

# Transport for London

## Minutes of the Meeting

City Hall, The Queen's Walk, London, SE1 2AA

10.00am, Tuesday 20 March 2018

### Members

Sadiq Khan (Chair)  
Val Shawcross CBE (Deputy Chair)  
Kay Carberry CBE  
Prof Greg Clark CBE  
Baroness Grey-Thompson DBE  
Bronwen Handyside  
Ron Kalifa OBE  
Dr Nelson Ogunshakin OBE  
Anne McMeel  
Dr Mee Ling Ng OBE  
Dr Lynn Sloman  
Ben Story

### Executive Committee

Mike Brown MVO	Commissioner
Howard Carter	General Counsel
Michele Dix CBE	Managing Director, Crossrail 2
Vernon Everitt	Managing Director, Customers, Communication and Technology
Simon Kilonback	Interim Chief Finance Officer
Stuart Harvey	Director of Major Projects
Gareth Powell	Managing Director, Surface Transport
Mark Wild	Managing Director, London Underground
Alex Williams	Director of City Planning
Tricia Wright	Human Resources Director

### Also in attendance

Sir Terry Morgan CBE Chairman, Crossrail Limited

### Staff

Sarah Bradley	Group Finance Controller
Emanuela	
Cernoia-Russo	Corporate Finance Director
Howard Smith	Director of Operations, Crossrail
Shamus Kenny	Head of Secretariat

## 20/03/18 Apologies for Absence and Chair's Announcements

Apologies for absence were received from Michael Liebreich, Dr Alice Maynard CBE and Dr Nina Skorupska CBE.

## **21/03/18 Declarations of Interests**

Members confirmed that their declarations of interests, as provided to the Secretariat and published on [tfl.gov.uk](http://tfl.gov.uk), were up to date and there were no other interests to declare that related specifically to items on the agenda.

Ron Kalifa OBE had not received the exempt paper and left the meeting for the discussion at the Finance Committee on 5 March 2018 in relation to multi-lateral interchange fees.

## **22/03/18 Minutes of the Meeting of the Board held on 30 January 2018**

The minutes of the meeting of the Board held on 30 January 2018 were approved as a correct record and the Chair was authorised to sign them.

## **23/03/18 Matters Arising and Actions List**

Howard Carter introduced the item. Updates had been provided for all of the actions and there had been no use of authority delegated by the Board since the last meeting.

Val Shawcross CBE updated Members on the actions to improve reporting to the Board that had arisen from the Board's review of effectiveness. Safety issues were now the first substantive item in the Commissioner's Report to the Board and in the quarterly Investment Programme Report and this would also be reflected in the next quarterly Customer and Operational Performance Report.

Members had also asked for reporting to Committees and Panels to cover delivery against the Mayor's Transport Strategy, the TfL Scorecard and the TfL Business Plan and focus on strategic risks. The Commissioner's Report to the Board was now structured around the Mayor's Transport Strategy outcomes and other regular quarterly reports to the Committees and Panels would provide relevant information on the outcomes. The proposed 2018/19 TfL Scorecard indicators (to be agreed at this meeting) reflected emerging organisational priorities and captured high level strategic objectives. Board Members and the Executive Committee had a useful discussion on strategic risks and once these were refined and agreed with the Audit and Assurance Committee later in 2018 they would be monitored by the Committees and Panels.

**The Board noted the Actions List.**

## **24/03/18 Commissioner's Report**

Mike Brown MVO introduced the report, which provided an overview of major issues and developments since the meeting of the Board held on 30 January 2018 and updated the Board on significant projects and initiatives.

The Chair thanked TfL staff and contractors for their efforts to keep services running during the recent severe weather, which included working through weekends and nights.

TfL's performance compared very favourably to the services provided by other transport providers during this period.

The key issues arising from the overview and discussion are summarised below.

