

Transport for London

Minutes of the Meeting

**Committee Rooms 4 and 5, City Hall, The Queen's Walk, London
10.00am, Wednesday 5 November 2014**

Members

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|----------------------------|------------------------|
| Boris Johnson | Chairman |
| Isabel Dedring | Deputy Chairman |
| Sir John Armitt CBE | Member |
| Sir Brendan Barber | Member |
| Richard Barnes | Member |
| Charles Belcher | Member |
| Roger Burnley | Member |
| Brian Cooke | Member |
| Baroness Grey-Thompson DBE | Member |
| Angela Knight | Member (from 77/11/14) |
| Michael Liebreich | Member (from 77/11/14) |
| Eva Lindholm | Member |
| Daniel Moylan | Member (from 77/11/14) |
| Bob Oddy | Member |
| Keith Williams | Member |
| Steve Wright | Member |

Staff

| | |
|-----------------|---|
| Steve Allen | Managing Director, Finance |
| Sarah Atkins | Commercial Director, Rail and Underground (for 81/11/14) |
| Mike Brown | Managing Director, Rail and Underground |
| Howard Carter | General Counsel |
| Leon Daniels | Managing Director, Surface Transport |
| Richard De Cani | Director of Transport Strategy & Policy (for Michèle Dix, Managing Director) Planning |
| Vernon Everitt | Managing Director, Customer Experience, Marketing and Communications |
| David Hughes | Director of Major Programme Sponsorship, London Underground (for 82/11/14) |
| Andrew Pollins | Interim Chief Finance Officer |
| Roy Millard | Senior Audit Manager (for Clive Walker, Director of) Internal Audit |
| Terry Morgan | Chairman, Crossrail Limited |
| Shamus Kenny | Head of Secretariat |

73/11/14 Apologies for Absence and Chairman's Announcements

Apologies for absence had been received from Peter Anderson. Apologies for lateness were received from Daniel Moylan.

Sir Peter Hendy and Michèle Dix gave their apologies as they were attending a UITP conference.

74/11/14 Declarations of Interest

The following interests were declared: Sir John Armitt as Chairman of the Olympic Delivery Authority, Chairman of the National Express Group plc, Deputy Chairman of the Berkeley Group plc and a Member of the Airports Commission; Sir Brendan Barber as Chairman of ACAS; Richard Barnes as a Councillor for the London Borough of Hillingdon; Charles Belcher as a member of Atos Origin Advisory Council on Transport; Baroness Grey-Thompson as a member of the London Legacy Development Corporation; Angela Knight as Chief Executive of Energy UK and a non-executive director of William Cook Holdings Limited; Michael Liebreich as Chairman of the Advisory Board of Bloomberg New Energy Finance; Daniel Moylan as a Councillor for the Royal Borough of Kensington and Chelsea, Chairman of Urban Design London and a non-executive director of Crossrail Limited (appointed by TfL); Bob Oddy on taxi related issues; and Steve Wright on matters relating to private hire vehicles.

75/11/14 Minutes of the Meeting held on 24 September 2014

The minutes of the meeting held on 24 September 2014 were approved as a correct record and the Chairman was authorised to sign them.

76/11/14 Matters Arising, Actions List and Use of Delegated Authority

Howard Carter introduced the item. Since the meeting held on 24 September 2014, authority delegated by the Board had been exercised twice by the Chairman of the Finance and Policy Committee, in consultation with available members of the Committee. On 27 October he authorised further investment in the joint venture in Phase 1 of the Earls Court development. On 28 October he approved the Supply of Data Communication Services and Support Contract Extension and related Procurement Authority.

The Board noted the actions list and the use of delegated authority.

77/11/14 Commissioner's Report

In the absence of the Commissioner, Chief Officers introduced the report, which provided an overview of major issues and developments since the report to the meeting on 24 September 2014, and updated Members on significant projects and initiatives.

The East-West and North-South Cycle Superhighways consultations, which were due to close on 9 November 2014, had generated a large number of responses from businesses and other stakeholders. These would be comprehensively reviewed and a response and recommendations would then be made to the Board.

Following a period of non statutory consultation, TfL was about to start the formal consultation on the UK's first Safer Lorries Scheme. Under the scheme, TfL and London Councils would ban lorries without side guards and safety mirrors from London's streets. The initiative had been welcomed by the Department for Transport and had overwhelming support from drivers, businesses and cyclists. TfL's contractors were already fully compliant.

