date**

**Period 1-5 (1 April - 17 August 2024)**

# Financial Performance

Our year-to-date Net Contribution is £2.4m higher than budget with the main driver being Property Income.

Gross Property Income is higher than budget driven by earlier than expected Offices income, an Industrial surrender premium and the recovery of historical Bus Garages rent and utility recharges.

Direct Property Costs are better than budget, due to a movement in the Bad Debt Provision.

Central Operating Costs are materially in line with budget, with underspend in Consultancy costs driven by the phasing of project mobilisation, offset by recharges from TfL.

Net Project costs are adverse to budget due to a delay in the receipt of Kidbrooke dividend distribution from the joint venture (expected in Period six). This was partially offset by Fenwick project developer contribution.

Income Statement (£m)	Year To Date		Full Year		
	Actuals	var to Budget	Q1 Fcst	Budget	Prior Yr
<b>Core Trading</b>					
Retail	13.4	0.0	36.9	37.0	32.9
Arches	4.6	(0.0)	12.2	12.3	11.5
Offices	6.2	1.0	13.7	13.9	11.3
Residential	0.5	0.1	1.2	1.2	1.3
Car Parks	7.4	(0.1)	20.5	20.5	20.0
Industrial	0.8	0.3	1.5	1.5	1.3
Bus Garages	3.4	0.3	4.9	4.4	3.8
Infrastructure	1.8	(0.1)	4.9	5.0	6.7
Contract revenue & central income	0.7	0.2	2.4	2.6	1.2
<b>Gross Property Income</b>	<b>38.8</b>	<b>1.7</b>	<b>98.3</b>	<b>98.3</b>	<b>90.1</b>
Direct Property Costs	(7.5)	0.9	(20.6)	(21.7)	(15.3)
<b>Net Property Income</b>	<b>31.2</b>	<b>2.6</b>	<b>77.7</b>	<b>76.5</b>	<b>74.8</b>
<b>Margin (%)</b>	<b>81%</b>		<b>79%</b>	<b>78%</b>	<b>83%</b>
Non-Property Income	0.1	0.1	0.1	0.0	0.1
Central Operating Costs	(15.6)	(0.1)	(44.1)	(43.0)	(34.2)
<b>Core Trading Contribution</b>	<b>15.7</b>	<b>2.6</b>	<b>33.6</b>	<b>33.5</b>	<b>40.7</b>
<b>Margin (%)</b>	<b>40%</b>		<b>34%</b>	<b>34%</b>	<b>45%</b>
Project Income (inc JV Dividends - Build to Sell)	1.0	(1.0)	3.2	2.8	4.0
Project Costs	(2.7)	0.5	(9.8)	(9.3)	(8.5)
<b>Net Contribution before interest*</b>	<b>13.9</b>	<b>2.1</b>	<b>27.0</b>	<b>27.0</b>	<b>36.2</b>
<b>Margin (%)</b>	<b>35%</b>		<b>27%</b>	<b>27%</b>	<b>38%</b>

\*Excludes management fee

# Net Capital

Year-to-date Net Capital is £(31.4)m, £(9.8)m lower than budget.

Capital income is £(22.8)m lower than budget driven by:

- Delayed receipt of a capital repayment from Kidbrooke Joint Venture (£10.8m) now forecast for mid-September 2024.
- Delayed disposal of Rigby Land / Dawley Rd (£9.0m) now forecast for mid-September 2024.
- Snaresbrook budgeted in current year (£1.8m) but completed in FY24.

Capital Expenditure is £13.0m lower than budget due to:

- Asset Investment - underspend in Offices at 200 Buckingham Palace Road, Arches at Wood Lane and Lockton Street, and Retail at Whitechapel and Liverpool Street.
- PD Residential - delayed spend at Bollo, Kidbrooke, Ash Grove and Connected Living London, partially offset by overspend on Earls Court.

Capital Account (£m)	Year To Date		Full Year	
	Actuals	var to Budget	Q1 Fcst	var to Budget
<b>Income F/(A)</b>				
Asset Disposals	-	(9.0)	14.3	2.3
Residential	1.6	(13.6)	34.8	(19.3)
Commercial	-	(0.2)	62.8	2.3
Other	-	-	-	-
<b>Total Capital Income</b>	<b>1.6</b>	<b>(22.8)</b>	<b>111.8</b>	<b>(14.7)</b>
<b>Expenditure (F)/A</b>				
Asset Investment	(17.7)	3.4	(48.6)	(5.8)
Asset Disposal costs	(0.0)	0.3	(0.6)	0.4
Residential	(10.1)	9.7	(57.0)	(8.9)
Commercial	(5.2)	(0.8)	(54.7)	(2.5)
Other	(0.1)	0.5	(1.1)	0.1
<b>Total Expenditure</b>	<b>(33.0)</b>	<b>13.0</b>	<b>(161.9)</b>	<b>(16.6)</b>
<b>Net Capital</b>				
Asset Investment	(17.7)	3.4	(48.6)	(5.8)
Asset Disposals	(0.0)	(8.7)	13.7	2.7
Residential	(8.5)	(3.9)	(22.2)	(28.2)
Commercial	(5.2)	(1.0)	8.1	(0.2)
Other	(0.1)	0.5	(1.1)	0.1
<b>Total Net Capital</b>	<b>(31.4)</b>	<b>(9.8)</b>	<b>(50.2)</b>	<b>(31.4)</b>

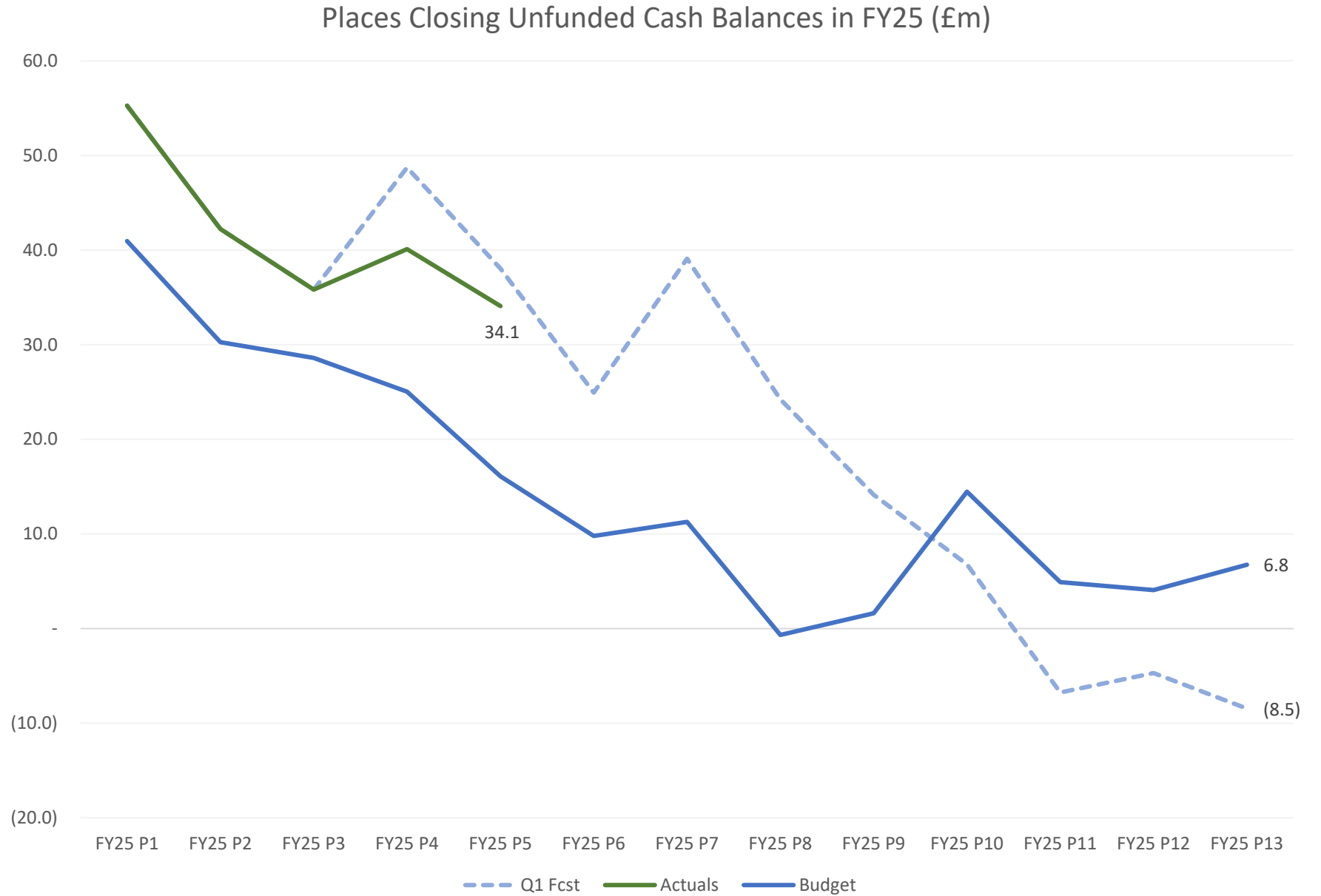
F=Favourable, A=Adverse



# Cash Balances

Our cash balance is currently behind the Q1 forecast due to the delayed receipt from the Kidbrooke joint venture (Dividend plus return of equity) and is now expected in September (Period six).

Q1 Year-end cash position reflects the net capital investment changes in the Q1 forecast, with this mainly due to a net in-year increase in development costs at Bollo Lane.



# Cashflow

Year to date Closing Cash is £18.0m higher than budget.

Opening Cash was £15.7m higher than the Q3 / Budget indicated, driven by performance in the final three periods of FY24, plus the delayed settlement of two periods of Cash Loans with TfL until Period two of the current year.

The main driver of the YTD performance is Cashflow from Investment activity, including:

- Capital Expenditure and investment in Joint Ventures has been rephased until later in the year.
- Proceeds from Disposals and Disinvestment in joint venture (repayment from Kidbrooke joint venture ) have both been rephased to Period 6.

Cashflow Summary	Year To Date		Full Year	
	Actuals	var to Budget	Live Fcst FY25	Budget
(£m)				
<b>Cash from operations</b>				
Management Operating Surplus (inc JV Dividends)	13.9	2.1	29.8	27.0
TfL Management Charges	(3.0)	0.1	(8.0)	(8.0)
<b>Adjustments for:</b>				
Operating Surplus not in Places Ltd	0.4	0.4	0.4	-
Capital Items charged to the Operating Account	0.1	0.1	0.1	-
Working Capital movement	(13.0)	3.8	(9.5)	(9.9)
<b>Cash generated from operations</b>	<b>(1.5)</b>	<b>6.6</b>	<b>12.8</b>	<b>9.1</b>
<b>Cash flows from investing activities</b>				
Investment in Property Assets	(18.9)	7.0	(59.4)	(58.7)
Investment in Joint Ventures	(9.7)	10.4	(96.1)	(86.7)
Proceeds from Property Disposals	1.6	(12.0)	108.6	115.7
Disinvestment in Joint Ventures	-	(10.8)	11.1	10.8
<b>Net cash used in investing activities</b>	<b>(27.0)</b>	<b>(5.3)</b>	<b>(35.9)</b>	<b>(18.8)</b>
<b>Other Cashflow Activity</b>				
Interest received	1.2	1.2	1.2	-
Interest paid	(0.5)	(0.2)	(1.4)	(1.2)
Dividends paid	-	-	(16.6)	(21.0)
Income tax paid	-	-	(5.5)	(7.5)
<b>Net cash from Other Activity</b>	<b>0.8</b>	<b>1.1</b>	<b>(22.2)</b>	<b>(29.7)</b>
<b>Cash flows from financing activities</b>				
Proceeds from issue of share capital	-	-	-	-
Proceeds from long-term borrowings	-	-	-	-
Repayment of long-term borrowings	-	-	-	-
<b>Net cash used in financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net increase / (reduction) in cash and cash equivalents</b>	<b>(27.7)</b>	<b>2.3</b>	<b>(45.3)</b>	<b>(39.3)</b>
Cash and cash equivalents at beginning of period	61.8	15.7	61.8	46.1
<b>Cash and cash equivalents at end of period *</b>	<b>34.1</b>	<b>18.0</b>	<b>16.5</b>	<b>6.8</b>

Land and Property Committee



Date: 1 October 2024

Item: Places for London Performance Report

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**This paper will be considered in public**

**1 Summary**

- 1.1 The Performance Report provides an update on market context, health and safety, operational performance, project updates and understanding of Places for London's impact. This report covers the period from 1 April to 17 August 2024.
- 1.2 The structure of this report has been amended, with the finance elements now featuring within the Finance Report which is included elsewhere on the agenda.
- 1.3 A paper is included on the Part 2 agenda which contains exempt supplementary information. This information is exempt by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972 in that it contains information relating to the financial and business affairs of TfL. Any discussion of that exempt information must take place after the press and public have been excluded from this meeting.

**2 Recommendation**

- 2.1 **The Committee is asked to note the report and the exempt supplementary information on Part 2 of the agenda.**

**List of appendices to this report:**

Appendix 1: Performance Report

Exempt supplementary information is included in the paper on Part 2 of the agenda.

**List of Background Papers:**

None

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# Performance Report – Appendix 1

**Year to Date 2024/25**

**1 April – 17 August 2024 (Periods 1 to 5)**

- 1 Safety, health and wellbeing
- 2 Operational performance
- 3 Property Development
- 4 Green and Sustainability
- 5 Scorecard
- 6 Market context

# Safety, health and wellbeing

**Lisa-Jane Risk**

Head of Operations



 The TfL Property Company

## Updates

- Since the start of the year, we have had two high potential incidents. One incident involved corroded steel beams being discovered as part of a routine inspection which has since been made safe by our contactor. A final resolution is planned for September. The other incident, involved a tenant undertaking unauthorised refurbishment works. Access to the unit was gained and numerous safety concerns were identified and addressed.
- We have had five instances of injuries (minor), all of which have been investigated and actions taken, while we have had no killed or seriously injured (KSI).
- We issued eight severe warning notices to our tenants, three of which have been resolved. We are working with the remaining five tenants to resolve the open notices; in the meantime, we have put in place mitigations to manage any severe risks.
- We introduced a more structured approach for Safety, Health and Environment Leadership Engagement Tours building meaningful engagement and understanding with our colleagues, partners and customers on matters of safety, health and the environment.
- We rolled out the TfL digital assurance system Safety Culture to conduct first line assurance in all areas of the organisation.