- 1 **TfL Scorecard:** Members noted the results at Period 11 for the 2017/18 Scorecard. With the support of the Board and particularly the Finance Committee, the 2017/18 Scorecard had been a significant improvement on previous Scorecards. This reflected a one-TfL approach with all of the Executive team working towards a single Scorecard that was balanced across the core quadrants where TfL needed to perform, with safety the first among them. Under the direction of the Commissioner, the Executive had committed to some very stretching targets but which set an aspirational approach.
- 2 Members discussed the performance against the Total Engagement measure, which had slipped back largely due to the major Transformation Programme changes underway in London Underground where management was being delayed and duplication removed. London Underground had a five year plan to improve engagement. Val Shawcross CBE and Kay Carberry had met with Trade Union leaders, who had expressed a willingness to help with the process and to encourage staff to engage.
- 3 While not all of the 2017/18 targets would be met, the Commissioner was proud of the many successes that had been achieved. Members welcomed the update and congratulated staff on the measures achieved.
- 4 Elsewhere on the agenda, the Board was asked to approve the 2018/19 Scorecard, which was aligned to the recently published Mayor's Transport Strategy. Once agreed, performance against the Scorecard would be regularly reviewed in detail by the Finance Committee and included in the Commissioner's Report to the Board. Members requested that progress reviews include comparison or trend data from previous years, where this was possible. **[Action: Simon Kilonback]**
- 5 **Safety and Security:** Members noted the work to address the Rail Accident Investigation Branch and SNC-Lavalin recommendations from the Croydon tram overturning. As part of the wider work with the tram industry, TfL hosted a second and very positive trams summit at the end of January 2018 to discuss the findings of the reports and share additional measures that could be introduced to further improve tram safety, including looking actively at systems used abroad. TfL continued to work closely with the London Borough of Croydon on its plans to deliver community focused recovery activities and programmes through supporting health and social services in New Addington and the surrounding area. TfL would be providing £750,000 of funding over the next three years to support these plans.
- 6 The Mayor's Transport Strategy, which was formally approved in March 2018, included a commitment to a Vision Zero approach to safety, across TfL's transport network. Improving driver behaviour was a critical part of achieving that vision and TfL was working with the Metropolitan Police Service on plans to improve enforcement, particularly on reducing speeds to safer levels. The Police had also recently had a focussed enforcement exercise to identify and stop people using their mobile phones while driving.

- 7 Good progress continued to be made on making the bus network safer. The introduction of the new Bus Safety standard would see all new vehicles fitted with safety technology such as automatic braking. There had been positive discussions with TfL's bus operators; through the Bus Safety Innovation Fund they were trialling new ideas like warnings for pedestrians and cyclists near a bus, protection devices for helping drivers manage fatigue, and acceleration limiters to make buses pull away more smoothly. The trial on bus announcements to ask passengers to hold on had concluded and the results were being analysed. The biggest cause of injuries on buses was passengers slipping, tripping or falling, which accounted for almost 3,000 passenger injuries last year.
- 8 TfL was also continuing with its work to improve the safety culture, to ensure everyone worked in a safe environment. This included more conversations and actions to improve safety, including having safety as a first item on team meeting agendas and Senior leaders attending safety tours and reporting back to their teams on why safety was important to them personally. An example was the Major Projects team treating any near miss in the same way as any minor or major safety incident, with a full investigation and improving training.
- 9 From 1 April 2018, TfL would be compliant with the National Railways Security Programme, which provided detailed instruction on activity to address the threat of terrorism. TfL had also reviewed its internal security procedures, training and communications and set up a plan for developing a stronger security culture to better protect both staff and customers. It was also reviewing its security messaging and developing a training package to be launched in the spring.
- 10 In February 2018, TfL had published a new policy statement about private hire services, which focussed on the top priority of maintaining passenger safety. The policy reflected the enormous changes in the industry including its response to new technologies and services. Any changes to the regulation of the industry would be subject to consultation.
- 11 **Healthy streets and healthy people:** Good progress had been made on the Cycle Superhighways programme, with 6km of segregated cycle route opened in Enfield to support the Mini-Hollands programme. TfL was also on target to complete phase two of CS6, between Stonecutter Street and King's Cross in the summer.
- 12 The consultation to transform Oxford Street into a world-leading public space received more than 22,000 responses, which clearly demonstrated the interest in this scheme. Sixty-four per cent of responses to the consultation supported the plans in some form, with comments from local residents, businesses and visitors now being reviewed and fully considered. The consultation raised several important issues, including traffic and air quality on residential roads, provision of a safe cycle route through the wider area, management of the public space and ensuring that Oxford Street remained accessible for all. TfL was working with the boroughs to consider the feedback before Westminster City Council took any further decision on how to proceed.
- 13 TfL had secured one of five places for cities across the UK to take part in shaping the future of drones and drone systems. This was an important and fast-moving area and TfL would have the opportunity to help shape the discussion and make sure drones benefited London and supported the delivery of the Mayor's Transport Strategy.

