

Agenda

Meeting: Land and Property Committee

Date: Wednesday 28 June 2023

Time: 10:00am

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

Members

Prof Greg Clark CBE (Chair)

Dr Nina Skorupska CBE (Vice-Chair)

Seb Dance

Anurag Gupta

Anne McMeel

Ben Story

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

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

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

Further Information

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

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

Howard Carter, General Counsel
Tuesday 20 June 2023

**Agenda
Land and Property Committee
Wednesday 28 June 2023**

1 Apologies for Absence and Chair's Announcements

2 Declarations of Interest

General Counsel

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

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

**3 Minutes of the Meeting of the Committee held on 23 March 2023
(Pages 1 - 8)**

General Counsel

The Committee is asked to approve the minutes of the meeting of the Committee held on 23 March 2023 and authorise the Chair to sign them.

**4 Matters Arising, Actions List and Use of Delegated Authority
(Pages 9 - 14)**

General Counsel

The Committee is asked to note the updated actions list and use of delegated authority.

**5 TTL Properties Limited Valuation Results and Capital Receipts
Programme Update (Pages 15 - 38)**

Director and Chief Executive, TTL Properties Limited

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

- 6 Purpose and Branding** (Pages 39 - 42)
Director and Chief Executive, TTL Properties Limited
The Committee is asked to note the paper.
- 7 TTLP Scorecard 2023/24** (Pages 43 - 48)
Director and Chief Executive, TTL Properties Limited
The Committee is asked to note the paper.
- 8 TTL Properties Limited Quarterly Performance Report** (Pages 49 - 72)
Director and Chief Executive, TTL Properties Limited
The Committee is asked to note the paper and the exempt supplementary information on Part 2 of the agenda.
- 9 TTL Properties Limited Assurance Update** (Pages 73 - 84)
Director of Risk and Assurance
The Committee is asked to note the paper and the exempt supplementary information on Part 2 of the agenda.
- 10 Enterprise Risk Update - Inability to React to External Market Forces (TTLP-L0-6)** (Pages 85 - 90)
Director and Chief Executive, TTL Properties Limited
The Committee is asked to note the paper and the exempt supplementary information on Part 2 of the agenda.
- 11 Electric Vehicle Charging Hubs** (Pages 91 - 98)
Director and Chief Executive, TTL Properties Limited
The Committee is asked to note the paper.

12 Resourcing (Pages 99 - 102)

Director and Chief Executive, TTL Properties Limited

The Committee is asked to note the paper.

13 Members' Suggestions for Future Discussion Items (Pages 103 - 106)

General Counsel

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

14 Any Other Business the Chair Considers Urgent

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

15 Date of Next Meeting

Thursday 21 September 2023 at 10.00am

16 Exclusion of Press and Public

The Committee is recommended to agree to exclude the press and public from the meeting, in accordance with paragraph 3 of Schedule 12A to the Local Government Act 1972 (as amended), in order to consider the following items of business.

Part 2 Agenda

17 TTL Properties Limited Valuation Results and Capital Receipts Programme Update (Pages 107 - 114)

Exempt supplementary information relating to the item on Part 1.

18 TTL Properties Limited Quarterly Performance Report
(Pages 115 - 122)

Exempt supplementary information relating to the item on Part 1.

19 TTL Properties Limited Assurance Update (Pages 123 - 156)

Exempt supplementary information relating to the item on Part 1.

20 Enterprise Risk Update - Inability to React to External Market Forces (TTLP-L0-6) (Pages 157 - 162)

Exempt supplementary information relating to the item on Part 1.