## Look Ahead

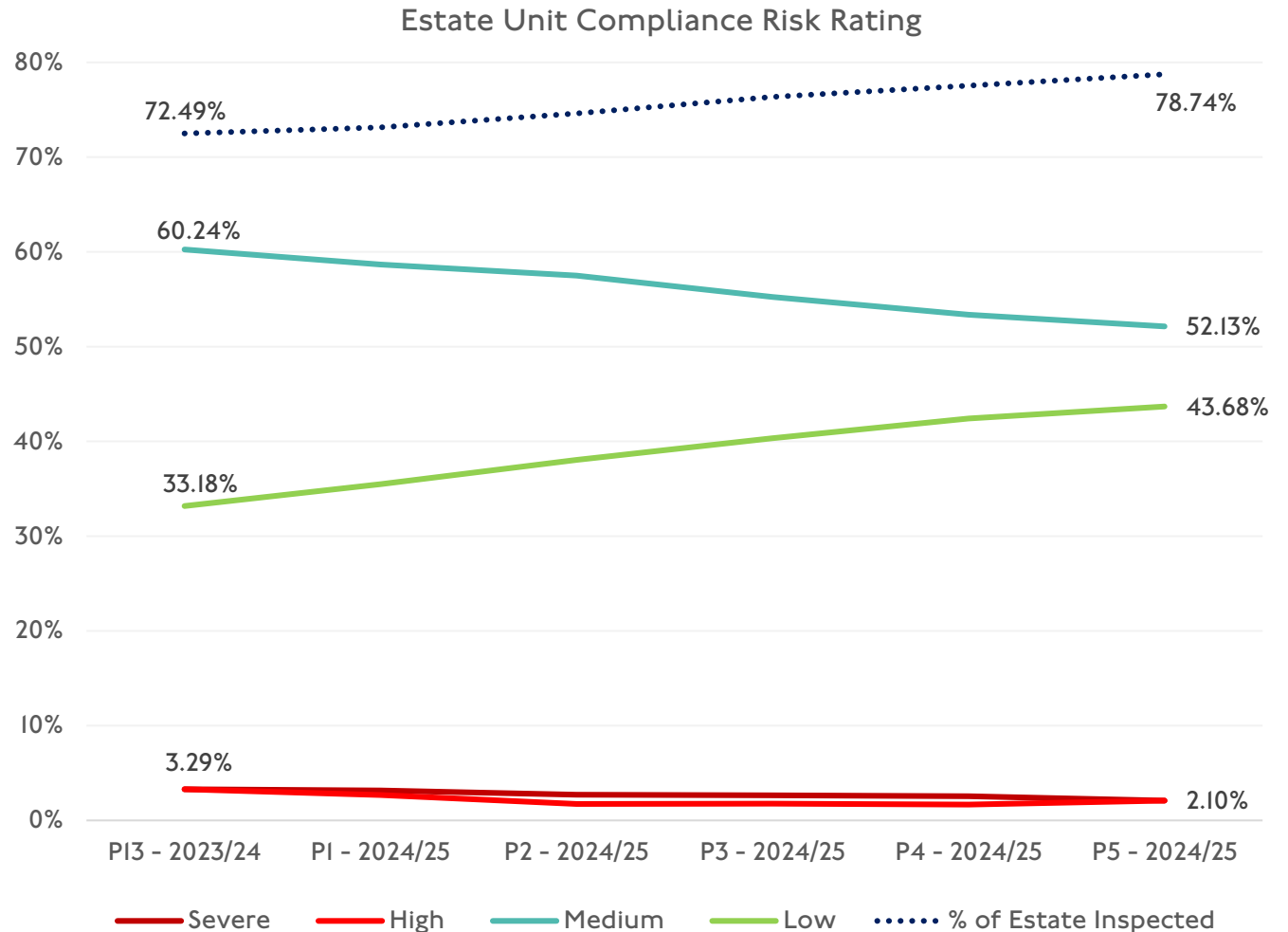
- We are planning a follow up event to the Safety, Health and Wellbeing Standdown Day. This will take place in November and focus on personal safety.
- We have reviewed and updated our Asbestos Management arrangements and will implement a revised Asbestos Management Plan within our Asset Management estate.
- We will be holding a 'round table' event with our developer partners during Quarter 3 to share ideas and discuss best practice.

The Compliance team remains committed to maintaining a safe and compliant portfolio through rigorous monitoring, enforcement, education, and active tenant engagement.

Throughout this financial year, we have shown consistent improvements across the tenant-managed estate. At the close of the previous year, the combined high and severe risk ratings stood at 6.6 per cent. We have reduced this to 4.2 per cent. This progress has been achieved alongside an increase in total inspections. By the end of the year, we anticipate that at least 50 per cent of our estate will achieve a low-risk rating, with nearly 100 per cent of the estate having undergone inspections.

In the last quarter, we have also engaged in knowledge-sharing initiatives with Hackney and Camden councils, who have expressed significant interest in the strategies and improvements implemented by Places for London in managing compliance across our estate.

## Tenant Managed Compliance Risk Rating



# Safety, Health and Wellbeing Strategy

## Our strategic focus areas



### Safe

We prioritise safety, health and wellbeing above all else

### Health and wellbeing

In the workplace and across our entire estate, we prioritise creating spaces that enhance human health. Through thoughtful design and consideration of people's needs, we aim to improve both physical and mental wellbeing.

### Beyond bricks and mortar

We recognise that a safe and healthy organisation requires more than just safe buildings. It is giving people the right tools, training, systems and resources so they are empowered to improve safety, health and wellbeing through design, execution and action.

### Learning and collaborating

Our role as a convenor allows us to bring parties together to think and act collectively. We will learn and implement best practice and utilise new and innovative technologies to support the creation of safe and healthy places.



## Safety, Health and Wellbeing Strategy Objectives

### Health and wellbeing

Create an inclusive, psychologically safe work environment, where we protect and promote physical and mental health and empower everyone to speak up and take action on safety, health and wellbeing.

Consider every kind of Londoner in our projects and implement innovative solutions to promote improved safety, health and wellbeing outcomes.

Use our role as a convener to work with our partners and customers to share best practice for managing health and wellbeing, utilising TfL's industry leading Occupational Health & Wellbeing function.

### Beyond bricks and mortar

Move from a structured culture to one where safety, health and wellbeing is ingrained in the DNA of the organisation.

Ensure the safe and healthy design, delivery, management and maintenance of places where Londoners can live, work and thrive.

Demonstrate exemplary leadership, ensuring all colleagues and partners have access to the right systems, tools and training to develop and apply the right skills and behaviours.

### Learning and collaborating

Support our customers to fulfil their safety, health and wellbeing responsibilities through training, education and other resources.

Select and learn from partners who demonstrate excellent safety, health and wellbeing performance whilst empowering, enabling and holding them to account for delivery

Foster an open and honest culture of collaboration with our partners and customers, to continuously improve safety, health and wellbeing across all of our shared activities.

# Operational performance

**Daniel Lovatt**

Director of Asset Management



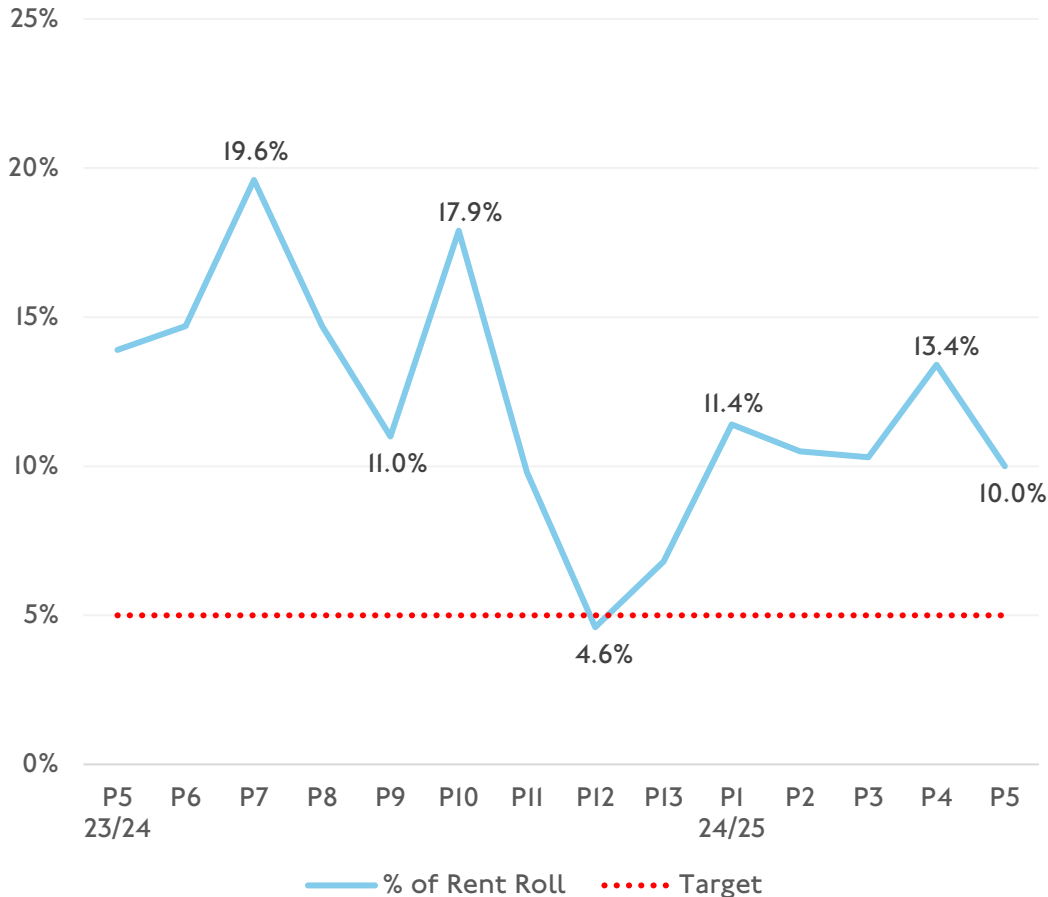
 The TfL Property  
Company

- Arrears are £6.6m as at Period 5 (10 per cent of Rent Roll) against our target of five per cent arrears.
- £1.7m of our arrears relate to a single tenant who is currently repaying the debt on a plan ending on 30 September.
- Excluding this sum, arrears are £4.9m (7.4 per cent of Rent Roll) at Period 5.
- Cash Collection is currently at 83 per cent for the June quarter and we should hit our 95 per cent target by the next billing cycle in September. Our average cash collection rate for the previous three quarters is 98 per cent.
- Our leadership focus is now on debts over £40,000. We hold weekly, action-led meetings to ensure progress with our largest arrears.
- All material debts have a plan and deadlines. In addition, sums falling due in the June quarter are prioritised before they grow.

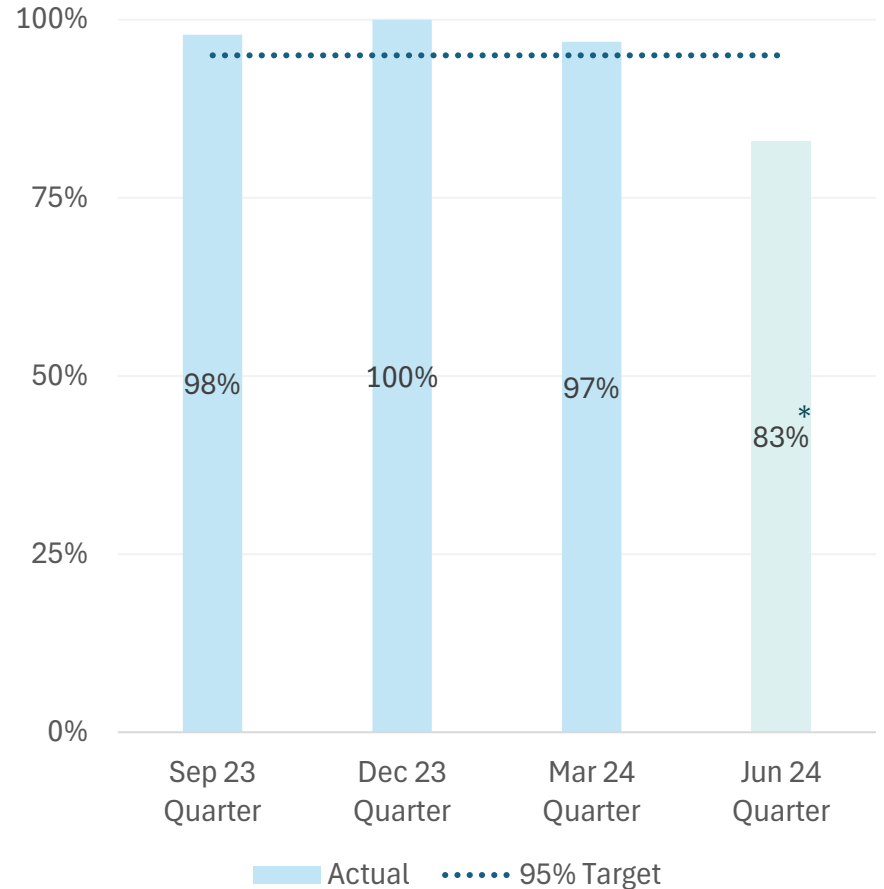


Victoria Arcade opening

## Arrears (as a per cent of Rent Roll)



## Collection rate – as of Period 5 (17 Aug 2024)

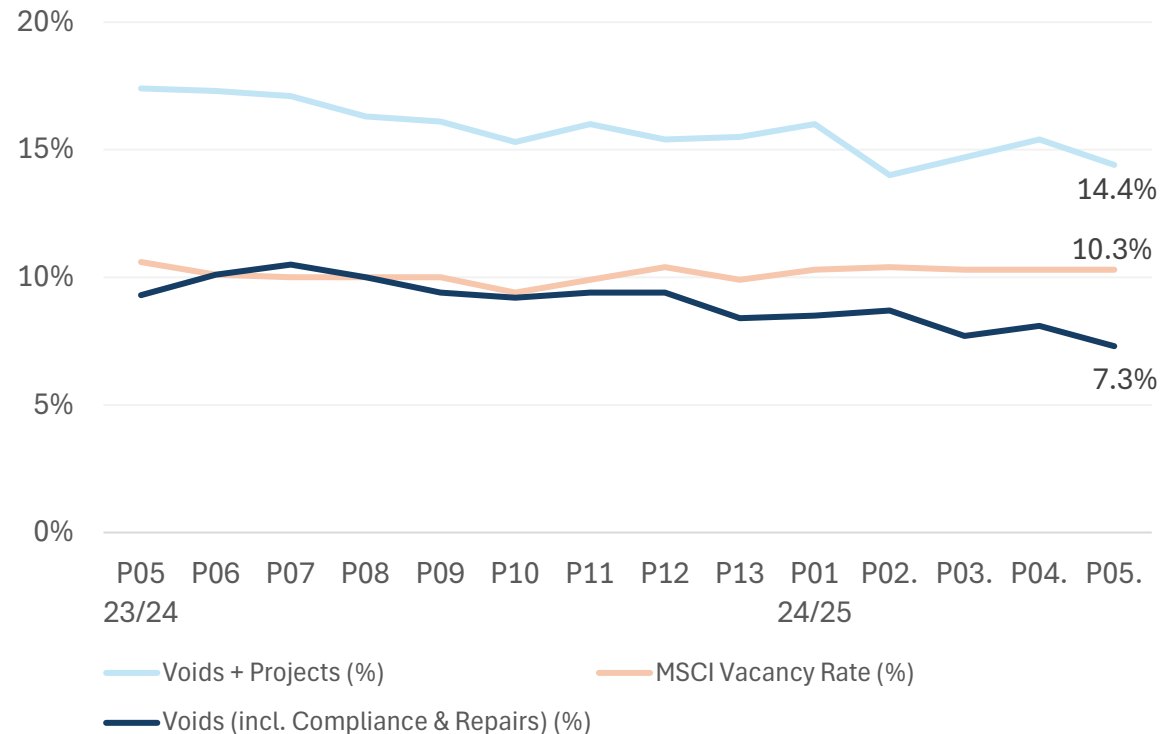


\* June quarter is on target to reach 95 per cent by the next billing cycle

## Voids

- Our current void rate by value is 7.7 per cent, which is lower than the national index at 10.3 per cent.
- Currently there are 248 units with an ERV (Estimated Rental Value) of £6.3m, undergoing major work to secure long term income.
- Thirty-four units are under offer with an ERV of £2m and a further 84 units with an ERV of £3.4m are currently being marketed.
- We have completed a series of new lettings since the start of the financial year.
- Most notably we have opened Victoria Station Arcade and are due to relaunch Buck Street Market with BOXPARK in October 2024.