- 14 On the work to improve air quality, compliance with the T-Charge was at 95 per cent. TfL had mobilised its supply chain for delivering the Ultra Low Emission Zone (ULEZ) from 8 April 2019. Good progress had been made on the programme to roll out electric vehicle charging infrastructure, with 100 Rapid Charging Points installed and funding agreements in place with 25 boroughs to allow £4.5m of funding over the 2018/19 financial year for further charging points. TfL had secured the maximum award of £3m from the Government's Clean Bus Technology fund to retrofit around 500 buses and was continuing with its commitment to raise all buses in its fleet to the Euro VI emission standard by 2020.
- 15 Members noted the new all electric taxis that had started operating and that a further model was expected to launch later in the year. Staff agreed to review the compensation scheme to see if it appropriately incentivised the owners of the oldest and dirtiest diesel taxis to switch to electric vehicles.
- 16 **A good public transport experience:** TfL had successfully delivered the unlimited Hopper fare at the end of January 2018, which had already achieved more than one million Hopper journeys during its first month. Since the original bus Hopper fare launched in September 2016, more than 160 million journeys have been made, demonstrating the impact of the new ticket for millions of passengers to make affordable journeys across London.
- 17 In addition to the report elsewhere on the agenda, an update was provided on the progress of the Crossrail project to deliver the Elizabeth line into passenger service. The construction work was now 90 per cent complete and a major step had been taken by turning on the traction power in the eastern part of the tunnels on 1 February to allow dynamic testing to start on 25 February 2018. TfL continued to review cost and schedule pressures as the end of the project approached, with a focus on working with the major suppliers to ensure key milestones were on track, with the Commissioner personally involved in monitoring the relationships and the overall programme. The Chair, Commissioner and Board all responded to the recent announcement that Andrew Wolstenholme OBE was to step down from Crossrail after seven years as its Chief Executive by thanking him for his hard work and dedication. Simon Wright would now lead the Crossrail team on the final stage of the project.
- 18 On TfL's step-free access programme, the Mayor had recently announced 13 more stations that would be step-free by 2022. The programme would significantly improve the accessibility of the Tube for older and disabled people as well as people travelling with children and buggies. Members noted the issues with making the westbound Central line platform at Tottenham Court Road fully accessible due to the narrow access, track alignment and outward opening train doors.
- 19 On the Northern line extension, construction work was underway on the internal structure of the new station at Battersea Power Station and the signalling contract for the extension had been signed with Thales. TfL planned to build a number of new customer passageways to make it quicker and easier for customers to change between the Northern line branches at Kennington. To enable that work and after exploring all other options, the decision had been taken that Bank branch trains would not stop at Kennington and there would be no interchange between the Bank and Charing Cross branches from 26 May until mid-September 2018. A temporary

timetable would be introduced and stakeholders and customers had been informed and provided with alternative options via the Victoria and Bakerloo lines.