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Transport for London

Minutes of the Land and Property Committee

**Conference Rooms 1 and 2, Ground Floor, Palestra,
197 Blackfriars Road, London, SE1 8NJ
10.00am, Thursday 23 March 2023**

Members

Professor Greg Clark CBE (Chair)

Dr Nina Skorupska CBE (Vice Chair) (via Teams)

Seb Dance (from Minute 15/03/23 to Minute 19/03/23 and from Minute 23/03/23)

Anne McMeel

Ben Story (not present for the discussion of the exempt information for Minutes 23/03/23 and 24/03/23)

Other representatives

Lyn Garner Chief Executive London Legacy Development Corporation (via Teams)

Executive Committee

Howard Carter General Counsel

Alex Williams Chief Customer and Strategy Officer

TTL Properties Limited (TTLP) Leadership Team

Graeme Craig Director and Chief Executive Officer

Mark Farrow Director of TTLP Strategy and Planning

Lester Hampson Property Development Director

Joanna Hawkes Interim Chief Finance Officer

Daniel Lovatt Director of Asset Management

Lisa-Jane Risk Head of Operations

Other staff

Patrick Doig Group Finance Director and statutory Chief Finance Officer

Emma Hatch Senior Property Development Manager, TTLP

Margaret Deegan Head of Property and Planning Law, General Counsel

Lorraine Humphrey Director of Risk and Assurance

Shamus Kenny Head of Secretariat

Heather Renton Head of Governance and Compliance, TTLP

Martin Mohammed Senior Property Development Manager, TTLP

Julian Thirlby Corporate Finance Senior Manager

Independent Investment Programme Advisory Group (IIPAG)

Ray Christopher Chair, IIPAG TTLP Sub-Group

Derek Williams Member, IIPAG TTLP Sub-Group

Joanne White Member, IIPAG

15/03/23 Apologies for Absence and Chair's Announcements

An apology for absence had been received from Heidi Alexander. Dr Nina Skorupska CBE was attending the meeting via Teams and was able to take part in the discussions but did not count toward the quorum. Seb Dance had notified the Chair that he had to step out of the room for a period and Ben Story had to leave at 1.00pm. The meeting was quorate throughout.

The Chair welcomed everyone to the meeting of the Committee. The meeting was being broadcast live on TfL's YouTube channel to ensure the public and press could observe the proceedings and decision-making.

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

16/03/23 Declarations of Interests

Members confirmed that their declarations of interests, as published on tfl.gov.uk, were up to date and there were no interests to declare that related specifically to items on the agenda.

17/03/23 Minutes of the Meeting of the Committee held on 16 January 2023

The minutes of the meeting of the Land and Property Committee held on 16 January 2023 were approved as a correct record and the Chair was authorised to sign them.

18/03/23 Matters Arising, Actions List and Use of Delegated Authority

The Committee noted that since the meeting of the Committee on 16 January 2023, there had been one use of Chair's Action in relation to the Commercial Office Investment Programme Joint Venture and one use of Procurement Authority by the Commissioner in relation to the Bollo Lane development. Papers on both issues had been considered at the January 2023 meeting. Members congratulated staff on the completion of the Commercial Office Investment Programme Joint Venture.

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

The Committee noted the paper.

19/03/23 TFL Properties Limited Corporate Strategy

Graeme Craig and Mark Farrow introduced the item, which summarised TFL Properties Limited's (TFLP) emerging Corporate Strategy.

The Corporate Strategy was the first of a series of strategies on the agenda that, when taken together, set the long-term direction for TFLP and defined the role it aspired to play in creating the London of the future. The draft strategies provided a framework for success that balanced financial, economic, environmental and societal factors delivered by a talented, engaged and diverse workforce. They described what TFLP was doing now and what it would do in the future, how it would measure its performance, and how it would anticipate and adapt to market conditions.

These strategies would be the basis for more detailed policies, standards and plans which would address the opportunities and challenges across the business. TFLP would consolidate and condense the contents of the strategies for use in many ways, including in the materials to accompany the launch as well as the future TFLP website. The finalised version would be issued to the Committee in due course.

The Corporate Strategy aligned with TfL's priorities for the organisation in relation to delivering Mayor's Transport Strategy outcomes and a long-term revenue stream. Alex Williams and Graeme Craig provided regular updates to the TfL Executive Committee on TFLP's activities.