Voids - TfL v Market Average



Period 5 void rates, by number of units as a proportion of the estate, is 14.4 per cent. This includes units under project, requiring minor works, currently being marketed or under offer.

# Property Development Update

**Lester Hampson**

Director of Property Development



# We have completed over 1,000 homes

## Cumulative Completions Achieved to date, 1,056 homes

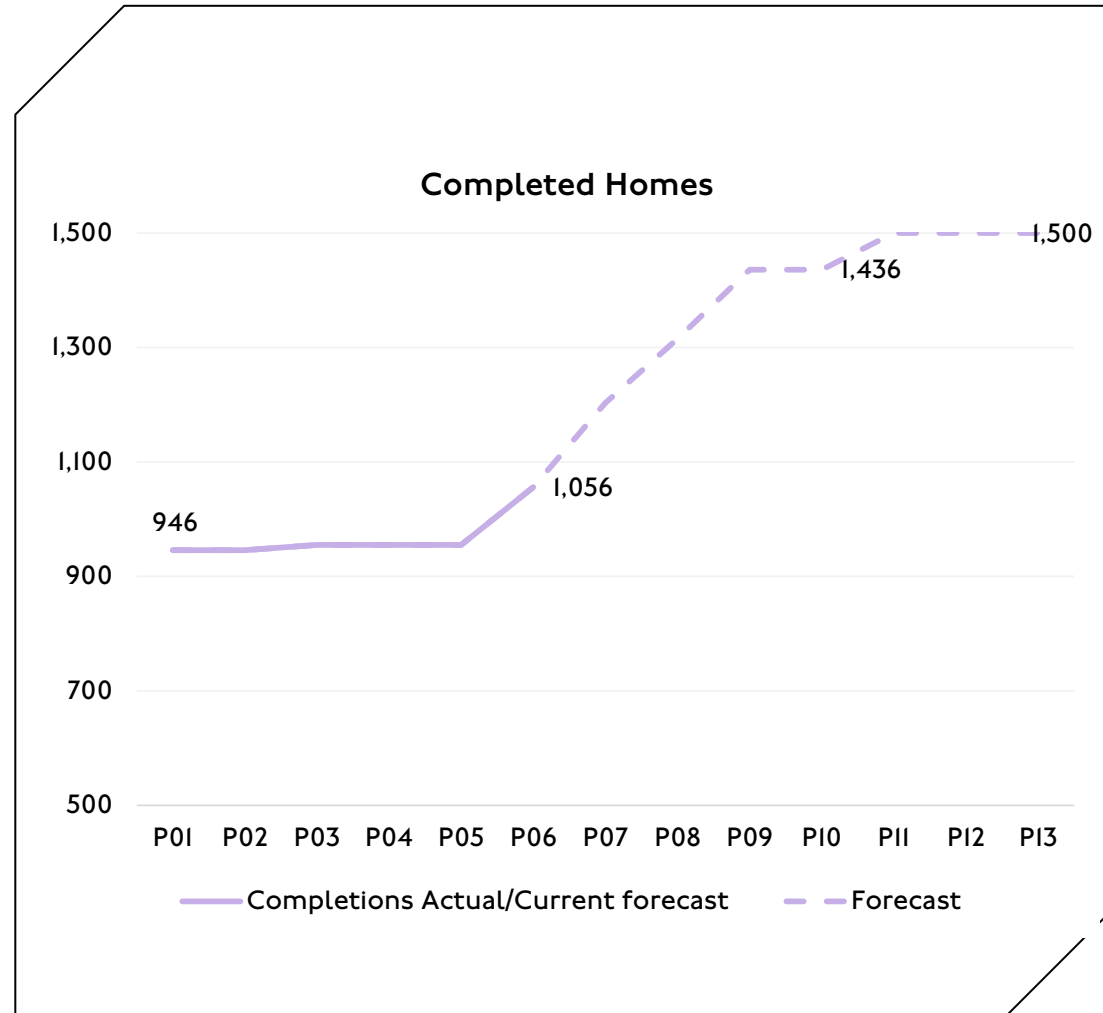
- Aylesbury Street – nine homes, 100 per cent affordable
- Kidbrooke Phase I(b) Block E – 101 homes, 50 per cent affordable across the site (August 2024/25)

## We are on track to achieve our target of 1,436 by 31 March 2025:

- Kidbrooke Phase I(b) – 268 homes, 50 per cent affordable across the site
- Albany Road – four homes
- Fenwick Estate – 46 homes, 100 per cent affordable
- Wembley Park Phase I(A) – 62 homes, 40 per cent affordable across the site

We expect to deliver the following **additional** homes by the end of the financial year, bringing our completed total to **1,500 homes**:

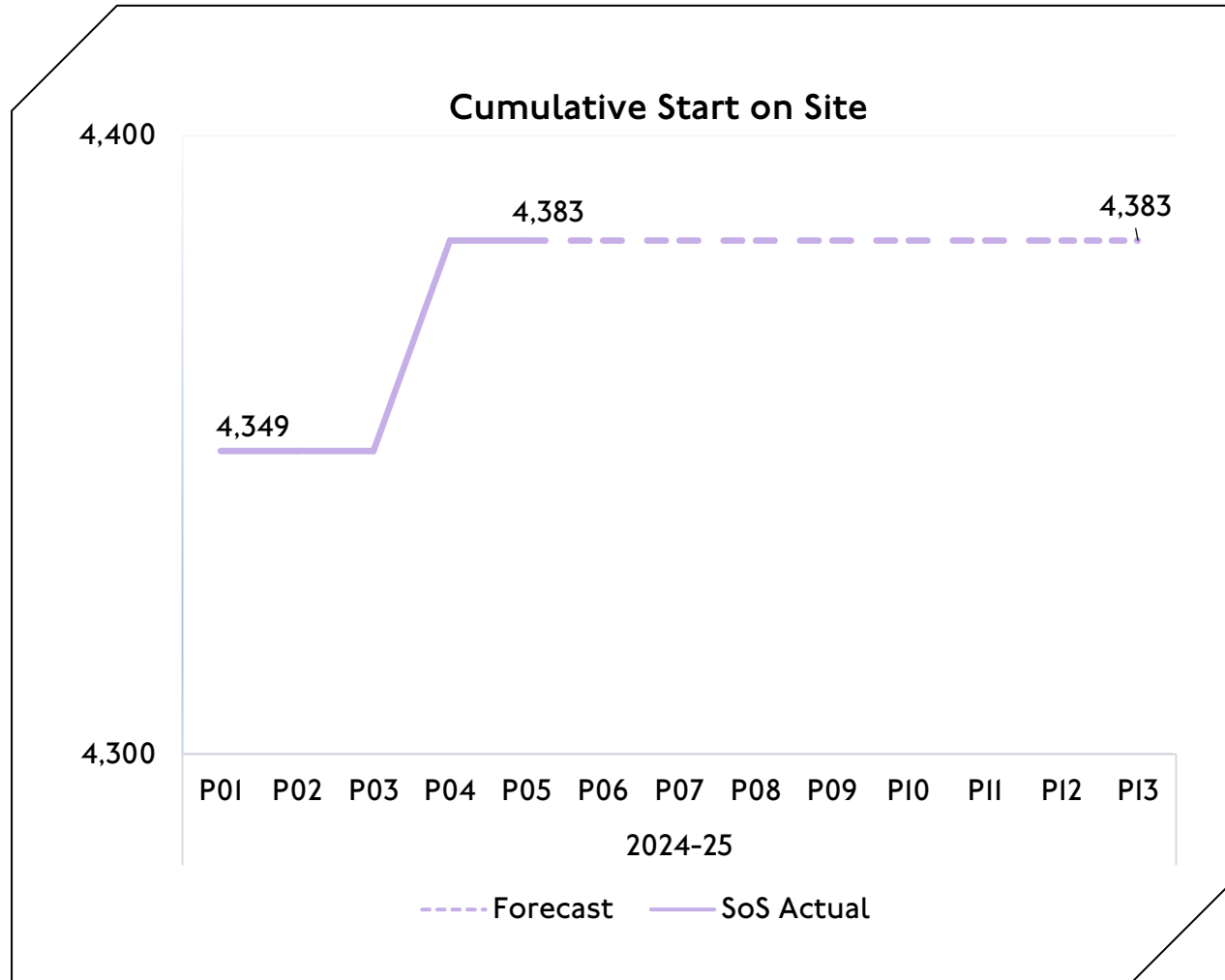
- Wembley Park (Block B) – 64 homes, 40 per cent affordable across the site



# Places for London start on sites in 2024/25

In 2023/24, our cumulative start on site total was 4,349.

On 9 July 2024, we started on site at Liberty of Southwark (34 homes, 50 per cent affordable), bringing the cumulative start on sites to 4,383.



## Explanation of 'start on site'

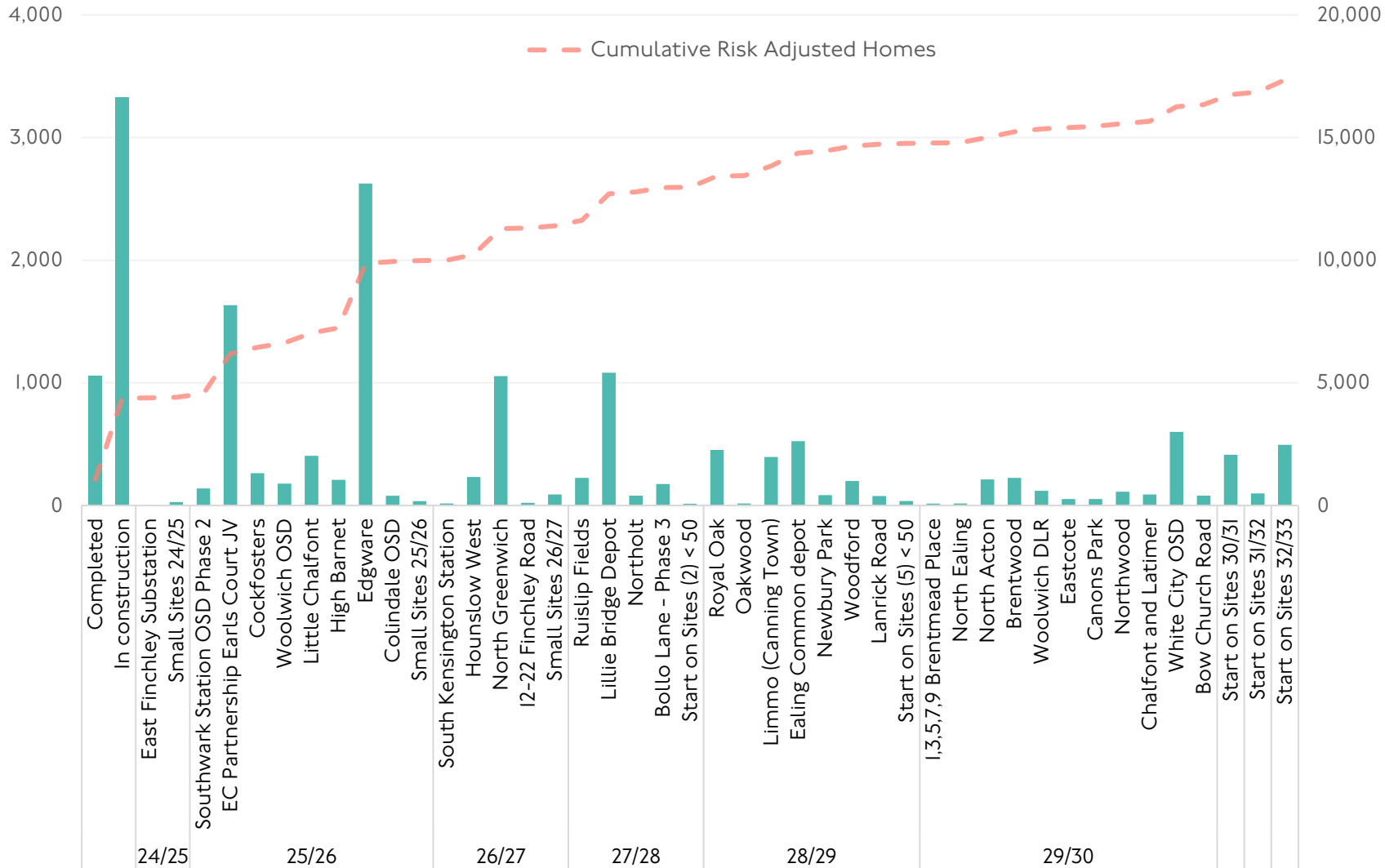
The recording of the start on site of a scheme is when planning permission has been granted and any demolition or enabling works on site have started.



# Places for London Starts on Site forward look

## 20k Programme in Starts

- As of August 2024, we have successfully completed the construction of 1,056 homes and have started work on an additional 3,327 homes.
- We are forecasting that by 2031, we will have started on all sites to meet our target of 20,000 homes.



## 2024/25 Scorecard Milestones:

To supplement the Start on Sites and Completion home targets we will also be measuring ourselves against the following milestones:

Project Name	Project / Milestone	Target date	RAG
Edgware	Planning Application Submitted	28/09/2024	Achieved 05/07/24
EC Partnership Earls Court JV	Planning Application Submitted	28/09/2024	Achieved 30/07/24
High Barnet	Contracts Exchanged with Barratt	27/10/2024	
Kidbrooke Phase I	Phase I Practical Completion	10/11/2024	
Southwark station	Station Interventions - Main Contractor Start on Site	28/11/2024	Achieved 05/08/24
Bank Station	Land Acquired by Joint Venture	24/12/2024	
Build to Rent Programme Level	Updated planning applications submitted for three Connected Living London (CLL) Build to Rent sites, nine months post Building regulations Approved Document B compliance guidance released	29/12/2024	
Fenwick Estate	Handover of development to Lambeth	29/01/2025	
Limmo (Canning Town)	Receipt of Final Tender	13/03/2025	
Network Rail + Places for London	All Gate 0 programmed meetings completed including the recommended Network Rail sites (non-major sites)*	28/03/2025	

- To date, we have achieved three out of 10 milestones.
- Kidbrooke Phase I practical completion date is currently forecast for 29 November 2024. The contractor is struggling to close out the project, meetings with senior management are taking place to try and mitigate the delays.
- Network Rail and all targeted Initiation gates (Gate 0) are on track, ongoing collaboration is required with Network Rail to achieve this target. We have also appointed a role within Places for London to provide direct oversight of and to help coordinate our interface with Network Rail.