- 20 Good progress continued on the Four Line Modernisation programme, which covered 40 per cent of the network. The biggest test to date of the new signalling system had been successfully completed and was a significant step forward ahead of the first trains operating under the new system in summer 2018.
- 21 As part of the work to improve capacity and develop land around stations, the Royal Borough of Kensington and Chelsea had recently approved TfL's plans to increase capacity at South Kensington station. TfL had selected Native Land as its joint venture partner to develop the land around the station and planned to engage with the local community on the plans later in 2018.
- 22 The East London line night service had recently been successfully extended to Canonbury and Highbury and Islington stations. Since the launch of the Night Overground services, more than 40,000 journeys had been made on the route. This built on the huge success of the Night Tube, which had created more than 3,600 jobs and contributed more than £170m to London's economy in its first year.
- 23 The cycle hire scheme continued to be extremely successful with nearly 646,000 hires recorded in January, an increase of more than 7,000 on the previous January. The scheme had been extended to Brixton, with seven new docking stations and 200 new Santander cycles.
- 24 **New homes and jobs:** The Crossrail 2 Independent Affordability Review would be chaired by Mike Gerrard, former Managing Director of Thames Tideway Tunnel. TfL continued to promote this vital project, as it would unlock over 200,000 homes and jobs and not only benefit London but the whole of the UK through its supply chain.
- 25 The report included a new section on 'Affordable homes', which highlighted that TfL had brought more than 3,500 homes to market by the end of this financial year with 50 per cent of them being affordable. TfL was working with multiple partners and using various routes and resources to ensure it continued to deliver affordable homes, which was a key priority in the Mayor's Transport Strategy.
- 26 **Our people:** The Mayor had recently announced £6m additional funding to deliver bus driver toilets on 40 bus routes that currently had limited toilet access. TfL would progress a programme to have the 40 permanent and temporary facilities in place by the end of March 2020. From April 2018 site surveys would identify the exact locations for these facilities to be installed. It was planned to install the first group of temporary facilities on the highest priority routes from July 2018. All permanent facilities would be completed by March 2021. Members raised the importance of also providing rest facilities to reduce stress and fatigue. Gareth Powell said he was personally committed to improving rest facilities and the review of the bus network was taking into account their provision as well as addressing customer demand. He was talking to bus companies about the provision of facilities as well as exploring the use of London Underground facilities.
- 27 Members noted the recent work undertaken as part of Year of the Engineer, a volunteering accreditation received by the London Transport Museum and the launch of TfL's 2018 apprenticeship scheme. TfL's fifth annual military career day on 23 February and the finals of the Innovate TfL Challenge for 16-17 year olds had

both gone well and helped to broaden the appeal of the transport industry, to young people and to people coming from other walks of life. Members welcomed the initiatives.

- 28 **Securing value for money:** TfL expected to outperform its Business Plan savings target for 2017/18 by more than £200m. This would repeat the success of 2016/17, which was the first year TfL had ever reduced its like-for-like operating costs.
- 29 As part of TfL's commitment to its people, an agreement was reached that enabled Carillion to fulfil the East London line maintenance contract until the new supplier, Cleshar Contract Services, took over on 1 April and which transferred existing Carillion employees to Cleshar with their terms and conditions of employment protected.
- 30 Members noted the details of some of the projects that would be taken forward from the income generated by the lane rental scheme since it was introduced in 2012. These included the A2/M2 connected corridor project and the construction of a temporary highway layout at Power Bridge Road to help reduce delays during the bridge construction works. The money was also being used to support schemes brought forward by third parties, such as the London Borough of Croydon and UK Power Networks.

**The Board noted the Commissioner's Report.**

## **25/03/18 Finance Report – Period 11, 2017/18**

Simon Kilonback introduced the item and related slides, which provided information on TfL's performance against budget at the end of Period 11 (3 February 2018).

TfL was making solid progress against the current Budget and its long-term plan to turn an operating deficit into a surplus. Having reduced its like-for-like operating costs for the first time in 2016/17, TfL expected to repeat this in 2017/18. Income remained lower than anticipated but there were some signs of improvement from earlier in the year with the variance in budget unchanged from Period 10. Passenger income was £87m lower than budget but this and other variances in income were more than offset by operating costs being £250m lower than budget through a combination of savings and cost reprofiling. The savings were on top of over £300m of planned and realised year-to-date savings that were included in the Budget.

