

Transport for London

Minutes of the Programmes and Investment Committee

Conference Rooms 1&2, Ground Floor, Palestra,
197 Blackfriars Road, London, SE1 8NJ
10.15am, Tuesday 12 December 2017

Members Present

Prof Greg Clark CBE (Chair)
Dr Nelson Ogunshakin OBE (Vice Chair)
Dr Alice Maynard CBE (from Minute 71/12/17)
Dr Lynn Sloman
Ben Story

In Attendance

Executive Committee

Mike Brown MVO	TfL Commissioner
Howard Carter	General Counsel
Leon Daniels	Managing Director Surface Transport (for Minute 73/12/17)
Michele Dix	Managing Director Crossrail 2
Stuart Harvey	Major Programmes Director
Simon Kilonback	Interim Chief Finance Officer
Gareth Powell	Director of Surface Public Transport & TfL Strategy
Mark Wild	Managing Director London Underground (from Minute 78/12/17)

Other Staff

Michael Bridgeland	Head of Project Assurance
Tanya Coff	Finance Director, London Underground
Patrick Doig	Divisional Finance Director, Surface Transport
Jon Fox	Director of London Rail, Surface Transport (for Minute 57/10/17)
David Hughes	Director of Strategy and Service Development, London Underground
Sir Terry Morgan CBE	Chairman, Crossrail Limited
Elmarie Pendlebury	Head of Asset Strategy for Minute 75/12/17)
Howard Smith	Operations Director, Crossrail (for Minutes 78-78/12/17)
Lucinda Turner	Director of Spatial Planning, City Planning (for Minute 74/12/17)
Clive Walker	Director of Internal Audit
David Wylie	Chief Operation Officer
Shamus Kenny	Head of Secretariat

Independent Investment Programme Advisory Group (IIPAG) Attendance

Colin Porter	Chair, IIPAG
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67/12/17 Apologies for Absence and Chair's Announcements

Apologies for absence were received from Ron Kalifa and Dr Nina Skorupska CBE.

As this would be the last meeting of the Committee attended by Leon Daniels before he left TfL, the Chair and the Committee thanked him for his diligent and professional service.

68/12/17 Declarations of Interests

Members confirmed that their declarations of interests, as published on tfl.gov.uk, were up to date. Professor Greg Clark CBE advised that his declaration had recently been updated as he had been commissioned by the European Investment Bank to write a book on investment in Europe, including TfL and London; he would absent himself from any future items that related to the European Investment Bank.

69/12/17 Minutes of the Meeting held on 13 October 2017

The minutes of the meeting held on 13 October 2017 were approved as a correct record and signed by the Chair.

70/12/17 Matters Arising and Actions List

As reported to the Board on 9 November 2017, the Chair confirmed that on 30 October 2017 he had exercised Chair's Action (in consultation with members of the Committee) regarding the authority delegated by the Board to take urgent action to approve authorities in relation to London Underground's Emergency Services Network.

The Committee noted the actions list and the use of Chair's Action.

71/12/17 Investment Programme Report - Quarter 2, 2017/18

Leon Daniels, Stuart Harvey and David Hughes introduced the Investment Programme Report for Quarter 2, 2017/18 covering the months of July to September 2017. Members noted the progress of the programmes and projects.

Stuart Harvey provided an update on the Major Projects and assurance that where slippage was indicated it was not on the critical path for any of the projects. The Four Lines Modernisation programme and the capacity upgrade programmes at Bank and Bond Street stations were progressing well. The Deep Tube programme was scheduled to be considered by the Committee at its next meeting and the costs of the programme were being reviewed for savings. On the Northern Line Extension programme good progress was being made at the Nine Elms site and the tunnel boring had been completed; the key issue now was securing approval by Lambeth Council of the planning application for Kennington Park. The delay of six months for a decision from the Government on the Silvertown Tunnel had concerned the contractors bidding for the work but positive discussions had been held with the relevant Government departments on taking the project forward.

David Hughes provided an update on the London Underground projects. There were no significant issues to report. The only red item was on rolling stock renewals (which was due to be submitted to the next meeting) and related to the delay to the stretch target on the life extension work for the Bakerloo line, which would have no impact on customer service.

Leon Daniels provided an update on the Surface Transport projects. The Rail Accident Investigation Branch had published its report on the Sandilands tram incident. TfL was acting on the recommendations and the report, alongside the SNC-Lavalin Report, would be considered by the Safety, Sustainability and Human Resources Panel and the Board in January 2018.

The Cycle Superhighways schemes were progressing well and TfL was working with the London Borough of Enfield to address the concerns of some local people on the Mini-Holland scheme in that borough. A lot of work was also underway to get up to 75 rapid charge points on the network by the end of the year, ahead of the introduction of zero emission taxis.

