

# Transport for London

## Minutes of the Meeting

Committee Rooms 4-5, City Hall, The Queen's Walk, London  
10.00am, Wednesday 3 February 2010

### Members

Boris Johnson	Chairman
Daniel Moylan	Deputy Chairman
Peter Anderson	Member
Claudia Arney	Member
Dame Tanni Grey-Thompson	Member
Sir Mike Hodgkinson	Member
Judith Hunt	Member
Eva Lindholm	Member
Steven Norris	Member
Bob Oddy	Member
Patrick O'Keeffe	Member
Kulveer Ranger	Member
Tony West	Member
Keith Williams	Member
Steve Wright	Member

### Staff

Steve Allen	Managing Director, Finance
Sarah Atkins	Director, Reviews and Legal, London Underground (for part)
David Brown	Managing Director, Surface Transport
Ian Brown	Managing Director, London Rail
Howard Carter	General Counsel
Stephen Critchley	Chief Finance Officer
Michèle Dix	Managing Director, Planning
Peter Hendy	Commissioner
Rob Holden	Chief Executive, Crossrail
Ellen Howard	Director of Corporate Governance
Richard Parry	Interim Managing Director, London Underground
Ben Plowden	Director of Integrated Programme Delivery, Surface Transport (for part)
Stuart Ross	Director of News
Clive Walker	Interim Director of Internal Audit
Shamus Kenny	Head of Secretariat

### **01/02/10      Apologies for Absence and Declarations of Interest**

Apologies for absence had been received from Charles Belcher and Christopher Garnett.

The following interests were declared: Daniel Moylan as Deputy Leader of the Royal Borough of Kensington and Chelsea, a director of the London Transport Museum and Chairman of Urban Design London; Peter Anderson as a director of the Canary Wharf Group plc in relation to Crossrail and the Jubilee Line upgrade; Dame Tanni Grey-Thompson as Vice Chair of the Athletes Committee for the London Organising Committee of the Olympic Games (LOCOG); Sir Mike Hodgkinson as a non-executive director of Crossrail limited; Bob Oddy on taxi related issues; Steven Norris as a Board Member of the London Development Agency, as Chairman of AMT-Sybex Limited, as Executive Chairman of Jarvis plc, as a non executive director of Initiate Limited, as Chairman of Saferoad BLG Limited and as a non-executive director of Speedcheck Services Limited; and Steve Wright on matters relating to private hire vehicles.

**02/02/10      Minutes of the Meeting held on 10 December 2009**

The minutes of the meeting held on 10 December 2009 were approved as a correct record and signed by the Chairman.

**03/02/10      Matters Arising and Actions List**

**The Actions List was noted.**

**04/02/10      Non-Statutory Deputy Chairman**

Boris Johnson introduced the report, which informed Members that Christopher Garnett had stood down as a non-statutory deputy chairman of the TfL Board owing to the increasing demands arising from his role as Chair of the Olympic and Paralympic Transport Board leading up to the Games in 2012. Mr Garnett would remain a TfL Board Member and continue to serve on the Committees and Panels of which he was a member. The Mayor and the Board thanked Mr Garnett for his contribution as Deputy Chairman.

**The report was noted.**

**05/02/10      Commissioner's Report**

The Commissioner introduced his report, which provided an overview of major issues and developments since the last meeting on 10 December 2009 and updated Members on significant projects and initiatives.

The Commissioner advised that Oyster Pay As You Go was now in operation on all national rail stations in London. This was of huge benefit to the travelling public and would also benefit the Train Operating Companies.

The Commissioner advised that TfL had offered a three-year above-inflation pay deal for staff in Paybands 1-3 who worked in TfL Corporate, Surface Transport and London Rail and employees on equivalent grades who TUPE'd into TfL from other organisations. The offer had been accepted by the PCS Union and over half of eligible staff. The Commissioner encouraged all the remaining unions to put, for the first time, the offer to their members.