Capital expenditure (excluding Crossrail construction) was also below budget as a result of project reprofiling and some additional savings. TfL cash balances (excluding those sums ring fenced for Crossrail construction) were £333m better than budget.

TfL's net operating surplus, which was the key measure of financial strength and underpinned the long-term plan to breakeven on day-to-day costs, was £132m better than expected, though this was expected to reduce due to some exceptional items in the last two periods of the year.

2017 had seen a decline in public transport demand in London that was broadly in line with wider trends across the transport industry. While passenger income was down, since the start of 2018 there had been signs of a return to positive demand growth on TfL services, particularly on buses following bus priority measures and improved reliability.

This would be monitored carefully to assess whether a sustained trend was emerging. The TfL fares freeze and extended Hopper fare had helped to sustain demand but while there had been some growth in commuting journeys, consumer caution caused by inflation and other matters meant discretionary spending, including on travel, had reduced. TfL would therefore maintain a continued cautious approach to revenue forecasting as assumed in its Business Plan and Budget.

TfL cash balances, excluding those ring fenced for Crossrail construction, were higher than budgeted but offset in part by higher than expected capital income and deferred borrowing.

**The Board noted the report.**

## **26/03/18 Draft TfL Budget 2018/19**

Simon Kilonback introduced the item, which sought approval of the draft TfL Budget 2018/19. The Budget set out in detail the strategies outlined in the December 2017 Business Plan to deliver the Mayor's plans for improving transport and reducing TfL's operating costs in the financial year beginning 1 April 2018. It highlighted the programmes and milestones that would see the most significant developments or progress over the next year.

The Budget would continue the savings trajectory to achieve a net operating surplus by 2021/22 and was in line with the first year of the Business Plan published in December 2017. Each business area had worked hard to identify savings to deliver the Business Plan including £159m from continuing to modernise the Underground, £65m from reviewing, retendering and negotiating bus contracts, and £13m from the accommodation strategy.

As planned for in the Business Plan, TfL would incur a £968m deficit in 2018/19, after renewals and financing costs and this was fully funded in the context of a balanced Budget. It was crucial that TfL continued to reduce its costs and identify new income sources to turn its operating deficit into a growing surplus.

While London's population has grown considerably faster than that of the rest of the UK, government grant funding has reduced significantly and would be £1bn less compared to 2012/13. Against that backdrop, TfL would still deliver huge investment including launching the Elizabeth line, improving accessibility and modernising the Underground, investing in the bus network and healthy streets. The year on year increase in the net cost of operations reflected the year on year reduction in general grant and the initial operating costs for the Elizabeth line as the central tunnel section entered into operational service in December 2018. Additionally there would be continued pressure on passenger income which had affected all transport providers and was reflective of the current economic climate so passenger numbers were forecast as being flat in 2018/19.

Simon Kilonback highlighted a few minor changes to the Budget compared to 2018/19 in the Business Plan:

- Operating account: operating income was higher due to higher forecast increases in commercial receipts and TfL had secured £18m additional business rates, which enabled it to continue to provide record levels of borough funding and secure critical improvements to bus driver facilities. Operating costs were slightly

- up due to inflationary pressures as a result of rising RPI and higher performance payments to bus operators for improved performance of the bus network;
- Capital account: a net increase in new capital investment reflected improvements to the Emergency Services Network as part of the national upgrade plan. Property asset receipts were lower, reflecting the latest accounting treatment for the expected sale and leaseback transaction;
  - Cash: the latest cash position expected the rolling stock receipt towards the end of 2018/19. TfL remained above minimum cash, in line with its liquidity policy approved by the Board; and
  - Credit rating: since the publication of the draft Budget, Standard & Poor's downgraded TfL's credit rating from AA negative outlook to AA- stable outlook in line with the other agencies. This and the related commentary would be updated in the final Budget document.