# Green and Sustainability

**Mark Farrow**

Director of Strategy & Planning



## 2024/25 Scorecard Milestones:

	Description	Scorecard Target	Expected Date/Result	RAG
Sustainability Milestones		9/10	9/10	
Promoting vibrant and diverse communities	Allocate 5 assets to micro or small businesses for meanwhile use	31/03/25	31/03/2025	Achieved
Creating healthy places for people and planet	Science-based carbon Targets (SBTi) confirmed	31/12/24	31/12/2024	
	Start on site for 4 x Net Zero Carbon Retrofit pilot projects	31/03/25	31/03/2025	
	Complete high-level Portfolio-wide climate risk assessment	31/01/25	30/11/2025	
Supporting and developing local economies	EV Charging preferred bidder decision	31/12/24	31/12/2024	
	Complete Responsible Business Skills customer training pilot	31/03/25	28/02/2025	
	Educational Engagement Programme covering 15 schools and 1,000 young people	31/03/25	30/10/2024	
	50 per cent of Retail and Arches New Lettings adopting the London Lease	50% of leases	50% of leases	
	Seven Sisters Temporary Market Opened	31/12/24	30/06/2025	
Making it happen	Retain GRESB 5* Star Rating (Property Development)	5* Star Rating	5* Star Rating	

- ◆
  - **Meanwhile Use (five assets)** – Seven allocated sites are: (1) Baker Street: weekly street market, (2) Camden Collective School: free space for start-ups, (3) Edgware: construction skills centre, (4) Kensington: a community kitchen running out of Blechyden Arch, (5) Leytonstone Street: artists' retail pop-up, (6)&(7) South Molton Street: two retail sites for sustainable chocolate businesses. The remaining priority is to establish a Meanwhile Use Statement and effective implementation.
- ◆
  - **Portfolio-wide climate risk assessment** – The climate risk assessment tool/map, which covers all of Place's for London's property portfolio is in the final phases of completion, led by TfL. We can use the tool to analyse our portfolio to determine areas at greater risk to extreme weather, aiding the prioritisation of the property relative to portfolio value.
- ◆
  - **Start on site for four Net Zero Carbon retrofit pilot projects** – Remains amber due to current programme timelines which put starting on site at risk given the remaining design stage and lead-in for contractor procurement. A review of delivery options has been undertaken and an adapted or alternative approach to delivery will be agreed September (Period 6).
- ◆
  - **Seven Sisters temporary market opened** – Due to construction delays it is not expected that this milestone will be met this financial year. Mitigation: current priority is signing a contract with the contractor (Etec) and ensuring traders have licences in place to start trading as soon as the temporary market reopens. Expected opening date mid-2025.

# Scorecard



 The TfL Property Company

**Mark Farrow**

Director of Strategy and Planning

## Scorecard at Period 5 (2024/25)

Measure		Current Score	YTD Target	Target	Floor Target	Year End Forecast	Weighting	RAG
Safety & Risk	Tenant Compliance Risk Profile	4.2%	5%	5%	7.5%	5%	10%	Green
	Killed or Seriously Injured (KSI)	0	0	0	0	0.0%	10%	Green
Colleague	Total Engagement	N/A	N/A	62%	61%	62%	5%	Green
	Leadership Representativeness - Gender	46.3%		46%	44%		5%	Green
	Leadership Representativeness - Ethnicity	15.8%		Tracking only				White
	All Staff Representativeness							
	- Gender	46.3%		48.0%	46.0%		1.25%	Yellow
	- Ethnicity (BAME)	26.3%		28.0%	25.0%		1.25%	Yellow
	- Disability	6.9%		9.4%	8.9%		1.25%	Red
- Minority Faith / Belief	13.3%		18.5%	15.0%		1.25%	Red	
Customer	Percentage Affordable Start on Sites	47%	47%	47%	47%	47%	5%	Green
	Start on Sites (Cumulative)	4,383	4,383	4,383	4,383	4,383	5%	Green
	Housing Completions (Cumulative)	1056	959	1,436	1,432	1,436	5%	Green
	Property Development Milestones	3/10	3/10	9/10	7/10	9/10	5%	Green
	Customer Satisfaction Survey	N/A	N/A	60%	58%		5%	Green
Green & Sustainability Milestones	1/10	0/10	9/10	7/10	9/10	15%	Green	
Finance	Total Revenue	£38.8m	£37.1m	£98.3m	£88.5m	£98.3m	10%	Green
	Operating Surplus	£13.9m	£11.8m	£27.0m	£24.3m	£27.0m	5%	Green
	Asset Disposals	£0.0m	£9.0m	£12m	£9.8m	£14.3m	5%	Green
	Asset Investment	£(17.7)m	£(21.1)m	£(42.8)m +-10%	£(42.8)m +-20%	£42.8m	5%	Green
	Dividend			£11m	£11m	£11m	0%	Green

**Note:** The scorecard only captures leadership representativeness by 'gender' and 'ethnicity' due to the population size of this community precluding us from reporting other protected characteristics due to requirements around anonymity and the dependency on self-declaration.

## Safety and Risk

We are on target to keep less than five per cent of our estate at high or severe compliance risk levels.

## Colleague

The transfer of support staff out of Places for London has seen our all-staff diversity numbers drop across all protected characteristics.

This reversed what had been longstanding upward trends, e.g. our ethnicity representation rose from 25.1 per cent in Period 1 23/24 (30 April 2023) to 28.6 per cent in Period 4 24/25 (20 July 2024) , but this has now dropped back to 26.3 per cent this period.

We are refining our approach to diversity and inclusivity as part of a people plan refresh, aiming to improve representation over time. In the immediate term, we are focused on increasing declaration rates, currently at 77% for disability and 80% for Faith/Belief, through a targeted communications plan.

## Green

We are on course to achieve nine out of 10 milestones in line with our scorecard targets. However, the temporary opening of Seven Sisters Market will not be achieved this financial year. The milestone for meanwhile use has been completed.

## Customer Satisfaction

The initial mid-year pulse survey\* results show a 62 per cent satisfaction rate. However, due to the small sample size, there is a potential risk of a decline as more responses are collected. The deadline for the pulse survey has been extended, with ongoing efforts to encourage customer participation. Further analysis and targeted actions are required, with initiatives aligned to the FY23/24 survey data already in progress.

*\*The pulse survey serves as a tool to inform further work in the customer space and does not contribute to the scorecard target.*

## Homes

Our homes targets remain on track for year end. We are also expecting nine out of 10 milestones to be reached with the only potential risk is the completion of Kidbrooke which is currently three weeks behind schedule. Three milestones have already been met.

## Finance

We are currently behind on Asset Disposals due to the delayed disposal of Rigby Land, which is now due to complete in September. Our asset investment is currently behind due to delayed spend on offices and retail but is still planned this year. We are still on course to meet all year-end financial targets.



# Market context

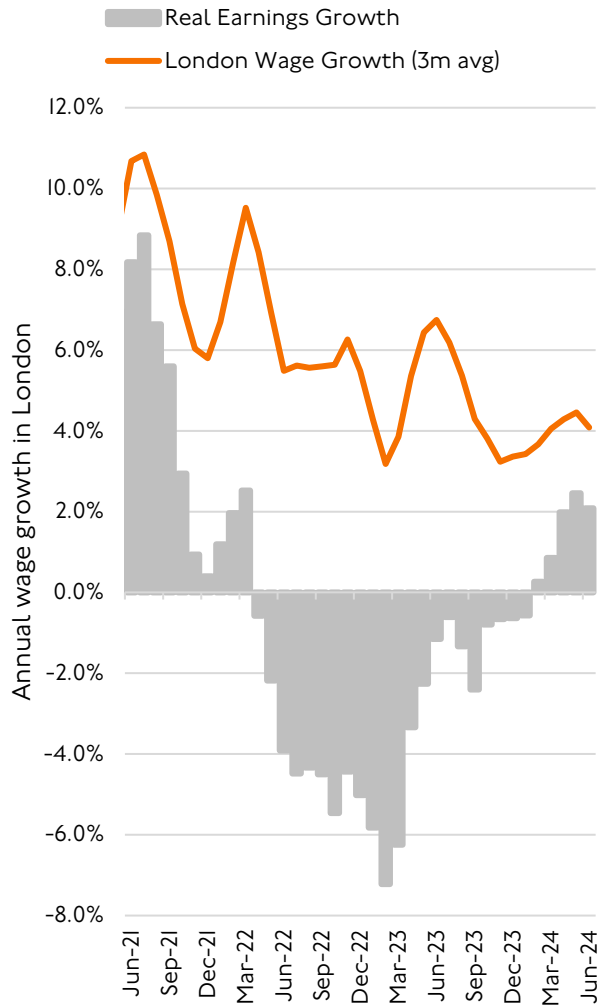


**Graeme Craig**

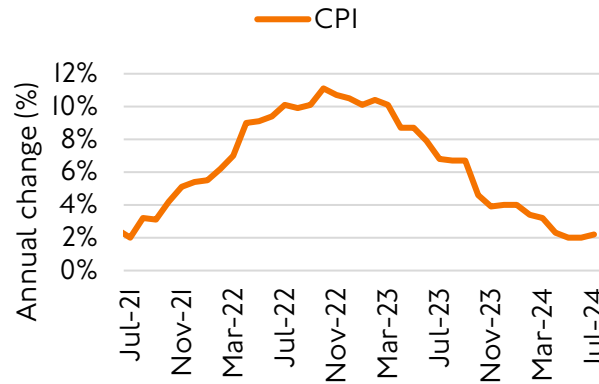
Director and Chief Executive

# Bank of England cuts the base rate in August, but questions remain about how many more cuts in 2024

Nominal wage growth was 4.1 per cent in the year June 2024, with real growth of 2.1 per cent



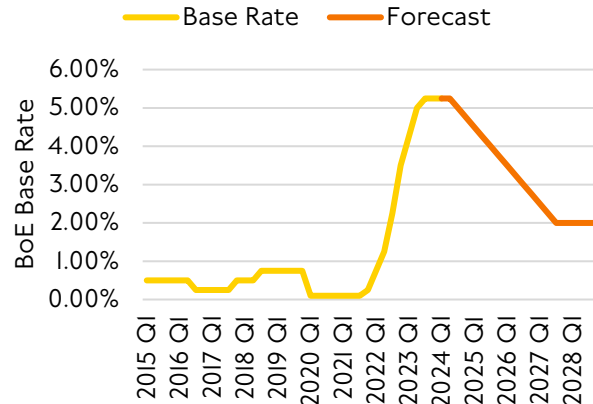
Inflation was 2.2 per cent in July 2024, slightly above the two per cent target, but below market expectations



UK Gross Domestic Product (GDP) continued to grow in Q2 2024, rising by 0.6 per cent after 0.7 per cent growth in Q1 2024. Growth is forecast to continue with GDP expected to increase by two per cent in 2024. Inflation reached two per cent in May and June but ticked up slightly in July. It is forecast to remain close to two per cent through the rest of the year.

August saw the first interest rate cut by the Bank of England (BoE), lowering the rate to five per cent. The BoE is expected to make one more cut this year, which would likely lead to further easing of mortgage rates.

Base rate was cut to five per cent in August, the first cut since 2020, one more cut is forecast for 2024

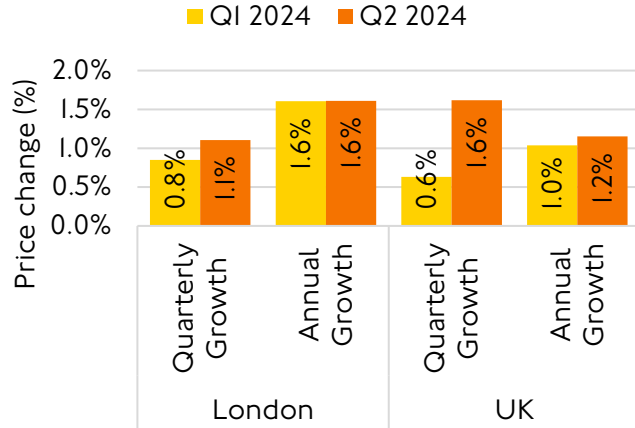


Wage growth has remained robust in London, with nominal wages up by 4.1 per cent in the year to June 2024. The fall in rate of inflation means that there has been positive real wage growth for the past five months.

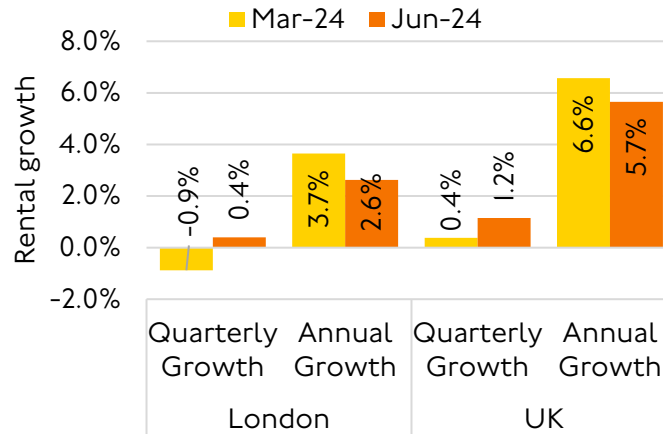
Swap rates have fallen off the back of the BoE interest rate cut, with five-year Sterling Over Night Indexed Average swaps around 3.65 per cent in August 2024, well below their 5.07 per cent level in August 2023. It is expected that swap rates will remain volatile during 2024 as market expectations around further cuts develop.

# London sales values continued to see growth, while annual rental growth eased further in Q2

Quarterly house price growth was 1.1 per cent in Q2, up from 0.8 per cent in Q1 – with annual price growth of 1.6 per cent



Rental growth in London slowed further during Q2, with annual growth falling to 2.6 per cent



Annual rental growth in London continued to ease, with rents rising by 2.6 per cent in the 12 months to June 2024. But there has been an uptick in month-on-month growth, which we expect to see continued through the summer as we enter the stronger seasonal lettings period. This is already being shown in the latest Royal Institute of Chartered Surveyors data on new tenant enquiries, which remains positive. The same survey also shows surveyor’s expecting rental growth over the next three months to strengthen.

Savills forecast rental growth of 5.5 per cent in London in 2024, with five-year growth of 18.2 per cent between 2024 and 2028

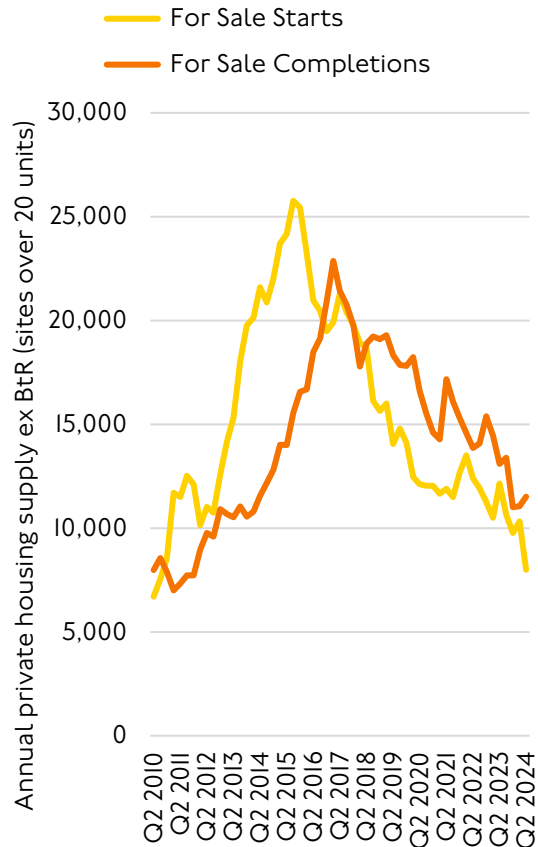
	2023 actual	2024	2025	2026	2027	2028	Total
Mainstream UK Rents	8.0%	+6.0%	+3.5%	+3.0%	+2.5%	+2.0%	<b>+18.1%</b>
Mainstream London Rents	6.1%	+5.5%	+3.5%	+3.0%	+2.5%	+2.5%	<b>+18.2%</b>

For the third quarter in a row London house prices rose – by 1.1 per cent in Q2 2024. This means annual growth has reached 1.6 per cent for London. The activity has been buoyed by falling cost of mortgage debt.