Members welcomed the clear and concise nature of the strategies and stressed the importance of their role in short-, medium- and long-term planning which would itself lead to refining the strategies further. It was suggested that this should include more information on the joint benefits and relationship with TfL and the advantages of working with joint venture partners while always taking a prudent approach.

On the financial context and discipline, TFLP would rigorously manage its capital commitments to reflect and ensure resilience and liquidity through economic cycles. Its Capital Discipline and Liquidity policies had been modelled to ensure they were aligned and could be refreshed in the light of experience if there was a clearly articulated justification.

Metrics relating to the shareholder objectives, once approved, would not be changed without reference to the Committee. The emphasis was on a long-term capital return rather than short-term revenue. Shareholder oversight was being strengthened through the managing and statutory Chief Finance Officers.

The Committee noted the paper.

20/03/23 TTL Properties Limited Investment Strategy

Graeme Craig, Mark Farrow and Joanna Hawkes introduced the item, which summarised the updated TTL Properties Limited's (TTLP) Investment Strategy. The strategy reflected the significant economic headwinds experienced over the past year and looked ahead to potential new sectors and opportunities.

The strategy continued to build on a sector-led approach, which would increasingly be reflected in TTLP's organisational structure and performance reporting.

The Investment Strategy was considered in conjunction with TTLP's other strategy documents, particularly the Corporate Strategy and the Environmental, Social and Corporate Governance Strategy, elsewhere on the agenda for this meeting.

TTLP would consolidate and condense the contents of the strategies for use in many ways, including in the materials to accompany the launch as well as the future TTLP website. The finalised version would be issued to the Committee in due course.

Members supported the sector approach and aspirations in the Investment Strategy, which would help inform decisions. The strategy contained a suite of metrics and as the strategy evolved, future iterations would set out which metrics applied at portfolio level and which for individual projects.

Members were keen that future updates provided some market benchmarking that compared TTLP to different sectors like great estates and private equity developers.

The Committee noted the paper.

21/03/23 TTL Properties Limited Environmental, Social and Corporate Governance (ESG) Strategy

Graeme Craig, Mark Farrow and Emma Hatch introduced the item, which summarised TTL Properties Limited's (TTLP) Environmental, Social and Corporate Governance (ESG) Strategy. The strategy provided a framework for success that balanced financial, economic, environmental and societal factors. TTLP wished to continue to be a leader in this area and set the tone for the wider real estate sector.

The ESG Strategy would be the basis for more detailed policies, standards and plans that would address the opportunities and challenges across the business. TTLP would continue to refine and improve the strategy, with a view to sharing a finalised version with the Committee, ahead of the official launch of TTLP under its new name later in 2023.

The ESG Strategy was well laid out, thoughtful and ambitious. Targets for tangible benefits would be developed and sequenced in a manageable way and TTLP would proactively set out what it stood for and act strategically, in addition to meeting the requirements of new regulations. The communication of the ambition in the ESG Strategy would also be a key driver to attracting and retaining high calibre staff.

The Committee noted the paper.

22/03/23 TTL Properties Limited People Strategy

Graeme Craig and Mark Farrow introduced the item. They set out the methodology followed in progressing the TTL Properties Limited (TTLP) People Strategy work, which included the internal and external benchmarking being undertaken, since the update provided on 30 June 2022.

In developing the TTLP People Strategy, the leadership team strove to create an environment that encompassed the best of TfL and enabled TTLP to deliver its objectives. The aim was to make TTLP a welcoming and desirable place to work, while building a team that reflected the diversity of London and could positively shape the capital's future.

Graeme Craig highlighted the proposed actions that would be undertaken while the leadership team mapped out the longer-term strategies for attracting and retaining colleagues, which would be resourced and effectively communicated, complementing the new operating model.