The members of the Finance Committee had informally reviewed the financial summaries and analysis on 5 March 2018. As Chair of the Finance Committee, Ron Kalifa OBE said that the Budget setting process was underpinned by a robust process of detailed plans and scrutiny that provided the necessary assurance for the members of the Committee to recommend its approval by the Board. He commended the process and staff on the cost management across the organisation. The Committee considered the key challenges to be: meeting income targets; not increasing debt; ensuring the right balance between capital renewal and capital investment; and managing cash flow. The Committee would keep these matters under review. On capital renewal and investment, Simon Kilonback and Mike Brown stressed that safety and reliability were paramount. They thanked the Board for its support and challenge throughout the development of the Budget.

The Chair thanked the Finance Committee for its detailed work and the staff for the detailed budget planning process. He also thanked Simon Kilonback and his senior team for the way they had adapted and taken on the management of the Finance function after the sad and sudden passing of Ian Nunn in 2017.

The Chair recognised that TfL was doing what it could to control costs but income was impacted by things beyond its control such as Brexit, terrorism and inflation. He commended the Business Plan as a routemap that would take TfL from a £1bn deficit to a surplus.

#### **The Board:**

- 1 approved the draft TfL Budget 2018/19; and**
- 2 delegated to the Acting Chief Finance Officer the authority to make any editorial or other minor changes prior to its publication.**

#### **27/03/18 2018/19 TfL Scorecard**

Simon Kilonback introduced the item which sought approval for the 2018/19 TfL Scorecard. The TfL Scorecard provided measures to track business performance against the in-year objectives derived from the Mayor's Transport Strategy, the Business Plan and the Budget. The Scorecard measures would enable the Commissioner and Executive Committee to manage the business and ensure clear corporate responsibility,

whilst also providing the ability to clearly articulate the key business priorities to a broader audience. The paper summarised the rationale for the inclusion of the measures (including interim measures), their targets and weightings. Val Shawcross CBE was thanked for her input into aligning the Scorecard to the Mayor's Transport Strategy. The draft Scorecard had also been discussed with the Finance Committee, which was supportive while also emphasising the need for continuous improvement.

Members welcomed the Scorecard as yet another step change improvement from the previous Scorecard. Members and staff recognised that some metrics needed to be further developed to ensure they measured the right things with the right granularity of information; road efficiency and journeys by sustainable modes were examples where annual surveys may be one form of data source with staging posts included in future Business Plans to map progress. Updates on the Scorecard's short term in-year objectives for 2018/19 would be included in the Commissioner's Report to the Board. Later in 2018, the Board would receive the first annual update on progress towards achieving the longer term Mayor's Transport Strategy outcomes.

Members noted the rationale for the proposed total staff engagement score and recognised that this was driven by the target for London Underground, which was still going through significant change as part of the Transformation Programme. Members recognised the significant challenge but wanted TfL to be more ambitious and to work with its Trade Unions to improve the engagement score. The measure for TfL would be increased by one per cent to 57 per cent.

**The Board noted the paper and:**

- 1 approved the 2018/19 TfL Scorecard, subject to the staff engagement target being increased by one per cent to 57 per cent; and**
- 2 delegated to the Chair of the Finance Committee authority to approve the 2018/19 target for operational improvements to sustainable travel.**

**28/03/18 TfL Prudential Indicators 2018/19 to 2020/21**

Simon Kilonback and Sarah Bradley introduced the item which set out the proposed TfL borrowing limits and other Prudential Indicators under the Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code (the Prudential Code), which were consistent with the proposed Treasury Management Strategy for 2018/19. These limits and indicators were based on figures in the 2018/19 TfL Budget. The Treasury Management Strategy 2018/19 and the 2018/19 TfL Budget both appear as items elsewhere on the agenda for this meeting.

Under the Prudential Code, TfL was required to adopt Prudential Indicators which support decision making on planned capital expenditure, borrowing and treasury management activities.

Under Capital Finance regulations, local authorities were also required each year to set aside some of their revenues as provision for debt. As TfL had a statutory duty to make an annual statement as to its policy for the calculation of this provision, the paper set out and asked the Board to approve the TfL Policy on Minimum Revenue Provision.