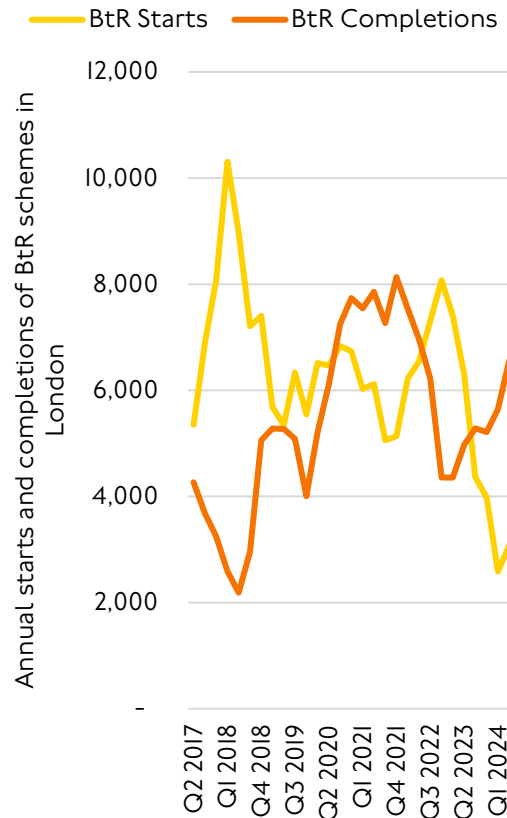
Land values maintained their resilience in Q2 2024, with annual change of -5.7 per cent for urban land (down from -6.5 per cent in Q1). But high density flat-led schemes continue to face viability challenges. Student housing led schemes are proving more favourable currently than Build to Rent.

# Residential construction activity remains subdued, with the number of private sale starts close to their lowest level on record. But a slight uptick in Build to Rent starts

Private sale construction starts fell to just over 1,000 in Q2, down significantly from Q1 2024 and -68 per cent below the same period of 2023



A total of 846 Build to Rent units started construction in Q2 2024 across London, well below the averages seen in 2021 and 2022



Tender price inflation continues to moderate, but there is no sign of deflation and BCIS (Building Cost Information Service), Gardiner & Theobald) and Arcadis are forecasting for it to pick up again in 2025. This will continue to act as a drag on new projects starting in the coming months.

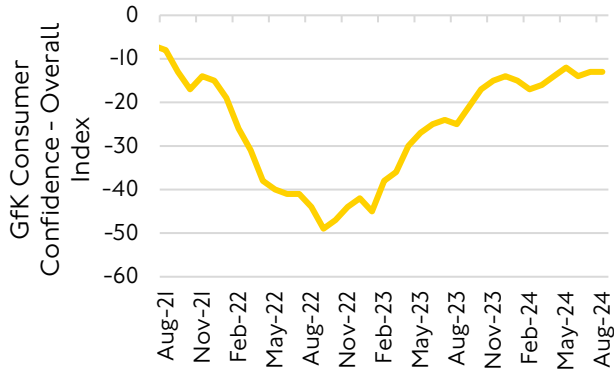
Build to Rent (BtR) starts saw a slight tick up in Q2 2024, with around 850 new homes starting construction. However, the annualised figure remains well below previous levels. The private for sale market continued to see falls in the number of starts, with the annualised number at the lowest level since Q3 2010. We expect the level of new construction starts to remain muted across both sectors through 2024 and into 2025.

The number of new homes receiving planning permission across London continues to fall, with a further c.1,500 gaining consent in Q2 2024. This brings the rolling annual number to c.17,100, the lowest level since 2011. As a result, we expect that starts will continue to fall through 2024 and into 2025 and medium-term pipeline will reduce further.

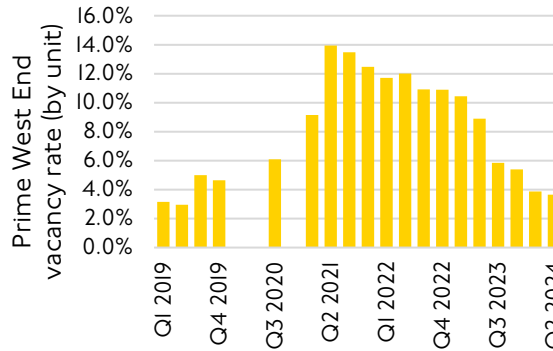
Viability continues to be a challenge for bringing forward new schemes in London and this is not likely to improve materially in the short term. Further falls in interest rates, sustained improvement in buyer demand and moderation of build costs will be needed. Affordable delivery continues to be constrained by limited appetite from Registered Providers.

# Retail spending rose marginally in Half I 2024 alongside improving consumer confidence, and vacancy rates continued to fall in the West End

Consumer confidence remains close to its highest level since 2021, recovering strongly from the low levels recorded during 2022 and 2023



Prime West End vacancy rate by unit count continues to fall, reaching 3.7 per cent in Q2 2024

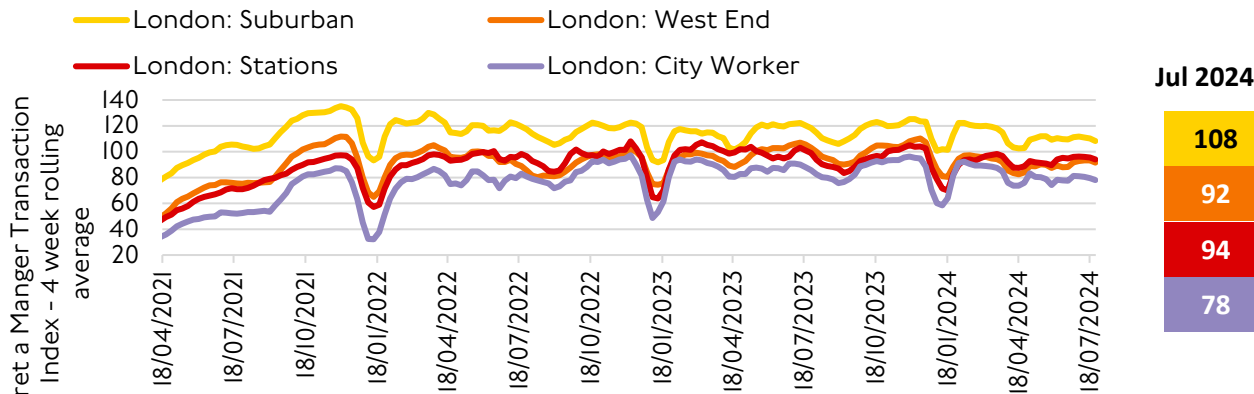


Consumer confidence has improved through 2024, albeit it plateauing in recent months. Recent movements have been bolstered by improving sentiment around consumers personal financial situations, which point towards a better outlook for consumers through the rest of 2024.

Retail spend across the West End in Half I 2024 was up by 0.3 per cent on the same period of 2013. Domestic demand has been weaker, driven by poor weather and inflationary pressure. But rising consumer confidence and slowing inflation indicate domestic spend is likely to recover in Half 2.

In contrast overseas spend has been more resilient. This has been supported by rising arrivals, in particular from the USA and Middle East. This trend is expected to continue over the summer.

Sales volumes in Pret remain weakest in The City, where there have yet to surpass pre-Covid levels, whereas the Suburban London markets continue to outperform their pre-Covid level

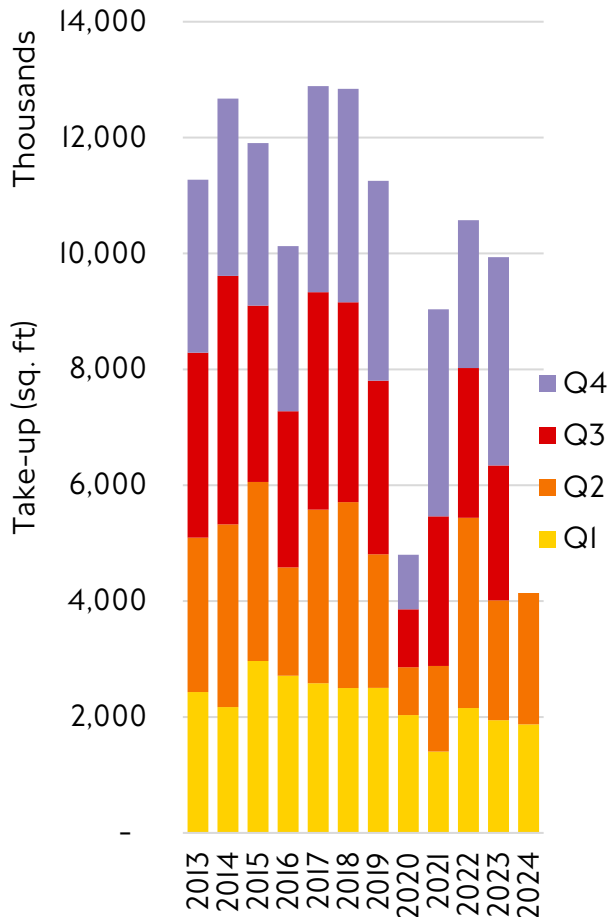


The Pret Index is calculated against a baseline of January 2020 (pre-pandemic). When the figure is above 100 it implies that sales are above their pre-pandemic level and when below 100 they are below pre-pandemic levels.

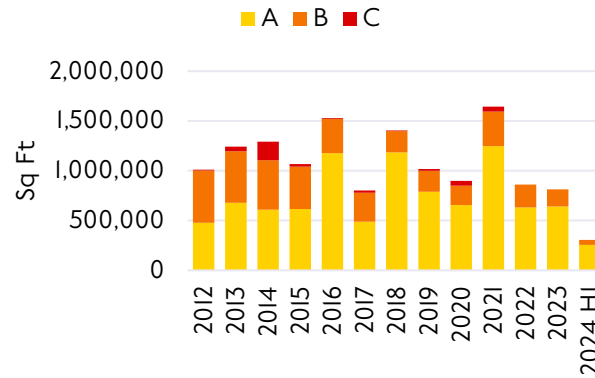
Sales activity in the West End and Station markets has plateaued through much of Q2 2024, according to the Pret Sales Index. These markets have seen activity remain just below pre-pandemic levels over the period. The City market remains the weakest, with a marked fall in activity during April, May and July. Suburban markets remained the strongest performer and continue to trade above their pre-Covid levels.

# Leasing activity in central London offices and light industrial have picked up, but Greater London offices remains subdued

2.3m sq. ft of office space was let in Central London in Q2, this was stronger than the same period of 2023 and only marginally lower than the 10-year Q2 average



Take-up in Greater London offices was 305k in Half I 2024 – 84 per cent of which was for Grade A space



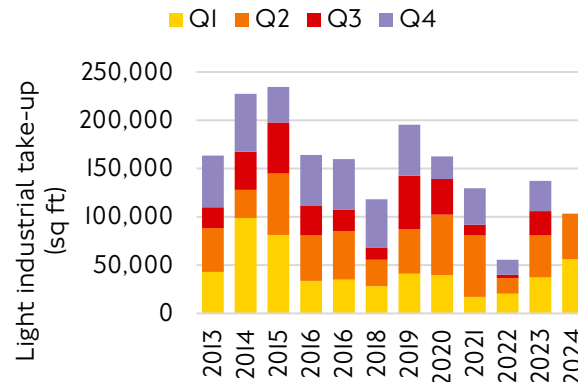
Office leasing in Central London picked up in Q2 2024 bringing the half year take-up above 2023, although it remains marginally below the long-run average. However, the same was not true in Greater London, where take-up was 18 per cent below the previous year.

Tenants continue to be attracted to the best-in-class space, with Grade A take up in Greater London accounting for 84 of space let in Half I 2024. This trend will continue, as companies look to meet their sustainability targets. Take-up has also been driven by smaller occupiers looking for less than 20,000 sq. ft of space.

Office supply across Greater London has continued to fall, with around nine per cent less space in August 2024 compared with November 2023. Further tightening of supply is expected across the region with the majority of existing stock requiring upgrading to adhere to the proposed Minimum Energy Efficiency Standard and Energy Performance Certificate changes due to be implemented in 2027.

Light industrial take-up remained strong in Q2 2024, with 47,000 sq. ft let. This puts total take-up for 2024 close to the level seen at the end of Q3 2023. This points towards continued recovery of tenant demand.

47k sq. ft of light industrial space was let during Q2 2024, taking total let space to 103,000 in Half I 2024, a third higher than the five-year average



## Opportunities

- Slowdown in housing permissions and starts may reduce potential competition for Places for London sites.
- The recent reduction in mortgage rates will start to unlock pent-up buyer demand over the second half of 2024.
- Stronger London economic growth in 2024 and 2025 will drive demand for commercial and residential space.
- Easing inflation will be welcome news to small and medium-sized enterprise commercial tenants, particularly retailers.
- Improving consumer confidence should support domestic retail spend that would benefit retailers within Places for London's estate.
- Increased regulation in the Private Rented Sector could lead to more landlords exiting the market, creating more demand for institutional Build to Rent.
- The continuing flight to quality within the office sector will continue to support the rationale for Project Platinum with Helical.

## Risks

- Lower occupier demand for older office stock threatens rental levels, leading to a higher risk of voids and reduced ability to capture rental growth.
- A return to rising house prices will put pressure on affordability for potential homeowners and first-time buyers.
- Slower housing rental growth will push affordability and lower demand at certain price points.
- Further slowing rental growth in London could impact viability on Build to Rent schemes.
- Rising tender prices put further pressure on the viability of new schemes.





### Land and Property Committee



**Date:** 1 October 2024

**Item:** Places for London Assurance Update

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### This paper will be considered in public

#### 1 Summary

- 1.1 This paper reports on progress with assurance activity across Places for London during Quarter 2 of 2024/25 (23 June to 14 September 2024) (Q2) and provides the status of all open assurance recommendations.
- 1.2 A paper is included on Part 2 of the agenda which contains exempt supplementary information. The information is exempt by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972 in that it contains information relating to the business affairs of TfL. Any discussion of that exempt information must take place after the press and public have been excluded from this meeting.