Members were informed that the rate and levels of crime on the London Underground (LU), Docklands Light Railway (DLR) and bus networks continued to fall. Since 2010/11, the crime rate had fallen by 29 per cent on buses and by 30 per cent on the LU and DLR. The Quarter 2 comparisons for this year and the previous year showed notable reductions in robbery and theft and handling. While the number of reported sexual offences had risen, this was in line with the expectations of Project Guardian, an internationally coordinated crack down on unwanted sexual behaviour on public transport. Project Guardian had set targets to increase the number of offences reported; the number of offences detected; and in the longer term reduce the overall prevalence of sex offences on the bus, LU, DLR and train networks.

As the Year of the Bus celebrations were coming to an end, 60 bus sculptures had been unveiled across the city. The cost of the sculptures had been met by sponsorship and each model would be auctioned, with the proceeds shared between three charities: Kids Company, Transaid and the London Transport Museum. The Battle Bus, which had taken part in World War 1 centenary anniversary events across Europe, would be in the background for the remembrance parade in Westminster on Sunday 9 November 2014.

On 9 October 2014, the Mayor and Mike Brown had launched the concept design for the New Tube for London, which had been very well received. The new trains would operate on the Bakerloo, Central, Piccadilly and Waterloo & City lines and would be capable of being fully automated, which would enable the frequency of trains per hour to be increased. As with the DLR, all trains would have a member of staff on board.

TfL was extending its approach to even more provision of free, open data with a focus on providing data in machine readable form, embedding data collection, storage and open data provision in project and programme management arrangements, and making the conditions for the use of data sets as light touch as possible. A public consultation on the development of TfL's transparency strategy would seek suggestions on what else might reasonably be published, including provision in the form of open data.

Contactless payment was now used for over seven per cent of pay-as-you-go tickets. The take-up of this method of payment was far in advance of most retailers and supported the decision to move staff out of ticket offices. Future analysis of the data would determine the proportion that represented new business or a switch from other payment methods. Issues with the compatibility of foreign bank card chips were expected to be resolved in a year or more, so tourists were recommended to continue purchasing Oyster cards. TfL was using its experience with contactless payments to encourage Train Operating Companies to embrace the technology.

Members welcomed the efforts to re-use or recycle the Crossrail tunnel boring machines where possible.

In addition to the cycle superhighways, TfL was consulting on the proposed extension of the Bakerloo line, an Ultra-Low Emission Zone, East London River Crossings and the Silvertown Road Tunnel. TfL's consultation on Crossrail 2 had shown strong support for the proposals and the results had been fed into the Department for Transport to inform its statutory consultation, which was part of the process for safeguarding the Crossrail 2 route alignment.

The Board noted the Commissioner's report.

78/11/14 TfL's Response to the Mayor's Consultation on the 2050 Infrastructure Plan

Richard De Cani introduced the paper, which sought approval for TfL's consultation response to the Mayor's 2050 London Infrastructure Plan. The response offered high level support for the overall approach. This reflected TfL's input into the preparation of the plan by the Greater London Authority.

The Board:

- 1 approved Transport for London's draft response to the Mayor's 2050 London Infrastructure Plan consultation, as set out in Appendix 1 to the paper; and**
- 2 delegated authority to the Managing Director, Planning, to make any further minor editorial changes to the draft response as may be required.**

79/11/14 Taxi Licence Fees and Fares Update

Bob Oddy declared an interest on taxi related issues and Steve Wright declared an interest on matters relating to private hire vehicles. Bob Oddy and Steve Wright took no part in the discussion of this item.

Leon Daniels introduced the paper, which sought approval to a proposed change to the taxi vehicle licence fee for those taxis fitted with a digital taxi top advertising (DTTA) unit, as recommended by the Finance and Policy Committee at its meeting on 14 October 2014. The paper also asked the Board to consider a change to the date upon which taxi fares were updated to bring this into line with rail and bus fare changes.

A letter had been received from the legal representatives of a firm looking to enter the DTTA market. Surface Transport would consider the issues that it raised and respond to the author.

The DTTA had been tested for safety or distraction risks for other road users and that the rules around the content of DTTA were the same as for advertising on the body or inside of taxis. Members considered potential issues about height restrictions, fuel efficiency and safety.

The policy and the number of licences would be reviewed in the light of operational experience and market demand. If it was subsequently proposed to increase the number of licences, the Board would first receive a paper on the outcome of operational experience.