**The Board noted the paper and approved:**

- 1 the TfL Prudential Indicators for 2018/19 and the following two years, as set out in Appendix 1 of the paper;**
- 2 the Treasury Indicators for 2018/19 and the following two years, as set out in Appendix 1 of the paper; and**
- 3 the TfL Policy on Minimum Revenue Provision set out in section 7 of the paper.**

## **29/03/18 Treasury Management Strategy 2018/19**

Simon Kilonback and Emanuela Cernoia-Russo introduced the item, which sought approval of the proposed Treasury Management Strategy (TMS) for 2018/19, as recommended by the Finance Committee on 5 March 2018. The TMS 2018/19 comprised the Investment Strategy, the Borrowing Strategy, the Liquidity Strategy, the Risk Management Strategy and the Counterparty Exposure Limits. The TMS supported the TfL objective of prudence and financial sustainability. There had been no substantive changes from the previous TMS.

**The Board noted the paper and:**

- 1 approved the Treasury Management Strategy (TMS) for 2018/19, attached at Appendix 1 to the paper, including the Investment Strategy, the Borrowing Strategy, the Liquidity Strategy, the Risk Management Strategy and the Counterparty Exposure Limits;**
- 2 authorised the Finance Committee to approve any changes to the TMS 2018/19 during the course of the year;**
- 3 noted that the proposals to the Finance Committee for derivative investments set out in resolution 4 had been approved by the Chief Finance Officer, as required under the TfL Group Policy Relating to the Use of Derivative Investments (the 'Derivatives Policy'); and**
- 4 noted that subject to the Board approving the TMS 2018/19 and the Derivatives Policy, the Finance Committee had approved, pursuant to Section 49 of the Transport for London Act 2008 (as amended by the Transport for London Act 2016, together the Act, and in accordance with the Derivatives Policy) for 2017/18 (or 2018/19 as may be applicable at such time), Transport for London Finance Limited (as a qualifying TfL subsidiary for the purposes of the Act) entering into derivative investment(s) in relation to:**
  - (a) mitigating exchange rate risk related to specific currency exposures arising from the procurement of goods or services by any member of the TfL Group or receipts of European Union subsidies or other grants or revenues payable other than in Sterling to any member of the TfL Group in the ordinary course of business as soon as practicable once the quantum of exchange rate risk to any member of the TfL Group is established;**

- (b) mitigating exchange rate risk arising from any TfL Group investments in foreign currencies in accordance with the TMS 2017/18 (or 2018/19 as may be applicable at such time);
- (c) mitigating commodity rate and/or price risk related to specific commodity (including fuel and electricity) exposures arising from the procurement of goods or services by any member of the TfL Group in the ordinary course of business as soon as practicable once the quantum of commodity risk to any member of the TfL Group is established;
- (d) mitigating interest rate risk and if applicable currency risk related to any existing, imminent and future TfL Group borrowing (including any leases), once the borrowing has become certain and authorised in accordance with the TMS 2017/18 (or 2018/19 as may be applicable at such time);
- (e) mitigating inflation risk related to specific exposures arising from the procurement of goods or services by any member of the TfL Group once the quantum of inflation risk to any member of the TfL Group is established; and
- (f) mitigating risk related to any index reflecting any of the above matters referred to in paragraphs 4 (a) to (e).

**5 The following Officers and Subsidiaries shall have delegated authority:**

- (a) **TfL Officers:** the Commissioner, Chief Finance Officer under sections 114 and 115 of the Local Government and Finance Act 1988 and section 127 of the Greater London Authority Act 1999, the Managing Director (Chief Finance Officer), General Counsel and Corporate Finance Director; 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.

### **30/03/18 Treasury Management and Derivative Investments Policies**

Simon Kilonback and Emanuela Cernoia-Russo introduced the item, which sought approval of the proposed Treasury Management Policies and the proposed TfL Group Policy Relating to the Use of Derivative Investments, as recommended by the Finance Committee on 5 March 2018. There had been no substantive changes from the previous Treasury Management Policies and TfL Group Policy Relating to the Use of Derivative Investments.