#### 2 Recommendation

- 2.1 **The Committee is asked to note the paper and the exempt supplementary information on Part 2 of the agenda.**

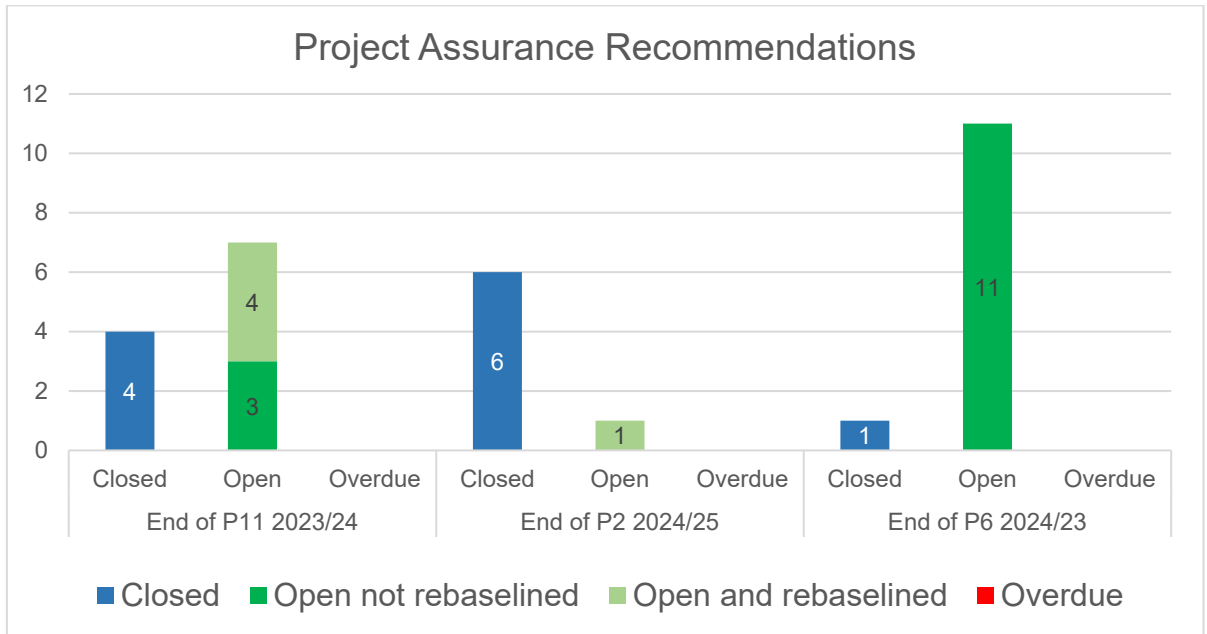
#### 3 Background

- 3.1 The Places for London Integrated Assurance Framework is based on a Three Lines of Assurance model comprising:
  - (a) Line 1 – Management functions of Places for London and key interfaces;
  - (b) Line 2 – Project Assurance (PA) and Quality, Safety and Security Assurance (QSSA); and
  - (c) Line 3 – TfL Internal Audit and a sub-group of the Independent Investment Programme Advisory Group (IIPAG-Places).
- 3.2 This paper reports specifically on Line 2 (PA), Line 3 (Internal Audit) and Line 3 (IIPAG-Places) assurance progress and provides an update on Enterprise Risk management. Work in progress for Line 2 and Line 3 is set out in Appendix 1 and work starting in Quarter 3 (15 September to 7 December 2024) (Q3) and Quarter 4 (8 December 2024 to 31 March 2025) of 2024/25 and is set out in Appendix 2.

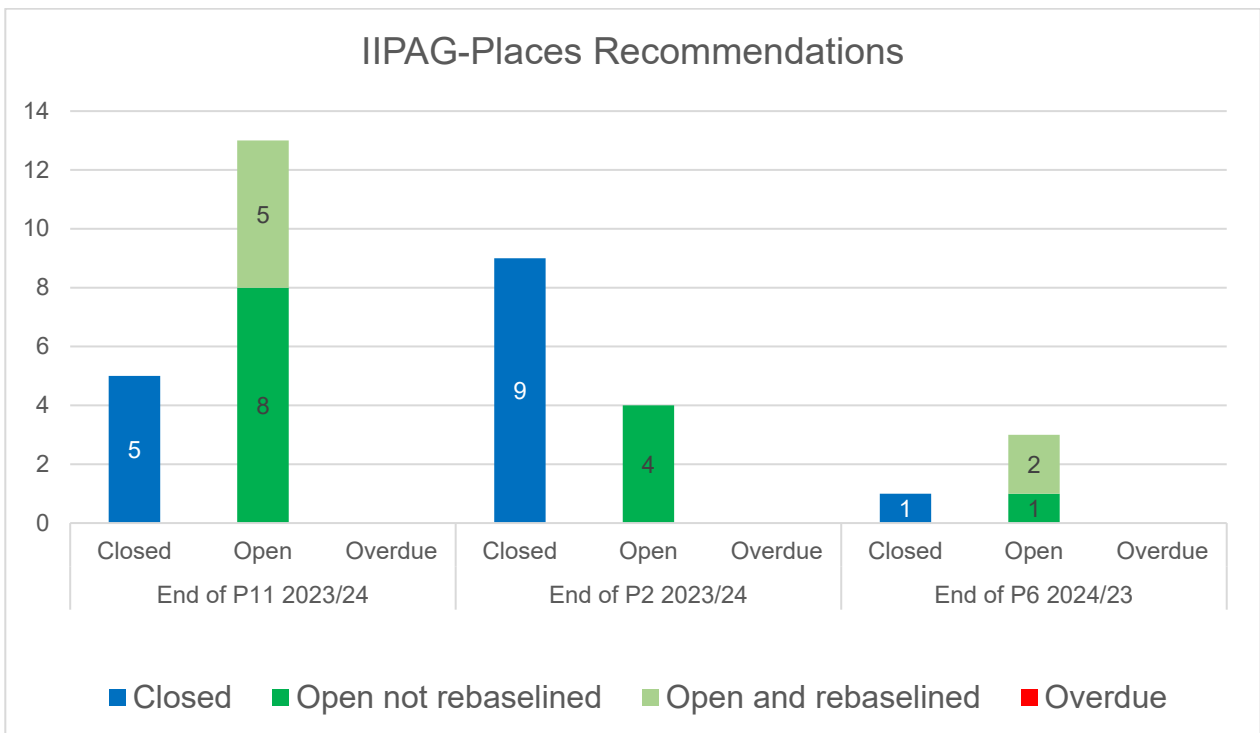
#### 4 Line 2 (Project Assurance) Assurance

- 4.1 In addition to continuous assurance activities, PA has completed two targeted assurance reviews (TARs) and commenced a TAR on the Victoria station development. We continue to have good engagement from the Places for London team in all assurance activities.

- 4.2 PA and IIPAG-Places will be increasing continuous assurance activities on individual asset management sectors from Q3.
- 4.3 Two TARs have recently been completed; one focussing on the schedule for the station works to enable the Southwark over-station development (OSD), and a review of first line assurance.
- 4.4 The final report for the first line assurance review noted that considerable progress had been seen in introducing and embedding first line assurance within Places for London but that the understanding and application varied across the different parts of the business. There is, however, a recognition and awareness within Places for London that more needs to be done to strengthen and embed these processes and build on what has been achieved so far. Additional activities have been identified to achieve this, with many already in development.
- 4.5 The review of the Southwark OSD station works found that the delivery programme is challenging and the project team are working with the contractor to ensure that the delivery milestones are met.
- 4.6 Another TAR, considering current arrangements for the Victoria station development has recently commenced. This project is being managed under the Places for London/Network Rail collaboration agreement and we will consider emerging plans for the wider collaboration at an appropriate time.
- 4.7 PA continues to monitor progress with major developments within the property development portfolio and other significant investment programmes including electric vehicle charging hubs. We also plan to increase the continuous assurance focus on the asset management sectors from Q3.
- 4.8 PA has also continued to support IIPAG-Places with third line assurance activities. In addition to the regular assurance discussions for each of the Places for London directorates, we have arranged for IIPAG-Places to be updated on High Barnet, Bollo Lane, the electric vehicle charging hub procurement and the property disposal process.
- 4.9 PA continues to monitor all open PA and IIPAG-Places recommendations. Two recommendations were closed in Periods 3 to 6 of 2024/25 (26 May to 14 September 2024). A total of 14 recommendations were still open at the end of Period 6 and none are overdue (see Figures 1 and 2 below).



**Figure 1 – Project Assurance Open Recommendations (end of P6)**



**Figure 2 – IIPAG-Places Open Recommendations (end of Q2)**

## **5 Line 3 (Internal Audit) Assurance**

- 5.1 The draft internal audit report for the Management of Sectors – Arches was issued in Q2 and was rated as ‘requires improvement’. Work is underway to agree the management actions with the Places for London team.
- 5.2 Internal Audit monitors the progress of management actions and consequent closure. There are no overdue Places for London audit actions.

## **6 Line 3 (IIPAG-Places) Assurance**

- 6.1 IIPAG-Places has added to its continuous assurance work, with briefings on High Barnet, Bollo Lane, the disposals programme and the electric vehicle charging hub procurement. They have welcomed the amount of progress being seen on key residential and commercial development projects, noting the complexity of many sites and challenges to delivery.
- 6.2 IIPAG-Places will be increasing their work on individual asset management sectors, now that key leadership appointments have been made, and will look more closely at sector plans and targets, and consider risks to delivery, from Q3.
- 6.3 The investment appraisal process and hurdle rates TAR is underway and interviews are planned for Q3. IIPAG-Places will report the findings to the next meeting of the Committee.

## **7 Enterprise Risk Management**

- 7.1 Details of the seven Places for London Level 0 (L0) risks are set out in Appendix 3.
- 7.2 The review of two L0 risks, Places-L0-02 (Attraction, retention and capability of our employees) and Places-L0-04 (Stakeholders), is now complete and updates on both risks are provided elsewhere on the agenda for this meeting for consideration.
- 7.3 Work will commence to develop Places for London’s Risk Appetite and Tolerance approach now that the TfL equivalent has been finalised.

### **List of appendices to this report:**

- Appendix 1: Places for London Integrated Assurance and Audit Schedule – Work in Progress
- Appendix 2: Places for London Integrated Assurance and Audit Schedule – Forward Plan
- Appendix 3: Places for London Level 0 Enterprise Risks

### **List of Background Papers:**

None

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## Places for London Integrated Assurance and Audit Schedule – Work in Progress

## Appendix 1

Priority	Topic	Evidence of Need	Type	Who	Status	Objectives
1	Management of Arches	<ul style="list-style-type: none"> <li>• There are around 850 commercial railway arches and it is essential that management of this sector is effective to ensure it yields expected returns of £11.6m per annum.</li> </ul>	Audit	Internal Audit	Draft report issued	<ul style="list-style-type: none"> <li>• To provide assurance that the management of the Arches Sector is effective.</li> </ul>
2	Southwark over-station development (OSD) – Operational scope	<ul style="list-style-type: none"> <li>• Any delay to works to relocate/remove operational infrastructure could impact the delivery programme for the OSD.</li> </ul>	Targeted	Project Assurance (PA)	Complete	<ul style="list-style-type: none"> <li>• To assess potential risk to the OSD programme.</li> </ul>
3	First line assurance	<ul style="list-style-type: none"> <li>• Proposals for first line assurance are being implemented, including the introduction of a Programme Management Office.</li> </ul>	Targeted	PA	Complete	<ul style="list-style-type: none"> <li>• To assess the appropriateness of current arrangements and proposed improvements to first line assurance.</li> </ul>
4	Victoria Station Development	<ul style="list-style-type: none"> <li>• Large complex development being considered with Network Rail.</li> <li>• Programme moving at pace.</li> </ul>	Targeted	PA	Underway	<ul style="list-style-type: none"> <li>• To consider appropriateness of arrangements focussing on objectives, governance, funding, project management, resourcing, stakeholder management and risk.</li> </ul>

Priority	Topic	Evidence of Need	Type	Who	Status	Objectives
5	Investment appraisal and project financial hurdles	<ul style="list-style-type: none"> <li>• Projects and investments are appraised using financial hurdles.</li> <li>• Places for London has reviewed the investment appraisal process and hurdle rates.</li> </ul>	Targeted	Independent Investment Programme Advisory Group (IIPAG)	Underway	<ul style="list-style-type: none"> <li>• To provide assurance on the investment appraisal process, new hurdle rates and their application and governance regarding exemptions.</li> </ul>
6	Electric vehicle charging hubs	<ul style="list-style-type: none"> <li>• Procurement of a delivery partner.</li> </ul>	Continuous	PA/IIPAG	Ongoing	<ul style="list-style-type: none"> <li>• To provide assurance on the procurement and assess key decisions.</li> </ul>
7	Limmo development	<ul style="list-style-type: none"> <li>• Complex site with significant constraints. Procurement of a delivery partner is underway.</li> </ul>	Continuous	PA/IIPAG	Ongoing	<ul style="list-style-type: none"> <li>• To provide assurance on the procurement and assess key decisions.</li> </ul>
8	Continuous assurance activities	<ul style="list-style-type: none"> <li>• A number of functions and strategies are emerging, such as first line assurance.</li> <li>• There are a number of large, complex development programmes and sites.</li> </ul>	Continuous	PA	Ongoing	<ul style="list-style-type: none"> <li>• To assess key decisions and highlight areas for targeted assurance.</li> </ul>

## Places for London Integrated Assurance and Audit Schedule – Forward Plan

## Appendix 2

Quarter 3 (15 September to 7 December 2024) (Q3) and Quarter 4 (8 December 2024 to 31 March 2025) (Q4)

Priority	Topic	Evidence of Need	Type	Who	When	Objectives
1	Estimating accuracy	<ul style="list-style-type: none"> <li>Evidence of cost estimates increasing as project design develops.</li> </ul>	Targeted	Project Assurance (PA)	2024/25 Q3	<ul style="list-style-type: none"> <li>To review the process for estimating costs/applying risk, benchmarking and applying lessons learnt.</li> </ul>
2	Asbestos management	<ul style="list-style-type: none"> <li>This is part of a programme of asbestos audits across TfL following a revision to the TfL Standard. Not previously assured in Places for London.</li> </ul>	Targeted	Quality, Safety and Security Assurance (QSSA)	2024/25 Q3	<ul style="list-style-type: none"> <li>To check compliance with the revised TfL Standard and compliance with regulatory requirements.</li> </ul>
4	Implementation of Construction (Design and Management) (CDM) duties	<ul style="list-style-type: none"> <li>Places for London acts as CDM client on a number of projects.</li> </ul>	Audit	QSSA	2024/25 Q4	<ul style="list-style-type: none"> <li>To seek assurance that Places for London is adequately meeting its duties as a CDM client and receiving the appropriate assurance from Principal Contractors and Designers.</li> </ul>
5	Key investment decisions	<ul style="list-style-type: none"> <li>Second and third line assurance as required to support authority requests/ investment decisions.</li> </ul>	Continuous	PA/ Independent Investment Programme Advisory Group	Ongoing	<ul style="list-style-type: none"> <li>To provide a recommendation on key decisions and investment requests to support decision makers.</li> </ul>



## Places for London Level 0 (L0) Enterprise Risks

## Appendix 3

Risk	Risk Title
Places-L0-01	Failure to prevent safety incidents or meet safety commitments
Places-L0-02	Attraction, retention of our employees
Places-L0-03	Financial sustainability
Places-L0-04	Stakeholders
Places-L0-05	Environment including climate adaptation
Places-L0-06	Inability to react to external market forces
Places-L0-07	Efficient and high performing supply chains and effective procurement



### Land and Property Committee



Date: 1 October 2024

Item: **Bollo Lane and West London Development Joint Venture**

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### This paper will be considered in public

#### 1 Summary

- 1.1 This paper covers the residential-led property development at Bollo Lane, Ealing and seeks approval for the increase in Land Authority required to deliver the development. The request for an increase is a result of:
- (a) the updated site valuation which will increase land receipt;
  - (b) the proposed change in funding strategy; and
  - (c) the additional budget required to complete the vacant possession works.
- 1.2 The paper sets out progress since the previous paper to the Committee on 16 January 2023 and seeks an uplift in Land Authority to enable the disposal of the second Phase at Bollo Lane.
- 1.3 A paper is included on the Part 2 agenda which contains supplementary information that is exempt from publication by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972 in that it contains information relating to the business affairs of TfL. Any discussion of that exempt information must take place after the press and public have been excluded from this meeting.