The Committee and leadership team recognised the importance and urgency of having the right skills, expertise and level of resource to deliver the business plan and achieve the high aspirations of TTLP. The aim was to attract a diverse range of talent as well as developing staff internally. The strategy needed to set out TTLP's unique selling points more clearly to attract staff, in addition to the planned learning and development work. While the organisation structure was almost complete, short-term tactical appointments and filling posts throughout the organisation, rather than top-down was required. TTLP would also consider if some areas of expertise could be outsourced. Available resource would be considered when sequencing the business plan to enable delivery.

The Committee noted the paper.

23/03/23 TTL Properties Limited Quarterly Performance Report

Graeme Craig, Joanna Hawkes, Mark Farrow, Lester Hampson, Lisa-Jane Risk and Daniel Lovatt introduced the item and the exempt supplementary information on Part 2 of the agenda. The item summarised the market context, health and safety performance, financial performance, operational performance, project updates and provided an understanding of the impact of TTL Properties Limited (TTLP).

On safety, the Committee noted the action taken in response to an incident at Earls Court and the collaborative work with TfL's Safety, Health and Environment team. Members welcomed the offer of a future deep-dive on safety culture and the safety improvement plan. **[Action: Lisa-Jane Risk]**

On financial performance, the Committee noted the good operational performance, despite market challenges and that underspending on capital projects was partly due to phasing issues, which it was hoped would be addressed in-year. Underspending

on asset management projects, however, was due to limited resource and longer procurement times and this would be addressed over the next year.

The Committee welcomed the strong performance in operations and the project updates.

Members requested that the report continue to evolve with data on staff vacancies and the use of non-permanent labour, and progress on voids, rent collection and acquisitions and disposals. Consideration would also be given to how joint venture finances would be reported in the Part 2 paper and how data could be presented to enable the Committee to effectively monitor how TTLP was performing against the trajectory to meet the metrics in its strategies. **[Action: Graeme Craig]**

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

24/03/23 TTL Properties Limited Assurance Update

Lorraine Humphrey and Ray Christopher introduced the item and the exempt supplementary information on Part 2 of the agenda, which provided an update on progress with programme assurance activity across TTL Properties Limited (TTLP) during Quarter 4 of 2022/23 (11 December 2022 to 31 March 2023).

Members noted the work in progress and welcomed the risk-based approach and the good collaboration between those providing assurance and the TTLP leadership team. The assurance being provided was proportionate and helping to get things right from the start, while recognising how busy the leadership team was in standing up the organisation and moving to a steady-state.

The Committee was pleased that tenant safety compliance was adequately controlled and that progress was being made on developing the plan to provide an effective first line of assurance. Members supported a strong focus on identifying fraud, both in contracts and in work with tenants, using Know Your Client processes.

The Independent Investment Programme Advisory Group TTLP sub-group was identifying cross-cutting themes and an enterprise risk framework was being developed.

Resourcing and governance were key areas of immediate focus, including around the oversight of joint venture companies, where TTLP would have a minority shareholding and representation on the joint venture boards.

Members discussed the resourcing challenges, given the significant remuneration benchmarking differentials for senior and other key roles in the private sector, internal approval processes required to provide oversight and accountability on the use of public money and the capacity of TfL's Human Resources team to support the scale of the recruitment programme.

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

25/03/23 Members' Suggestions for Future Discussion Items

Howard Carter introduced the item. Members noted that a forward plan was in development and Graeme Craig outlined the main topics. A full forward plan would be submitted to the next meeting.

A briefing was scheduled for March 2023 on market conditions, the operation and oversight of joint venture companies and branding. Dates for further briefings were being arranged.

The Committee noted the forward plan.

26/03/23 Any Other Business the Chair Considers Urgent

There was no other urgent business to discuss.

27/03/23 Date of Next Meeting

The next scheduled meeting of the Committee would be held on Wednesday 28 June 2023 at 10.00am.

28/03/23 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: TTL Properties Limited Quarterly Performance Report; and TTL Properties Limited Assurance Update.

The meeting closed at 2.07pm.