Members discussed the sources of additional revenue for taxi owners and drivers and whether this necessitated a review of the formula used since 1981 to calculate fares. This would be kept under review.

The visual impact of advertising wrappers that covered all of a vehicle was discussed, particularly in relation to buses. Members were informed that only five per cent of the bus fleet could have wrappers at any time and that their use on the New Routemasters had been targeted to generate income to support the Year of the Bus campaign.

The Board considered whether fare changes should be introduced on 1 January each year, to bring it into line with rail and bus fare changes. As the proposal was not

supported by the trade or passenger groups and could result in additional expense for the trade, Members agreed that there should be no change to the existing April date.

The Board noted the paper and the proposed change to the taxi vehicle licence fee for those taxis fitted with a digital taxi top advertising unit.

80/11/14 New Routemasters

Leon Daniels introduced the paper and the related information on Part 2 of the agenda, which sought Project Authority for the purchase of 200 additional New Routemasters (NRMs); and Financial and Procurement Authority for iBus kit and mid-life refurbishment.

The purchase of 200 NRMs would mean 808 NRMs would be in service by May 2016 in line with the Mayor's 2020 Vision to have 2,000 NRM's in service by the end of 2020. It was closely aligned to the Mayor's Transport Strategy 2010, which sought to improve the quality of life of all Londoners through the introduction of cleaner low-carbon vehicles and the development of a unique bus for the capital. The NRMs would improve the journey experience of passengers, enhance air quality, reduce vehicle noise and cut emissions with associated health benefits.

The 200 additional NRMs would be fitted with the latest ultra-low-emission Euro VI engine. NRMs with Euro V compliant engines had improved fuel efficiency by almost 50 per cent compared to the diesel vehicles that they had replaced and produced significantly lower levels of nitrogen oxide (NOx) and particulate matter (PM10) compared to other Euro V hybrid buses. The difference between the NRM Euro VI and Euro V engines was marginal, so it was not proposed to retrofit the entire fleet with Euro VI engines at this stage. Changes were also being made to the air conditioning system.

TfL was able to purchase up to 1,000 buses from Wrightbus on the current contract terms. No decision was proposed on the order of the next 1,000 vehicles as other bus manufacturers were looking to develop their own double-decker buses with NRM features, which would give TfL options when considering the purchase of additional vehicles.

On 14 October 2014, the Finance and Policy Committee had considered the issues in the paper and endorsed the recommendations.

The Board noted the paper and the supplementary information on Part 2 of the agenda and:

- 1 approved Project Authority for the purchase of 200 additional New Routemasters from Wrightbus at the figure set out in the paper on Part 2 of the agenda;**
- 2 approved Financial and Procurement Authorities for the additional 200 New Routemasters and the associated iBus equipment, mid-life refurbishment costs and other related matters, at the figure set out in the paper on Part 2 of the agenda.**
- 3 delegated to the TfL Officers and the Subsidiaries (as described in paragraph 6 below) authority to:**

- (a) settle the timing of any orders for new buses and the number of buses per order; and
 - (b) finalise the terms on which the matters described in paragraph 2 above are to be supplied;
- 4 authorised the agreement and execution (whether by deed or otherwise on behalf of TfL or any Subsidiary (as appropriate)) of any documentation to be entered into in connection with the completion and implementation of the orders for buses made pursuant to the approval given in paragraph 2 above (the Orders) and any of the matters referred to in them (including, without limitation, all agreements, deeds, guarantees, indemnities, announcements, notices, contracts, certificates, variations, letters or other documents); and
- 5 authorised TfL Officers and Subsidiaries to do all such other things as they consider necessary or desirable to facilitate the execution and implementation of the Orders and the matters referred to in them.
- 6 The following Officers and Subsidiaries shall have delegated authority:
 - (a) TfL Officers: the Commissioner, Managing Director Finance, Managing Director Surface Transport, General Counsel; and
 - (b) Subsidiaries: Subsidiaries of TfL including Transport Trading Limited and any other subsidiary (whether existing presently or to be formed) of Transport Trading Limited and any of the directors of the relevant company shall be authorised to act for and on behalf of that company.