The Commissioner explained the work that had been carried out with other agencies, in particular the London Boroughs and the London Local Authority Coordination Centre, to ensure that London kept moving during the recent period of bad weather. The Mayor thanked the staff of TfL and its contractors for their work in achieving this. This was in contrast to National Rail services into London, and in particular Southeastern trains which ran a severely reduced emergency timetable during the bad weather which meant a large number of Londoners could not attend work at normal hours. The Mayor had written to the Secretary of State expressing his concern about this.

The Commissioner advised of the decision on 25 January 2010 of an Independent QC. Tube Lines (Ferrovial and Bechtel) had sought to claim that LU was in breach of the PPP contract, and was responsible for an additional £327m in costs. However, the adjudication had ruled that LU had not breached its contract and bore no responsibility for any increase in Tube Lines' costs.

The Commissioner also drew the Board's attention to that part of the draft decision of the Arbiter where he had concluded that Tube Lines should have completed the Jubilee line upgrade by December 2009 and 72 per cent of the Northern Line Upgrade should also now be completed. However, the Jubilee Line Upgrade was now likely to be at least 10 months late, with LU discussing a programme of part and whole-line weekend closures of the line up to October this year. The Northern Line would also be subject to a lengthy programme of early and weekend closures. These would, regrettably, continue to cause disruption to Londoners and businesses.

**The report was noted.**

#### **06/02/10      Tube Lines Periodic Review: Response to Arbiter's Draft Findings**

Richard Parry and Sarah Atkins introduced the report, which provided a summary of the PPP Arbiter's draft findings, issued on 17 December 2009, their implications and LU's response to the Arbiter. The Mayor thanked the Arbiter for extending the deadline for responses to allow the Board to discuss TfL's response at this meeting.

The PPP Arbiter's Draft Directions on costs for the second seven and half year PPP period was that a fair, economic and efficient price for the works would be £4.4bn, much closer to LU's determination of £4bn, and well below Tube Lines original demand of £6.8bn, and its final price of £5.75bn.

TfL believed that LU's determination of £4bn was affordable. However, if at the end of the Periodic Review process the Arbiter retained his view of the price of the works, there would be a £400m funding gap. The Board discussed the options to address that gap. It supported the Government making good the shortfall, or failing that Tube Lines should raise financing as envisaged in the original contracts. The shortfall could also be met by Tube Lines' shareholders, Ferrovial and Bechtel, foregoing some of the large and unjustified sums being paid to them under unpublished "Secondment Agreements" with Tube Lines. The Secondment Agreements would net the shareholders around £1.1bn of public funds over fifteen years, around £800m of which was profit. This was in addition to a 26 per cent return on their equity, as determined by the PPP contract.

The Board expressed its extreme concern about the situation, and the potential implications for taxpayers and the London travelling public. It confirmed that TfL should not agree to de-scope the PPP (for example by not upgrading the Piccadilly line) so as to address the funding shortfall.

**The Board noted:**

- 1 the contents of the report and endorsed the proposed response from TfL to the Arbiter, attached as Appendix 3 to the report. Specifically the Board noted that:**
  - (a) no further de-scoping could be contemplated given all that was left was the major and critical line upgrades; and**
  - (b) LU's Restated Terms could be affordable within current TfL funding provided that:**
    - (i) the Arbiter accepted LU's Representations and reduced his cost determination to £4.0bn or lower (including on the basis that the Secondment Fees paid out by Tube Lines Limited (TLL) to its shareholders were unjustified and excessive); or**
    - (ii) the shareholders themselves admitted that the Secondment Fees were unjustified and terminated this element of their Secondment Agreements; or**
    - (iii) Government agreed to fund the difference, or permitted additional public borrowing to do so; or**
    - (iv) TLL raised the additional finance as foreseen in the original PPP contract;**
- 2 LU would respond to the Arbiter indicating that, with these options, the costs for Review Period 2 would be affordable, and no further de-scoping would be proposed; and**
- 3 the proposed response from the Mayor to the Arbiter, attached as Appendix 4 to the report.**

**07/02/10 Operational and Financial Performance and Investment Programme Reports – Third Quarter 2009/10**

Steve Allen introduced the performance monitoring report and Investment Programme report for the third quarter of 2009/10.