#### 2 Recommendation

- 2.1 The Committee is asked to note the paper and the exempt supplementary information on Part 2 of the agenda and approve an increase in Land Authority in the sum set out in the paper on Part 2 of the agenda to enable the matters described in this paper and the related paper on Part 2 of the agenda.**

#### 3 Background

- 3.1 The Bollo Lane site is approximately 6.75 acres and runs 750m from Acton Town station in the north to a level crossing at the southern end of the site. See Appendix 1 which provides a plan of the Bollo Lane site.
- 3.2 It is a significant residential-led development in Places for London's 20,000 homes programme. It benefits from a hybrid planning permission which was granted in December 2021. This permission includes both detailed and outline elements and will deliver up to 900 new homes (50 per cent of which will be

affordable), new train crew accommodation and over 2,000m<sup>2</sup> of new commercial and retail space.

- 3.3 The scheme comprises 10 buildings of various heights spread across seven plots. The development is designed so it can be delivered in three self-contained phases: Phase one will deliver 195 new homes; Phase two will deliver 455 new homes; and Phase three will deliver around 250 new homes and a new train crew accommodation.
- 3.4 Following approval by the Committee on 16 January 2023 a conditional joint venture agreement (CJVA) was entered into with Barratt London in March 2023.
- 3.5 Since entering conditional contracts, Barratt has successfully secured amendments to the planning permission to:
  - (a) incorporate a second means of escape;
  - (b) improve the thermal performance of the Phase one building to meet the latest building regulations; and
  - (c) include additional requests from Connected Living London (CLL), Places for London's Build to Rent (BtR) joint venture vehicle and preferred bidder for Phase one.
- 3.6 A reserved matters application and accompanying minor amendment was submitted to the London Borough of Ealing in September 2024. This will increase the number of homes for Phases one and two by 14 to a total of 650 homes and mitigate an element of risk associated with the groundworks by moving one of our buildings further away from the railway boundary.
- 3.7 The CJVA conditions relating to Phase one were satisfied and the sale of the Phase one land to the Bollo Lane joint venture was completed on 28 June 2024.
- 3.8 Heads of terms have been agreed between the Bollo Lane joint venture and CLL for the BtR block in Phase one, and negotiations are now underway for a forward fund contract of sale. The required approvals to progress this transaction will be sought in a separate paper as it is arm's length to the approvals sought in this paper for the housing development.
- 3.9 As part of resolving the outstanding conditions that related to Phase one, and to gain greater certainty over the income we are to receive for Phase two, we engaged with Avison Young, a global commercial real estate services firm, to oversee the site value process for both phases.
- 3.10 Avison Young has analysed the Barratt offer for Phases one and two and has provided a report which confirms the offer represents best consideration.
- 3.11 Progress has been made on all the vacant possession works that Places for London needs to complete to satisfy contract conditions and sell the land to the joint venture.

3.12 TfL asset delivery colleagues who are leading the vacant possession works, have encountered several challenges since we received approval to proceed in January 2023. These include:

- (a) changes to operational requirements;
- (b) abortive costs associated with a planning refusal for a replacement carpark;
- (c) abnormal costs associated with the delivery of the works as a result of completing enhanced technical due diligence; and
- (d) programme variances through delays in appointing a contractor.

## **4 Finance**

4.1 The original Land Authority granted by the Committee included a sum for a land receipt based on the guaranteed minimum land value.

4.2 We have now run the site value condition which has resulted in a higher receipt than previously accounted for. The site value was independently reviewed by Avison Young and confirmed as offering best consideration.

4.3 Our original funding strategy for the joint venture was based on a debt and equity financing model. Subsequent to the Committee's approval, we have identified an opportunity to move this to all equity funding. This enables us to utilise our existing corporate facility and is more financially efficient. It will also result in a greater profit due to lower debt costs.

4.4 There is a need to increase the budget for vacant possession works (as described above). At the time of the original approval, the budget and programme provided by TfL asset delivery colleagues were based on the available information and costs established via key stakeholder workshops and analysis undertaken.

4.5 Since those budgets were set, more technical due diligence has taken place alongside additional engagement with London Underground. This has resulted in additional costs being identified to deliver the operational reprovisions that enable vacant possession and the land sale to the joint venture to complete.

4.6 Figures relating to the points in this section are provided in the paper on Part 2 of the agenda.

## **5 Investment Strategy**

5.1 Heads of terms for Phase one of the development, a 195-home BtR scheme, have been agreed with CLL following a successful tender. Places for London's share of the CLL acquisition costs has been separately approved in line with TfL Standing Orders. Conditional contracts are being negotiated and, subject to the Committee's decision, the parties are working towards exchange later this month.

- 5.2 We continue to review the development's commercial provision, which includes employment and retail space, to determine whether to take up our contractual right of first offer. Places for London has the right to make an offer to purchase the non-residential units at the development before they are offered to market. If the offer is accepted by the development joint venture Places for London may then acquire and let them.
- 5.3 The Bollo Lane joint venture will deliver land receipt and profit from its build for sale housing. The proposal to move to equity funding increases the level of profit in cash terms. The financial returns are detailed in the related paper on Part 2 of the agenda.
- 6.4 The development is seeking to increase its investment in the London Underground operational estate, subject to the Committee's approval, as result of additional scope and costs identified during the detailed stages of the vacant possession work.
- 5.4 The development will also deliver significant highways improvements by introducing a new pedestrian footway down the western side of Bollo Lane, creating two new zebra crossings, a raised table to help traffic calming and improve safety, as well as improving two existing bus stops on the western side of Bollo Lane.
- 5.5 The development will also deliver the following public benefits:
- (a) provision of high-quality new homes designed to exceed modern housing standards;
  - (b) 50 per cent affordable homes, providing a variety of tenures and formats to address housing need;
  - (c) letting that is tenure blind to promote inclusion and quality;
  - (d) high-quality amenity space through a series of curated landscaped areas, children's play space, private balconies and roof gardens;
  - (e) utilising sustainable design principles to turn an underused brownfield site into a modern, well-connected development with buildings optimised in terms of energy, carbon, water and waste;
  - (f) improved pedestrian and cycle-friendly connections to promote active forms of travel;
  - (g) dedicated service road taking the burden created by deliveries and refuse collection away from the highway; and
  - (h) a total of 2,350m<sup>2</sup> of high-quality employment space which will provide a minimum of 44 full-time employment opportunities.

## **6 Sustainability and Inclusion Strategy**

- 6.1 Places for London's Sustainability and Inclusion Strategy underpins the requirements within the West London Partnership and Bollo Lane business plans.
- 6.2 Barratt is delivering on Places for London's Sustainable Development Framework (SDF) commitments as submitted in their tender. The SDF has continued to evolve since tender to reflect best practice, and Barratt and the design team have been working closely with Places for London's Design and Quality Manager to ensure that the development proposals meet all current requirements.
- 6.3 Bollo Lane currently has an SDF score of 70 per cent. We expect this score will increase as we work through the outstanding design matters and refine options.
- 6.4 Since our last approval, colleagues from across Places for London have been working closely with Barratt to turn strategy into meaningful delivery. The commitments include:
- (a) quality local engagement;
  - (b) partnering with local schools;
  - (c) working with hard-to-reach and underrepresented groups to provide access to opportunities for training and employment in the construction industry;
  - (d) financial contributions to Places for London's Educational Employment Programme; and
  - (e) ensuring provisions are in place to measure the positive impact our developments have on local communities and to help us prioritise investment.
- 6.5 We will continue to collaborate with Barratt as this project and the wider West London Partnership pipeline progresses to ensure opportunities for positive intervention and long-lasting benefits are maximised.

## **7 Key Stakeholders**

- 7.1 Key stakeholder management is ongoing and includes the vacant possession work and interface with operations. The project team is working closely with TfL operational and investment programme colleagues, to ensure that all works are aligned with operational strategic policies. A steering group is in place to oversee progress and ensure coordination between the related projects.

## 8 Operational Impact and Assurance

- 8.1 Significant engagement has been undertaken with all operational occupiers of the site and the new TfL Estates function. This has helped ensure there is no detrimental impact on operational activities currently associated with the site.
- 8.2 We have worked closely with Project Assurance colleagues to implement the recommendations that came from a Target Assurance Review in March 2021.
- 8.3 Project Assurance and the Independent Investment Programme Advisory Group for Places for London sub-group were briefed on the project on 15 December 2022. Subsequent regular meetings have been held with Assurance colleagues as the project has progressed.

## 9 Indicative Programme

Land and Property Committee approval	October 2024
Land Sale Phase two	January 2025
Start on Site – Phase one piling	January 2025
Start on Site – Phase two piling	November 2025
Practical Completion – Phases one and two	March 2029

## 10 Risks

- 10.1 As with any project of this scale, and notwithstanding the work already undertaken to secure planning consent and define the operational interface, there are a range of risks, including key risks set out below.

Risk	Grading	Mitigation
Delay to programme due to Building Safety Act (BSA) gateway process as the regulator is under resourced	Medium	Barratt is in contact with other developers going through the process and with the regulator to ensure the application proceeds smoothly.
Vacant possession (VP) costs increasing further and impacting on scheme performance	Medium	Significant technical due diligence and stakeholder engagement has been undertaken since our previous approval to establish the revised budget.  The costs are based on those provided by the contractor undertaking the VP works for Asset Protection and Delivery.



Risk	Grading	Mitigation
Planning permission expiring prior to implementation	Low	We are working with the London Borough of Ealing to ensure this does not happen. We are in the process of discharging pre-commencement conditions.

**List of appendices to this report:**

Appendix 1: Bollo Lane Phase 2 layout plan

Exempt supplementary information is contained in a paper on Part 2 of the agenda.

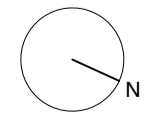
**List of background papers:**

Bollo Lane and West London Partnership Development Joint Venture Land and Property Committee paper – 16 January 2023

Contact Officer: Lester Hampson, Property Development Director, Places for London  
 Email: [LesterHampson@tfl.gov.uk](mailto:LesterHampson@tfl.gov.uk)



**General Notes:**  
 © East Architecture landscape urban design limited.  
 Do not scale off drawing.  
 Check all dimensions on site and advise any discrepancies before commencing work.  
 All dimensions in millimetres unless otherwise noted.



**Key Plan:**

- Site boundary
- Proposed tree
- Existing retained tree
- Landscape mound
- Sheffield cycle stands
- Security fence and gate
- Play objects
- Benches & tables
- Parcel lockers
- Landscape boulders
- Evergreen hedging
- Poured coloured asphalt to Rail Way
- Resin-bound gravel to Pocket Park and Stanhope Square pathways
- 600x900mm concrete flag paving to Bollo Lane
- 200x600mm concrete block paving with granite finish to Rail Way
- 200x600mm concrete block paving interspersed with grass
- 300mm wide concrete channel kerbs to semi-inset loading and parking bays
- Self-bound hoggin gravel path
- Reused brick paving
- Play-safe rubber mulch
- Stepped concrete retaining wall to Stanhope Square
- TFL security hut
- Existing retaining wall

**Note:**

**A** Entrance mats to workspaces units made of reused site materials, if possible, otherwise small sets

Rev.	Date	Description
-	-	-
-	-	-

**East Architecture, landscape urban design**  
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<b>Client</b> BARRATT LONDON		
BOLLO LANE		
<b>Drawing</b> PUBLIC REALM AND LANDSCAPE GA		
Job No. 252-BL	Dwg No. L-XX-PLN-001	Revision -
Status PLANNING	Scale 1:500@A1	Issue Date April 2024

**Date: 1 October 2024**

**Item: Enterprise Risk Update – Attraction and Retention of our Employees (Places-L0-02)**

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**This paper will be considered in public**

**1 Summary**

- 1.1 This paper provides an overview of Places for London’s Level 0 Enterprise Risk ‘Attraction and retention of employees’ (Places-L0-02).
- 1.2 The risk is defined as ‘where significant challenges to attracting and retaining people with critical skills may affect the ability of Places for London to achieve its business plan, deliver homes for Londoners and generate value for both its customers and TfL’.
- 1.3 Failure to attract and retain suitably skilled employees could result in business underperformance, failure to deliver against shareholder milestones, reductions in income from tenants or development schemes, missed housing targets, negative impacts on safety and a deterioration in the reputation of Places for London.
- 1.4 Over the last year, we have seen a reduction in the number of experienced people leaving the business and we have attracted some strong talent to the team. However, our attrition rate is still higher than TfL as a whole (7.6 per cent in 2023/24 versus 2.3 per cent for TfL) and we are experiencing some pockets of skills gaps where we have not been able to recruit.
- 1.5 Twelve months ago, this risk was assessed as High. We have made significant progress in the last year in implementing new controls to support the attraction and retention of talent across Places for London, which has resulted in the majority of our controls now being assessed as effective in both design and operation. With new controls in place and progress against actions the risk is now assessed as Medium, with an Overall Control Effectiveness Rating of Adequately Controlled.
- 1.6 This paper provides an update on the controls and actions introduced last year and an overview of new actions added. These new actions include the implementation of key recommendations from the operating model review undertaken by Bain & Company. The proposed model will enable Places for London to become a more effective organisation with a resourcing strategy that identifies what internal skills are needed versus where we will seek to partner and utilise external expertise.
- 1.7 Once the identified actions are completed, the target assessment for this risk is Low.

- 1.8 A paper is included on Part 2 of the agenda which contains exempt supplemental information that is exempt from publication by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972 in that it contains information relating to the business affairs of Transport for London (TfL). Any discussion of that exempt information must take place after the press and public have been excluded from this meeting.

## 2 Recommendation

- 2.1 **The Committee is asked to note the paper and the exempt supplementary information on Part 2 of the agenda.**

## 3 Context

- 3.1 This Enterprise Risk relates to the potential impacts arising from an inability to recruit and retain individuals with the skills, knowledge and experience that Places for London needs to deliver on its objectives. These could be failure to meet income and homes targets, increased costs, a reduction in service to our customers, risks to safety and the wellbeing of our team, deterioration in the reputation of Places for London or an inability to realise a shareholder return to TfL.
- 3.2 The key causes of this risk were agreed by the Places for London Executive Team and colleagues in TfL's Risk and Assurance Directorate; the principal ones are:
- (a) **dynamic employment market** – we are competing for specialist talent in a dynamic employment market. There also continues to be a shortage of property asset management specialists, especially at senior levels;
  - (b) **pay and other benefits out of step with the market** – benchmarking shows that several years of pay constraint have seen our levels of pay fall behind market median, especially for senior roles with our pay structure out of step with the market for specialist skills. However, responses to the most recent staff engagement Viewpoint survey (September 2023) revealed a 15 per cent increase (38 per cent 2023 versus 23 per cent in 2022) in the number of employees reporting they feel their pay is fair considering the work they do;
  - (c) **rising cost of living** – although inflation has fallen in 2024 the impact of rising living costs continues to have an impact and are driving up salary expectations. The combination of cost-of-living pressures, and a competitive employment market showing the highest levels of pay growth since 2001 makes this a heightened risk as we are limited in our ability to meet salary expectations and it will make it harder to attract and retain key talent;
  - (d) **physical working environment and working conditions** – a significant number of respondents to the Viewpoint survey in 2023 expressed dissatisfaction with their physical working environment (51 per cent) and working conditions (49 per cent). This can impact productivity and become a deciding factor for people to want to leave Places for London; and

- (e) **uncertainty over development and progression** – we have made good progress with supporting the learning and development of our people in the last year, which was reflected in the Viewpoint responses with 46 per cent of the team responding positively on the opportunities available to grow and develop. However, further progress is required on our long-term people development plans and how these align to a Career Progression Framework for it to become a recognised part of our employee value proposition.