81/11/14 TfL Energy Purchasing 2017 to 2020

Mike Brown and Sarah Atkins introduced the paper and the related information on Part 2 of the agenda, which reviewed the current purchasing strategy for the supply of electricity and gas to all applicable TfL supply points through the Crown Commercial Service (CCS) agreed frameworks. The paper sought approval for the continuation of the procurement of this requirement through future CCS frameworks from 2017 to 2020.

The contract with CCS was considered to represent good value for money and provided sufficient flexibility to adjust supply to cater for projects currently being developed. TfL had initiatives in place to use greener energy generation and to look at ways to use less energy across its asset base.

The paper also updated the Board that the value of the existing Bulk Supply Electricity contract with CCS was expected to outturn at a value of £336m over three years (2014 to 2017). The Board granted procurement authority on 2 February 2012 to place this contract with CCS for a maximum of four TWhs, which at that day's forward wholesale market price would have cost £300m, but which could be more over three years.

At its meeting on 14 October 2014, the Finance and Policy Committee endorsed the recommendations in the paper.

The Board noted the paper and the related exempt information on Part 2 of the agenda and:

- 1 approved the contract with Crown Commercial Service (CCS) for the purchase of electricity and natural gas from 2017 to 2020 pan-TfL, with a value of up to £600m (the Agreement);**
- 2 noted the outturn value of £336m in respect of the existing Bulk Supply Electricity contract with CCS. This was £36m more than was originally estimated when the contract was approved by the Board in February 2012 due to the unexpected increases at the time around increased regulatory charges and wholesale market movements;**
- 3 authorised the TfL Officers and the Subsidiaries (described in paragraph 6 below) to finalise the final terms of the contract with CCS and its execution;**
- 4 authorised the agreement and execution (whether by deed or otherwise on behalf of TfL or any Subsidiary (as appropriate)) of any documentation to be entered into in connection with the completion and implementation of the Agreement and any of the matters referred to in it (including, without limitation, all agreements, deeds, guarantees, indemnities, announcements, notices, contracts, certificates, letters or other documents); and**
- 5 authorised TfL Officers and Subsidiaries to do all such things as they consider necessary or desirable to facilitate the execution and implementation of the Agreement and the matters referred to in it.**
- 6 The following Officers and Subsidiaries shall have delegated authority:**
 - (a) TfL Officers: the Commissioner, Managing Director Finance, Managing Director Rail and Underground, General Counsel; Commercial Director Rail and Underground; and**
 - (b) Subsidiaries: Subsidiaries of TfL including Transport Trading Limited and any other subsidiary (whether existing presently or to be formed) of Transport Trading Limited and any of the directors of the relevant company shall be authorised to act for and on behalf of that company.**

82/11/14 Jubilee Line World Class Capacity

Mike Brown and David Hughes introduced the paper and the related exempt supplemental information on Part 2 of the agenda, which sought approval for additional budgeted Project Authority to commence the design stage of the Jubilee Line World Class Capacity programme. The programme would increase the number of trains per hour (tph) on the Jubilee line from 30tph (current peak service) to 36tph peak service by 2019. Prior to the line upgrade, the peak service had been 24tph.

36tph was the maximum possible on the Jubilee line with the existing signalling and was subject to automating dwell times at stations to achieve maximum efficiency.

At its meeting on 14 October 2014, the Finance and Policy Committee endorsed the recommendations in the paper.

The Board noted the paper and the supplemental paper on Part 2 of the agenda and:

- 1 approved additional Project Authority of £32.4m increasing total project authority to £35.624m, and Procurement Authority as detailed in the supplemental paper on Part 2 of the agenda;**
- 2 authorised the TfL Officers and the Subsidiaries (as described in paragraph 5 below) to agree and finalise the terms of the Contracts;**
- 3 delegated to any officer of TfL, or any of TfL's subsidiary companies as may be authorised by the Commercial Director Rail and Underground from time to time, the authority to authorise the expenditure from the sum for which Procurement Authority has been granted of amounts up to £5m;**
- 4 authorised the agreement and execution (whether by deed or otherwise on behalf of TfL or any Subsidiary (as appropriate)) of any documentation to be entered into in connection with the completion and implementation of the Contracts and any of the matters referred to therein (including, without limitation, all agreements, deeds, guarantees, indemnities, property or other licences, announcements, notices, contracts, certificates, letters or other documents); and**
- 5 authorised TfL Officers and Subsidiaries to do all such other things as they consider necessary or desirable to facilitate the execution and implementation of the Contracts and the matters referred to therein.**
- 6 The following Officers and Subsidiaries shall have delegated authority:**
 - (a) TfL Officers: the Commissioner, Managing Director Finance, Managing Director Rail and Underground, Commercial Director Rail and Underground and General Counsel;**
 - (b) Subsidiaries: Subsidiaries of TfL including Transport Trading Limited and any other subsidiary (whether existing presently or to be formed) of Transport Trading Limited and any of the directors of the relevant company shall be authorised to act for and on behalf of that company.**