The reports stated that the most recent patronage data showed signs of recovery. TfL was also progressing well with the savings programme and net savings of £151m were forecast for the year, £14m ahead of the target.

Members discussed the scale of TfL's Investment Programme. A briefing note would be provided to Members on how transport investment in London helped deliver jobs and support the economies of London and other regions of the United Kingdom.

**[ACTION: Steve Allen]**

To help achieve efficiency targets the balance between permanent and temporary staff was being managed to achieve value for money. A report would be submitted to the Corporate Panel explaining the rationale for the increase in temporary staff and proposing a change in the appropriate target.

**[ACTION: Steve Allen]**

Members requested that the proposed report to the Corporate Panel on workforce composition include an explanation of the effects of controls on recruitment on the proportion of disabled staff, given the differences between that and the proportion of female staff and those from Black and Minority Ethnic Communities.

**[ACTION: Steve Allen]**

**The reports were noted.**

**08/02/10      Crossrail Compensation Arrangements for Compulsory Purchase**

Rob Holden introduced the report, which gave a high level overview of the legal position with regard to compensation for compulsory purchase of property for the Crossrail Project, and explained the approach which Crossrail was taking in relation to this matter.

Crossrail was applying the Compensation Code in relation to the calculation of compensation. It was also giving occupiers as much notice as possible (and greater than that required by statute) in relation to the compulsory purchase of their properties. It was committed to addressing the concerns of property owners and businesses wherever possible.

**The report was noted.**

**09/02/10      Crossrail Programme Partner and Project Delivery Partner – Board Delegation to Finance and Policy Committee**

Rob Holden introduced the report providing the Board with an update on the current status of the Programme Partner and Project Delivery Partner contracts with Crossrail and the current options and intentions in relation to proceeding with these contracts beyond 31 March 2010. As the next Board meeting was not until 24 March, the Board was asked to delegate the final decision in relation to exercising the break options in the contracts to the Finance and Policy Committee.

**The Board:**

- 1      noted the contents of the report;**
- 2      noted that, subject to the delegation in paragraph 3 below being made, CRL expected to bring a report to the Finance and Policy Committee asking it to consider recommendations on extending the roles of the**

**Project Delivery Partner and Programme Partner beyond 31 March 2010;  
and**

- 3 delegated to the Finance and Policy Committee authority to decide whether or not to exercise contractual break options, as described in the report, terminating the roles of the Project Delivery Partner and Programme Partner beyond 31 March 2010.**

#### **10/02/10 Taxi and Private Hire Licence Fees**

David Brown introduced the report seeking Board approval to proposed changes to taxi and private hire licensing fees. Most fees were frozen at last year's levels. A new fee was introduced for re-testing taxis which failed their first inspection. The key purpose of this proposal was to improve the overall mechanical condition of the taxi fleet.

**The Board approved the making of an amendment to the Private Hire Vehicles (London) (Operators' Licences) Regulations 2000 to:**

- 1 freeze most taxi and private hire licensing fees for 2010/11 and recover the estimated shortfall of £261,000 through efficiency measures;**
- 2 increase the one-off Knowledge appearance fee for Suburban (Yellow badge) taxi driver applicants from £150 to £200 with effect from 1 April 2010;**
- 3 reduce the taxi licence application and inspection fee by £10 from 1 April 2010;**
- 4 introduce a fee of £50 for each re-test of a taxi that fails any type of licensing inspection, including on-street inspections, from 1 April 2010;**
- 5 increase the fee for a replacement taxi driver badge from 15 pence to £15 from 1 April 2010;**
- 6 increase the fee payable on the application for a variation of a private hire vehicle operator's licence to remove an existing reference to one or more operating centres from £25 to £50 per operating centre from 1 April 2010; and**
- 7 increase the fee payable in respect of an application for a variation of a private hire vehicle operator's licence to add a reference to one or more operating centres from £25 to £200 per operating centre from 1 April 2010.**