Chair: _____

Date: _____

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Land and Property Committee



Date: 28 June 2023

Item: **Matters Arising, Actions List and Use of Delegated Authority**

This paper will be considered in public

1 Summary

- 1.1 The use of delegated authority is a standing item on the agenda to inform the Committee of any use of delegated authority by the Committee, through Chair's Action or of Procurement or Land Authority (in respect of matters within the Committee's remit) granted by the Commissioner and the Chief Finance Officer in accordance with delegated authorities under TfL's Standing Orders since the last meeting of the Committee. The paper also provides information on Mayoral Directions to TfL within the Committee's remit. The paper also reports on progress against actions from previous meetings.
- 1.2 Since the meeting of the Committee on 23 March 2023, there have been two uses of Delegated Authority by the Chief Finance Officer in relation to the Limmo land transaction and the Whitechapel project.
- 1.3 There have been no other uses of authority, no use of Chair's Action nor any Mayoral Directions to TfL within the remit of the Committee.
- 1.4 Similar papers are submitted to the Finance Committee and the Programmes and Investment Committee in respect of any use of Chair's Action or Procurement Authority, Programme and Project Authority and Land Authority granted by the Commissioner and the Chief Finance Officer in respect of matters within the remit of those Committees, together with relevant Mayoral Directions.

2 Recommendation

- 2.1 **The Committee is asked to note the updated Actions List and use of delegated authority.**

3 Use of Authority Delegated by the Board

- 3.1 There has been no use of authority delegated by the Board since the last meeting.

4 Use of Chair's Action

- 4.1 Under Standing Order 113, in situations of urgency, the Board delegates to each of the Chair and the Chairs of any Committee or Panel the exercise of any functions of TfL on its behalf, including the appointment of Members to Committees and Panels. Any use of Chair's Action is reported to the next ordinary meeting.
- 4.2 There has been no use of Chair's Action since the last meeting.

5 Procurement and Land Authority Approvals

- 5.1 Procurement Authority is the authority to make a binding or contractual commitment with a supplier for the purchase of goods, services, land or works or to receive income arising from TfL Group activities in the areas of goods, services, land or works.
- 5.2 Land Authority is the authority to engage in a Land Transaction or to dispose of any assets.
- 5.3 The Board had delegated to the Committee approval of unlimited Financial Authority, Procurement Authority and Land Authority in relation to Transactions and Commercial Development opportunities. The approvals delegated to the Commissioner and the Chief Finance Officer are set out in the Table of Authorities in Standing Order 170.
- 5.4 Since the last meeting, there has been no use of delegated authority to approve Procurement Authority by the Commissioner.
- 5.5 The Chief Finance Officer has approved
 - (a) unbudgeted Financial Authority and Land Authority for £2.675m to complete the land transactions to acquire the freehold title of two parcels of land at the Limmo Peninsula and associated unbudgeted Financial Authority to receive up to £2.825m grant funding from the Department for Levelling Up, Housing and Communities. The Greater London Authority (GLA) is acting as guarantor; and
 - (b) incremental Land Authority approval of £2.368m, which takes the overall Land Authority for the Whitechapel project to £19.62m. The Whitechapel project's scope is to undertake major refurbishments of 21 dilapidated TTL Properties Limited owned properties which are in an unsafe and poor condition. The rear of the properties are adjacent to the railway and due to their condition present a risk to the safe operation of the railway.