83/11/14 Review of TfL's Approved Counterparties and Proposed Amendments to the Treasury Management Strategy 2014/15

Steve Allen introduced the paper and the related paper on Part 2 of the agenda. Approval was sought for: additions and amendments to the Approved Investment List 2014/15 and Approved Derivative Counterparties List 2014/15 and amendments to the Treasury Management Strategy (TMS) 2014/15.

As highlighted in the TMS 2014/15, by continuing to diversify its investment counterparties, TfL would benefit from obtaining greater direct control and transparency of investments while maintaining appropriate levels of liquidity.

As part of the continuous development of the TMS, a small number of amendments to the TMS 2014/15 were proposed for the purposes of good housekeeping or removing redundant clauses that had been superseded by the Finance and Policy Committee's direct approval of counterparties on a named basis.

At its meeting on 14 October 2014, the Finance and Policy Committee endorsed the recommendations in the paper.

The Board noted the paper and the supplemental information on Part 2 of the agenda and approved:

- 1 additions and amendments to the Approved Investment List 2014/15 as set out in Appendix 1 to the paper on Part 2 of the agenda;**
- 2 additions and amendments to the Approved Derivative Counterparties List 2014/15 as set out in Appendix 2 of the paper on Part 2 of the agenda; and**
- 3 amendments to the Treasury Management Strategy 2014/15, as set out in Appendix 1 to the paper.**

84/11/14 Review of Board Effectiveness

Howard Carter introduced the paper, which set out the proposed actions in response to the review of Board effectiveness in 2014 and TfL's proposed response to the latest updates to the UK Corporate Governance Code.

The Board was also asked to agree the methodology and focus of the externally assisted review of Board effectiveness that would take place in 2015.

The Board noted the paper and agreed:

- 1 the actions proposed in response to the review of Board effectiveness 2014;**
- 2 TfL's proposed response to the latest updates to the UK Corporate Governance Code; and**
- 3 the methodology and focus of the externally assisted review of Board effectiveness in 2015.**

85/11/14 Report of the meeting of the Audit and Assurance Committee held on 8 October 2014

The Chairman of the Committee, Keith Williams, gave an update to the Board on the meeting of the Audit and Assurance Committee, held on 8 October 2014.

The Committee had noted the selection and appointment process for the external auditors for TfL and Transport Trading Limited and its subsidiaries, for the two years ending 31 March 2017. It also discussed cyber and data security issues, which would be the subject of a future paper to the Committee.

The Board noted the report.

86/11/14 Report of the meeting of the Finance and Policy Committee held on 14 October 2014

In the absence of the Committee Chairman, the Vice Chairman of the Committee, Daniel Moylan, gave an update to the Board on the meeting of the Finance and Policy Committee, held on 14 October 2014.

The Board noted the report.

87/11/14 Report of the meeting of the Safety, Accessibility and Sustainability Panel held on 15 October 2014

The Panel Chairman, Charles Belcher, gave an update to the Board on the meeting of the Safety, Accessibility and Sustainability Panel held on 15 October 2014.

The Commissioner had attended the meeting to present the Annual Health, Safety and Environment and Assurance Letters. The Panel also considered the mitigation measures in place to reduce platform train incidents. It also discussed the impact of the cashless operation of buses, in particular the reduction in conflict between passengers and drivers and the measures in place to protect vulnerable passengers.

The Board noted the report.

88/11/14 Any Other Business the Chairman Considers Urgent

There was no other business to discuss that was not included on the agenda.

The next scheduled meeting would be held on Wednesday 10 December 2014 at 10.00am.

89/11/14 Exclusion of Press and Public

The Board 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), in order to consider the exempt appendices to the papers on: New Routemasters; TfL Energy Purchasing 2017 to 2020; Jubilee Line World Class Capacity; and the Review of TfL’s Approved Counterparties and Proposed Amendments to the Treasury Management Strategy 2014/15.

There being no further business, the meeting closed at 11.30am.

Chair: _____

Date: _____