**The Board noted the paper and approved:**

- 1 the Treasury Management Policies attached at Appendix 1 to the paper; and**

**2 the TfL Group Policy Relating to the Use of Derivative Investments attached at Appendix 2 to the paper.**

### **31/03/18 Crossrail Update**

The Chair and Commissioner and Board reiterated their thanks to Andrew Wolstenholme OBE for his contribution to the Crossrail project during his time as its Chief Executive Officer.

Mark Wild, Howard Smith and Sir Terry Morgan summarised recent progress towards the staged opening of the Elizabeth line and the transition to become an integral part of TfL. The east part of the central tunnel had been energised and dynamic testing had started, with the west part to be energised shortly. The Depot at Old Oak Common had also come into use. Work on the central stations continued to progress well. It was recognised that there was still a lot of work to do as the project neared its final stages and Members would receive a deep dive briefing on key issues after the meeting.

**The Board noted the paper.**

### **32/03/18 Report of the meeting of the Programmes and Investment Committee held on 21 February 2018**

The Chair of the Committee, Prof Greg Clark CBE introduced the item. He highlighted the quality of the information and reporting against the Investment Programme and the helpful discussion on Crossrail 2 which provided a clearer insight into the national picture and its financing. A briefing would be scheduled for members of the Committee on the Deep Tube Upgrade Programme ahead of an authority request being submitted to the next meeting on 16 May 2018.

**The Board noted the summary report.**

### **33/03/18 Report of the meeting of the Safety, Sustainability and Human Resources Panel held on 22 January and 28 February 2018**

In the absence of the Chair and Vice Chair, Kay Carberry introduced the item. The Panel had discussed road fatalities and was encouraged by the amount of work and thought going into the very challenging Vision Zero approach in the Mayor's Transport Strategy. The Panel had also discussed the action being taken to ensure the needs of disabled people were considered in evacuation plans for Underground stations in the event of a security incident and the Independent Disability Advisory Group would be consulted on the proposals.

The Panel also had a useful discussion on bus driver facilities.

The Mayor welcomed the Panel's focus on safety over the last year but was pleased to see Human Resource issues now also getting more consideration. The Panel had discussed diversity and inclusion issues, including the gender pay gap. TfL had voluntarily published gender pay gap figures in 2017 and the figures for 2018, under a

revised formula, had just been published. This showed a pay gap of 19 per cent, which the Mayor and Commissioner were committed to addressing and welcomed the Panel's oversight of this work.

**The Board noted the summary report.**

### **34/03/18 Report of the meeting of the Finance Committee held on 5 March 2018**

The Chair of the Committee, Ron Kalifa OBE, introduced the item. The Board had already considered a number of items that had been recommended for approval by the Committee. The Chair highlighted the Committee's consideration of the Mayoral Direction on Affordable Housing, which sought to ensure that across TfL's estate 50 per cent of homes built on TfL land were affordable. The Committee had approved proposals for the disposal of leasehold land interests in the site around South Kensington station and a joint venture for the redevelopment of the station. It also considered updates on Group Treasury Activities and the Transformation Programme. Due to a potential conflict of interest, the Chair had not received the exempt paper nor was he present for the Committee's discussion in relation to multi-lateral interchange fees.

**The Board noted the summary report.**

### **35/03/18 Report of the meeting of the Audit and Assurance Committee held on 6 March 2018**

The Chair of the Committee, Anne McMeel introduced the item. The Committee noted that the new integrated Risk and Assurance professional service was now established. The Committee had approved the new Integrated Assurance Plan, which included safeguarding. It welcomed the excellent work on personal data disclosure to the police and other statutory law enforcement agencies, which had reduced the overall number of data requests; and noted the work being done in preparation for the implementation of the General Data Protection Regulation.

**The Board noted the summary report.**

### **36/03/18 Any Other Business the Chair Considers Urgent**

There were no further items of urgent business.

### **37/03/18 Date of Next Meeting**

The date of the next meeting was Wednesday 23 May 2018 at 10.00am.

The meeting closed at 12.00pm.

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

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