Members welcomed the progress being made across the Investment Programme. It was suggested that consistency in reporting could be improved if updates on amber or red projects included information on movement from the previous period and the new milestone.

The Committee noted the paper.

72/12/17 Project Monitoring - Programme and Project Approvals

Simon Kilonback and Michael Bridgeland introduced the paper. Members noted the forward approval programme for projects with a value in excess of £50m and details of the Project Authority granted by the Commissioner and the Chief Finance Officer in accordance with delegated authority under TfL's Standing Orders.

The outstanding action to provide information on the overall spend on programmes and projects to date, what was expected to have been spent and how this was controlled, would be addressed in the paper to the next meeting.

The Committee noted the paper.

73/12/17 Independent Investment Programme Advisory Group (IIPAG) - Review Implementation

Howard Carter introduced the paper, which provided an update on progress against the actions required to implement the IIPAG review recommendations and also proposed revised Terms of Reference for the IIPAG. The paper would also be considered by the Audit and Assurance Committee on 14 December 2017 prior to the IIPAG Terms of Reference being submitted to the Board on 30 January 2018.

The Committee noted the update on the implementation of the Independent Investment Programme Advisory Group (IIPAG) review recommendations and endorsed the revised IIPAG Terms of Reference for submission to the TfL Board.

74/12/17 TfL Growth Fund

Lucinda Turner introduced the paper and the related supplemental information on Part 2 of the agenda, which presented the proposed approach for allocating the £200m TfL Growth Fund. The Fund was used to support smaller scale transport schemes that would unlock housing and regeneration. The paper reiterated the strategic case for the Growth Fund, set out in the approval paper to the Committee in June 2017 and provided an update on the proposed governance arrangements.

Members discussed the need for tighter governance of the scheme and more explicit evaluation criteria to encourage bids that supported the objectives of the Mayor's Transport Strategy, such as modal share and healthy streets and Affordable Housing targets. Members recommended that the proposed evaluation scheme for future bids should be ambitious, and developed by looking at lessons learned by other evaluation schemes across the public sector. Bids should be benchmarked for their contribution to increasing housing, jobs and wider benefits and the time it would take to realise those benefits. Dr Lynn Sloman offered to help support the development of the evaluation scheme.

Given the difficulty in securing matched funding for some schemes in outer London, it was also recommended that officers talk to London Councils, as well as individual boroughs about priorities for the use of the fund and the availability of other sources of funding.

The Committee would receive updates on the use of the Growth Fund twice a year.

[Action: Alex Williams]

The Committee noted the paper and the related supplemental information on Part 2 of the agenda and:

- 1 noted the method for identifying the prioritised list of schemes and proposed governance arrangements of the Growth Fund; and**
- 2 authorised the Director of City Planning to allocate the remaining £100m of the Growth Fund to schemes on the prioritised list (set out in Section 3 of the paper on Part 2 of the agenda) as appropriate, and to manage potential changes to that allocation within the Programme and Project Authority, using the governance process set out in the paper.**

75/12/17 Lifts and Escalators Procurement Authority request

David Wylie and Martin Faulkner introduced the paper and the supplemental information on Part 2 of the agenda, which sought Procurement Authority and approval to extend two of the six contracts across London Underground (LU) for the maintenance and renewals of lifts and escalators on LU stations.

The Committee discussed the work undertaken now and planned for the future to drive down costs to achieve better value in the maintenance contracts, including proposals for greater standardisation and simplification of LU's requirements in the future. The extensions to the proposed contracts were for 6.25 years each but included break clauses.

The Committee noted the paper and the supplementary paper on Part 2 of the agenda; and

- 1 granted additional Procurement Authority for the continued renewal and maintenance of lifts and escalators in London Underground stations, as detailed in the paper on Part 2 of the agenda;**
- 2 approved the proposal to extend the existing contract with KONE for the renewal and maintenance of escalators on the Jubilee line stations for 6.25 years until 31 March 2025; and**
- 3 approved the proposal to extend the existing contract with Aurora for the renewal and maintenance of lifts on Jubilee, Northern and Piccadilly line stations for 6.25 years until March 2025.**

76/12/17 Public Transport Portfolio

Gareth Powell introduced the paper, which presented the strategic case for the Surface Transport Public Transport Programme (the Programme), summarised the development and delivery practices and set out the proposed governance arrangements. The Programme maintained the safety and reliability, performance, planning and project management of London Buses, London Overground, Docklands Light Railway (DLR), London Trams, Emirates Air Line, Santander Cycles and London River Services through a prioritised programme of cost effective renewals and enhancements that supported growth, housing, jobs and improving modal share. The paper sought budgeted Programme and Project Authority for the Programme, which covered financial years 2017/18 and 2018/19.