#### **11/02/10 Taxi Fares and Regulations**

David Brown introduced the report seeking Board approval to the proposed changes to taxi fares and setting out other proposed changes to the London Cab Order. The proposed average taxi fare increase of 2.3 per cent for the 2010/11 financial year was the lowest increase since 2004. The fare rise aimed to find a balance between maintaining income levels for drivers, who face disproportionately higher costs in order

to work than average Londoners, while ensuring passengers still got a fair price for the high quality service provided by the Capital's taxi drivers.

Members discussed the composition of the Licensed Taxi Cost Index. This would be reviewed with the taxi trade. **[ACTION: David Brown]**

**The Board noted the report and:**

- 1 approved an increase of 2.3 per cent for taxi fares;**
- 2 approved the increase of the Heathrow extra from £2.00 to £2.40;**
- 3 approved the fares for the Leicester Square fixed fares scheme;**
- 4 approved the setting of a maximum card processing charge of the greater of 12.5 per cent of the metered fare or £1.00;**
- 5 approved the fares for the fixed fare sharing arrangements for the Euston scheme and the fares for contingency arrangements as set out in Appendix 3 of the report;**
- 6 approved the making of a London Cab Order to implement the above new fares and regulations, with effect from Saturday 10 April 2010, to be signed by the Commissioner (or in his absence the Managing Director Surface Transport);**
- 7 noted the making of a London Cab Order to allow the driver to delay starting the meter after the commencement of the hiring or to stop the meter before the end of the hiring;**
- 8 noted the making of a London Cab Order so that advertising guidelines apply to both printed and handwritten receipts;**
- 9 approved the making of a London Taxi Sharing Scheme Order, to be signed by the Commissioner (or in his absence the Managing Director Surface Transport), to implement the new shared fixed fares set out in Appendix 3 of the report with effect from Saturday 10 April 2010;**
- 10 authorised a 40 pence additional charge to be implemented only if London retail diesel prices (as measured by the Arval index) reach the threshold level of 146.1 p/litre between 10 April 2010 and 1 January 2011 and if implemented would not extend beyond 3 April 2011;**
- 11 delegated to the Commissioner (or in his absence the Managing Director Surface Transport) the making and signing of a London Cab Order to implement the additional charge recommended in paragraph 10 above;**
- 12 noted that there will be further consideration and consultation on additional fixed fare arrangements for taxi hirings; and**

**12/02/10      Performance of the Smarter Travel Sutton Pilot Programme**

Ben Plowden introduced the report, which updated the Board on the performance of the pilot Smarter Travel Sutton (STS) programme. STS was London's first integrated transport behaviour change programme. It had been a major success with a tangible influence on local trips, reducing car use and promoting a shift to cycling, walking and public transport.

This had been achieved through a collaborative approach between TfL and partner organisations including the London Borough of Sutton, the Primary Care Trust, the Police and Sutton Chamber of Commerce. Work was ongoing to share the lessons from the scheme, particularly in relation to the health benefits achieved.

**The report was noted.**

**13/02/10      Report from the Meeting of the Audit Committee – 16 December 2009**

The Chair of the Committee, Judith Hunt, gave an update to the Board on the meeting of the Audit Committee held on 16 December 2009. The Board congratulated Officers on the early publication of the audited annual accounts.

**The report was noted.**

**14/02/10      Report from the Meeting of the Finance and Policy Committee – 21 January 2010**

The Chair of the Committee, Peter Anderson, gave an update to the Board on the meeting of the Finance and Policy Committee held on 21 January 2010.

**The report was noted.**

**15/02/10      Any Other Business**

There being no further business, the meeting closed at 11.55am.

The next scheduled meeting would be held on Wednesday 24 March 2010 at 10.00am.

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

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