## 4 Controls and Mitigations

- 4.1 Twelve months ago, we had 17 controls with five considered effective and 13 associated actions to address effectiveness. As a result of progress made on managing these controls and implementing key actions, 13 controls are now considered effective and four considered partially effective in both design and operation.
- 4.2 Currently, Places for London has identified 17 current controls to manage this risk and 10 associated actions. These reflect that there is ongoing work to optimally control this risk. Progress will be kept under review over the coming year.
- 4.3 Significant progress has been made since the last update in developing our learning and development offer and in managing performance, with more effective use of TfL's myJourney tool across the team, the roll out of a people leader up-skilling programme and individual learning plans being created with information collected through a skills audit. Further progress is required for the following controls and high priority actions which are the ones that will have the greatest impact. All actions will ensure that the controls are effective in both design and operation, and all have all been assigned an owner and will be completed within the next 12 months. They support our objective of creating a compelling employee value proposition for Places for London, based on the work being done by TfL, adapted to reflect the activities within Places.
  - (a) **New operating model** – we recently commissioned consultants Bain & Company to undertake an operating model review which included consideration of the design of the organisation, as well as the processes and resources needed to deliver our key objectives. We are working with colleagues in TfL to test and develop recommendations to implement subject to appropriate consultation;
  - (b) **Reward management** – the TfL Reward team is engaging on the first phase of the new Reward Strategy to introduce a Job Family Framework and we will work on implementing and embedding this alongside TfL Reward across Places for London. While remaining within existing TfL and Greater London Authority (GLA) policies, we remain keen to examine options to create a more direct link between long-term business performance, shareholder value, and reward;
  - (c) **Clear routes for career progression** – we have begun development of Career Progression Framework that will identify the different critical career paths within our organisation. It will inform our learning and development plan and underpin how our people set their personal development goals. It will also help us to be more strategic with talent management and

succession planning. Providing opportunities for development and progression will form a core part of our employee value proposition;

- (d) **Growing our own talent** – the Places for London’s learning and development plan focuses on how we support the development of our new and existing talent, becoming a talent maker as well as a talent taker, ensuring we have the skills we need across the business and providing opportunities for development and progression as part of our employee offer. We are also establishing a people leader training programme to embed the TfL People Leader Framework and TfL Leadership Strengths across Places for London. Our apprenticeship and graduate programme is an important model for how we recruit and grow new talent, and our learners now benefit from accessing placements across the GLA real estate teams. We are continuing to explore other opportunities for working in partnership with the wider GLA family to support our people development plans; and
- (e) **Recruiting and retaining a more diverse workforce** – we have improved our diverse representation at a senior level in the last year through promoting our opportunities wider, however there is still more to do to become a diverse and fully inclusive business. We will be undertaking a diversity, equity and inclusion review to understand what measures we need to implement alongside our new operating model to ensure we continue to improve representation at all levels and fully embed TfL’s Action on Inclusion programme.

**List of appendices to this report:**

A paper containing exempt supplemental information is included on Part 2 of the agenda.

**List of Background Papers:**

None

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## Land and Property Committee



**Date:** 1 October 2024

**Item:** Enterprise Risk Update – Stakeholders (Places-L0-04)

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### **This paper will be considered in public**

## **1 Summary**

- 1.1 This paper provides an overview of Places for London Limited's Level 0 Enterprise Risk 'Stakeholders' (Places-L0-04). The risk is defined as 'Stakeholder management is inadequate, which may prevent Places for London from liaising with and influencing all relevant stakeholders effectively, leading to missed opportunities, and strategic objectives and targets not being met'.
- 1.2 Places for London already adopts a comprehensive approach towards managing both internal and external stakeholders through a combination of formal and informal engagement. It also leverages key TfL relationships. As a result, this risk is currently assessed as Medium. The design and operation of the controls identified are largely effective resulting in an Overall Control Effectiveness Rating of Adequately Controlled.
- 1.3 We have identified a handful of actions to improve control of this risk further, with action owners and outline timescales assigned. These actions include development of a combined formal stakeholder map and engagement plan, ensuring that adequate resources are deployed to manage key relationships and procurement of a Customer Relationship Management system to record all engagement activity. In doing so, we will ensure that we align with teams within TfL who may also be looking at a similar system.
- 1.4 While some new actions are being proposed here, others are already underway with all due to be completed within the next 12 months. Progress against these actions will be reported to the Committee in 12 months' time.
- 1.5 The target assessment for this risk, once the identified actions are completed, is Low.
- 1.6 A paper is included on Part 2 of the agenda which contains exempt supplemental information that is exempt from publication by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972 in that it contains information relating to the business affairs of Transport for London (TfL). Any discussion of that exempt information must take place after the press and public have been excluded from this meeting.

## **2 Recommendation**

- 2.1 **The Committee is asked to note the paper and the exempt supplementary information on Part 2 of the agenda.**

### 3 Context

- 3.1 This Enterprise Risk relates to the potential impacts on Places for London arising from an inability to effectively manage relationships with stakeholders, preventing Places for London from delivering on its objectives.
- 3.2 Failure to manage stakeholders effectively could result in failure to meet income and homes targets, a reduction in service to our customers, risks to safety, deterioration in the reputation of Places for London, or an inability to realise a shareholder return to TfL. It could also lead to low engagement and/or stakeholders having unrealistic expectations regarding targets, objectives and priorities. Decisions may take too long to agree if stakeholders are not consulted in a timely manner and/or too many stakeholders are consulted. A lack of joined-up approach could lead to duplication, increased cost or reputational damage.
- 3.3 The key potential causes of this risk were agreed by the Places for London Executive Team and colleagues in TfL's Risk and Assurance Directorate and are described in the related paper on Part 2 of the agenda. The principal potential causes and the activity already in place to address them are:
- (a) **misalignment of objectives between Places for London and its stakeholders** – Places for London works closely with the Greater London Authority (GLA) and others to ensure that its plans are fully aligned with Mayoral objectives. The Chief Customer and Strategy Officer and Places for London's Property Development Director attend the Homes for Londoners Board which is chaired by the Mayor. The Chief Executive of Places for London attends the GLA Group Housing Sub-Committee, which is chaired by the Deputy Mayor of London for Housing and Residential Development. The Deputy Mayor also chairs the monthly GLA Steering Group which reviews Places for London's performance on housing delivery. Places for London senior managers also meet regularly with both the Deputy Mayor for Transport and the Deputy Mayor for Business and Growth, as well as colleagues from across the GLA. Within TfL, the Commissioner chairs the Places for London Delivery Group, attended by members of the TfL Executive Committee and Places for London senior managers, which reviews performance, risks and key projects. At the working level, the Joint Estates Steering Group is a forum for Places and TfL Operations to review activity and align on objectives relating to land and property;
  - (b) **the level of engagement is insufficient** – Places for London adopts a range of approaches towards stakeholder engagement depending on their level of interest and influence. In relation to boroughs, Places for London engages extensively with elected officials and officers, and also with local communities, adapting our approach to the issues and to the audience. For example, ahead of the submission of the application for the redevelopment of Edgware town centre, the project team met with more than 3,000 members of the local community, held more than 150 engagement events and meetings, and received almost 2,800 feedback comments and ideas. Engagement is also supported by TfL, with briefings provided particularly to the Commissioner and Chief Customer and Strategy Officer ahead of senior level borough visits;



- (c) **lack of trust** – Places for London builds trust with its stakeholders by delivering on its promises. A key group where this is highly relevant is our 1,500 tenants, of whom more than 95 per cent are small and medium sized enterprises. Having provided significant support to our customers during the coronavirus pandemic, we continue to build trust by regularly consulting with our customers on proposed changes in the way we operate and through implementing our Customer Handbook which sets out what our customers can expect from us and what we expect from them. We undertake annual customer satisfaction surveys and act on the findings. We have recently run a pilot programme, offering training opportunities in responsible business skills for 40 of our customers and have held our first customer conference;
- (d) **lack of access by Places for London to key stakeholders** – while Places for London and its joint venture partners will use external communications and engagement agencies, particularly to support major planning applications, Places for London will always take the lead in stakeholder engagement. Where appropriate, Places for London works closely with GLA and TfL teams to leverage their relationships, particularly with central government, to ensure that Places for London’s objectives are understood and supported;
- (e) **lack of understanding of role and purpose of Places for London** – the Places for London brand was launched only 12 months ago. Since then, we have developed and implemented a Marketing Strategy to support the roll out of the brand and build recognition and understanding of the role and purpose of Places for London. Within the industry, we are seen to have successful commercial partnerships in place with leading companies. We are also increasingly seen as a major London property company, both through our own activity and through our membership of industry bodies such as New London Architecture and the Urban Land Institute, where Places for London colleagues hold key senior positions. Our team is regularly sought out to support thought leadership as well as speaking opportunities at events such as the UK Real Estate Investment and Infrastructure Forum and the London Real Estate Forum. We work with the TfL Press Office to place articles explaining our role and programme in both national and trade press. Our people regularly feature in industry podcasts. When undertaking procurement, such as for the current Delivery Partner, we undertake market engagement to explain to potential future partners who we are and what we are seeking from a partner;
- (f) **lack of resources** – we cannot be fully effective in managing our relationships with stakeholders without additional resources. While there is considerable activity already being undertaken, with current resources we are missing out on opportunities to capitalise on our unique position as a commercially funded property company with a strong social purpose, for example by being able to quantify the social value that we create by borough or by constituency. With further resource more also could be done to ensure that colleagues across TfL understand the role that Places for London plays in generating a dividend to TfL while also delivering local transport improvements. Additionally, we do not have a senior leader responsible for strategic supplier and partner engagement currently in post.

Given the increasing importance of market engagement to our future success, this was flagged by Bain & Company and is being addressed through the Operating Model Review; and

- (g) **record keeping** – without a formal management system in place for stakeholder engagement, there is a risk of inefficiency with duplication of effort and / or missed opportunities. Places for London does not have a Customer Relationship Management (CRM) system in operation, and this will be addressed as part of our Digital Strategy in discussion with any teams within TfL also looking at CRM systems.

## 4 Controls and Mitigations

4.1 Places for London has identified 16 controls to manage this risk, consisting of 14 preventative controls and two corrective controls detailed in the related paper on Part 2 of the agenda. Nine of the controls have been assessed as currently effective in both design and operation, while none of the controls have been assessed as ineffective, reflecting that Places for London is relatively mature in how it manages its interfaces and relationships with stakeholders. Some work is required to introduce a more formalised approach and ensure the remaining controls are effective in both design and operation. One post risk control has been identified, that of capturing lessons learned with a corresponding action to ensure learnings are embedded into our ways of working.

4.2 The following controls and actions are considered to be those that will have the greatest impact. All actions will ensure that controls are effective in both design and operation, all have been assigned an owner and will be completed within the next 12 months:

- (a) **formal stakeholder map and engagement plan** – identify all stakeholders and map appropriate level of engagement for each over both the short and long term. This approach will enable Places for London to take a more strategic and proactive approach to stakeholder management. The map and plan will be regularly reviewed to check the identity and interests of stakeholders and identify any changes especially following changes in political leadership and other personnel changes. We will also develop a stakeholder map and engagement plan for all of our TfL stakeholders and interfaces – and agree the appropriate engagement level with each TfL team. These formal plans will help us to identify any gaps in our approach and put in place new arrangements to address these;
- (b) **resourcing** – identify and secure the appropriate level of resource needed to ensure this risk is fully controlled, with the resource being capable of being flexed according to requirement. Work with the future Head of Partnerships to oversee the establishment of new commercial partnerships to support in this area; and
- (c) **record keeping** – develop a record-keeping system to track delivery against the engagement plan and to log all engagement, ensuring this is embedded into Places for London’s ways of working. We anticipate that

this will require the procurement of a Stakeholder/CRM system to improve the overall efficiency of our approach and remove duplication.

**List of appendices to this report:**

A paper containing exempt supplemental information is included on Part 2 of the agenda.

**List of Background Papers:**

None

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## Land and Property Committee



Date: 1 October 2024

Item: **Members' Suggestions for Future Discussion Items**

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**This paper will be considered in public**

### **1 Summary**

- 1.1 This paper presents the current forward plan for the Committee and explains how this is put together. Members are invited to suggest additional future discussion items.

### **2 Recommendation**

- 2.1 **The Committee is asked to note the forward plan and is invited to raise any suggestions for future discussion items for the forward plan and for informal briefings.**

### **3 Forward Plan Development**

- 3.1 The Board and its Committees and Panels have forward plans. The content of the plan arises from a number of sources:
- (a) standing items for each meeting: minutes; matters arising and actions list; and any regular quarterly reports. For this Committee these include the Chief Executive's Report and performance, finance and assurance updates;
  - (b) land and property schemes that require Committee approval; and
  - (c) items requested by Members: the Deputy Chair of TfL and the Chair of this Committee will regularly review the forward plan and may suggest items. Other items will arise out of actions from previous meetings (including meetings of the Board or other Committees and Panels) and any issues suggested under this agenda item.

### **4 Current Plan**

- 4.1 The current plan is attached as Appendix 1. Like all plans, it is a snapshot in time and items may be added, removed or deferred to a later date.

#### **List of appendices to this report:**

Appendix 1: Land and Property Committee Forward Plan

#### **List of Background Papers:**

None

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## Land and Property Committee Forward Plan 2024/25

## Appendix 1

**Membership:** Professor Greg Clark CBE (Chair), Anurag Gupta (Vice Chair), Arthur Kay, Anne McMeel, Marie Pye and Sara Turnbull

**Abbreviations:** DCE Places (Director and Chief Executive of Places for London); CFO Places (Chief Finance Officer of Places for London); DSP Places (Director of Strategy and Planning, Places for London); DAM (Director of Asset Management, Places for London), HO Places (Head of Operations, Places for London), PDD Places (Property Development Director, Places for Lond)

Standing Items		
Use of Delegated Authority	General Counsel	Any use of delegated authority or receipt of Mayoral Directions within the remit of the Committee
Chief Executive's Report	DCE Places	Quarterly update on key activities
Places for London Finance Report	CFO Places	Quarterly update on finance
Places for London Performance Report	DCE Places	Quarterly update on performance
Places for London Assurance Update	Director of Risk and Assurance	Quarterly update on assurance matter

10 December 2024		
Places for London Valuation Results and Capital Receipts Programme Update	DAM Places	Bi-annual
Enterprise Risk Update – Failure to prevent safety incidents for meet safety commitments (Places-L0-01)	HO Places	Annual
Enterprise Risk Update – Efficient and high performing supply chains and effective procurement (Places-L0-07)	CFO Places	Annual

18 March 2025		
Business Plan Update	DEC Places	Annual
Scorecard	DSP Places	Annual approval
Enterprise Risk Update – Inability to react to external market forces (Places-L0-06)	CFO Places	Annual
Places for London Retail Strategy	DAM Places	