Members noted the rigour in the process to assess the condition of assets, which was at the heart of TfL's safety process and was comparable to assessments of other investment programmes across TfL. While the system looked complex, it provided the Commissioner and Chief Finance Officer with assurance that the asset base across TfL was reviewed in appropriate detail, but the process would be kept under review and simplified if appropriate.

The Programme would return annually to the Committee to renew and validate a rolling approval. That would enable approvals to be aligned to financial years which complemented the nature of the programme and simplified the approval request.

The Committee noted the paper and:

- 1 approved Programme and Project Authority of £267.6m for delivery of the Public Transport Programme, covering: £118.8m in 2017/18 and £148.8m in 2018/19 as described in the paper and contained in the TfL Business Plan; and**
- 2 noted that Procurement Authority in respect of the various elements of the Public Transport Portfolio Programme would be sought at officer level in accordance with Standing Orders.**

77/12/17 London Overground Rolling Stock Maintenance Savings

Jon Fox introduced the paper and the supplemental information on Part 2 of the agenda, which sought Procurement Authority to make a binding or contractual commitment with a supplier to cover the Class 378 Train Services Agreement (Agreement) to 2030. The Chairs of the Programmes and Investment Committee and the Finance Committee had agreed that given the timing of meetings, it was appropriate for the decision on this item to be taken by this Committee.

The Agreement required Bombardier Transportation to provide train maintenance services to the London Overground Class 378 fleet until 2041, but with intermediate contract break points in 2023 and 2030. TfL expenditure (including the savings generated from removing the break clause) was included within the Business Plan to the extent that the expenditures fell within the years covered by the Plan.

The Committee noted two corrections to the figures in the table under section 7.2 of the supplemental paper on Part 2 of the agenda, which would be amended for the record.

Members supported the proposal but requested that the Chief Finance Officer keep a record of future commitments in forecasting so that TfL was aware of any build up of future liabilities.

The Committee noted the paper and the supplemental information on Part 2 of the agenda (including the corrections to the table under paragraph 7.2) and:

- 1 authorised the removal of the class 378 Train Services Agreement break clause in 2023, and agreed to the proposed savings as documented within the paper; and**
- 2 authorised an increase in Procurement Authority for the Class 378 Train Services Agreement in the sums set out in the paper on Part 2 of the agenda.**

78/12/17 Crossrail - Report on Sponsor Board Proceedings

David Hughes introduced the paper and supplemental information on Part 2 of the agenda, which presented a summary of the key issues from the October and November 2017 meetings of the Crossrail Sponsor Board.

Following the exclusion of the press and public from the meeting, the Committee discussed the current financial position of the project, including the forecasts for using contingency funding, along with schedule risks and the relationship with and performance of contractors. The Committee noted that the Department for Transport had committed in principle to meet the overrun of costs by Network Rail, which would not impact on the scope of the works that Network Rail was committed to deliver.

The Commissioner met senior staff at Bombardier on a regular basis and the Mayor was also due to meet its Chair. As a sponsor of the project, TfL was also encouraging Network Rail to deliver its commitments, including the crucial signalling works over the Christmas-New Year period.

The Committee noted that, as requested at the last meeting of the Board, reporting arrangements to Committees on operational readiness and transition were being reviewed to ensure appropriate assurance and scrutiny.

The Committee noted the paper and the supplementary paper in Part 2 of the agenda.

79/12/17 Elizabeth Line Operational Readiness and Integration

Howard Smith introduced the item. The Committee noted the good progress of the project.

On operational readiness, the Committee was informed that for Stage 1, the new rolling stock was being accepted into service after an initial pause while Bombardier improved the software. For stage 2, TfL had just taken over a number of stations on the route to Reading and testing of the new rolling stock software for the service to Heathrow was progressing, though behind schedule. A huge amount of work continued on the central tunnel in preparation for dynamic testing in January 2018 and work on the stations at Tottenham Court Road and Farringdon continued to progress well. A contract had just been let to provide step-free access to the stations that would be used under Stage 5 of the service. There was also a strong focus on training staff and improving the diversity of the workforce.

The Committee noted the governance processes to support operational readiness and the integration of Crossrail into TfL.

The Committee noted the paper.

80/12/17 Any Other Business the Chair Considers Urgent

There was no urgent business.

81/12/17 Member suggestions for future agenda discussions

Howard Carter introduced the paper and the Committee's updated forward programme. The Chair noted that there was a busy agenda for the meeting in February 2018 and requested that any items that were not time critical be deferred so that the Committee could focus on decision making.

The Committee noted the forward programme.

82/12/17 Date of Next Meeting

The next scheduled meeting of the Committee would be held on Wednesday 21 February 2018 at 10.15am.

83/12/17 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: TfL Growth Fund; the Lifts and Escalators Procurement Authority request; the London Overground Rolling Stock Maintenance Savings; and Crossrail - Report on Sponsor Board Proceedings.

The meeting closed at 12.30pm.

Chair: _____

Date: _____