6 Mayoral Directions to TfL

- 6.1 The GLA Act 1999 (as amended), permits the Mayor to issue to TfL general directions as to the manner in which TfL is to exercise its functions or specific directions as to the exercise of its functions (or not to exercise a power specified in the direction). Directions are also often made in relation to the implementation of matters in respect of which the Mayor delegates statutory powers to TfL.
- 6.2 The Mayor makes Mayoral Directions through Mayoral Decisions. Papers for Mayoral Directions set out the financial and other implications. If those implications change over time, that will be reported to the GLA.
- 6.3 All Mayoral Decisions are issued in writing, with the information that is not exempt from publication included on the GLA's Decisions Database on its website: <https://www.london.gov.uk/about-us/governance-and-spending/good-governance/decisions?order=DESC>.
- 6.4 Mayoral Directions fall into three broad categories: those addressing technical issues relating to statutory powers; those related to commercial development activities; and those related to projects and programmes. Mayoral Directions relating to TfL are reported to the Board's Committees for discussion as soon as possible after they are received by TfL or published. Regular reports will list the relevant Directions for as long as they are applicable.
- 6.5 Annually the Audit and Assurance Committee considers the list as part of its consideration of the annual audit plan to ensure that appropriate audit resource is applied to assurance on TfL's work in implementing Mayoral Directions. This will also be kept under review at each quarterly meeting of that Committee.
- 6.6 A summary of current Mayoral Directions to TfL is maintained on the "How we are governed" page on our website, with links to the relevant Mayoral Decisions: <https://tfl.gov.uk/corporate/about-tfl/how-we-work/how-we-are-governed>. That page will be updated as and when further Directions are made.
- 6.7 Mayoral Directions to TfL addressing technical issues with our statutory powers are reported to this Committee.
- 6.8 There have been no Directions issued to TfL within the remit of the Committee since the last meeting.

List of appendices to this report:

Appendix 1: Actions List.

List of Background Papers:

Minutes from the previous meeting of the Committee.
Greater London Authority Decision Making Database.

Contact Officer: Howard Carter, General Counsel
Email: HowardCarter@tfl.gov.uk

Land and Property Committee Actions List (to be reported to the meeting on 28 June 2023)

Actions from the meeting held on 23 March 2023

Minute No.	Item/Description	Action By	Target Date	Status/Note
23/03/23 (1)	<p>TTL Properties Limited Quarterly Performance Report</p> <p>Members welcomed the offer of a future deep-dive on safety culture and the safety improvement plan.</p>	Lisa-Jane Risk	December 2023.	Briefing dates for 2023/24 have been set and a deep-dive will be scheduled.
23/03/23 (2)	<p>TTL Properties Limited Quarterly Performance Report: Future content</p> <p>Members requested that the report continue to evolve with data on staff vacancies and the use of non-permanent labour, and progress on voids, rent collection and acquisitions and disposals. Consideration would also be given to how joint venture finances would be reported in the Part 2 paper and how data could be presented to enable the Committee to effectively monitor how TTL Properties Limited was performing against the trajectory to meet the metrics in its strategies.</p>	Graeme Craig	Ongoing	The content of the quarterly performance report will continue to evolve and the issues raised by the Committee will be addressed.

Actions from previous meetings

Minute No.	Item/Description	Action By	Target Date	Status/Note
05/01/23 (3)	TTL Properties Limited Quarterly Performance Report: Site visit A site visit would be arranged to see the work of the Arches team in Kilburn and to see the work on the existing estate at Whitechapel and Victoria.	Graeme Craig	September 2023	Site visit to be scheduled.

Date: 28 June 2023

Item: **TTL Properties Limited Valuation Results and Capital Receipts Programme Update**

This paper will be considered in public

1 Summary

- 1.1 This paper provides an overview of the year-end valuation for TTL Properties Limited (TTLP). The valuation process is conducted by a third-party specialist. This paper refers to TTLP assets only, as at 31 March 2023.
- 1.2 In addition, this paper provides an update on the TTLP Capital Receipts programme, which is critical to the capital recycling process core to the TTLP business plan.
- 1.3 A paper is included on Part 2 of the agenda, which contains exempt supplemental information that is exempt from publication by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972, in that it contains information relating to the business and financial affairs of TfL, that is commercially sensitive and likely to prejudice TfL's commercial position.

2 Recommendation

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

3 Context

The Process

- 3.1 TTLP undertakes an annual independent valuation of its investment portfolio. The valuation date is 31 March each year and is carried out by external valuation specialist CBRE, a global leader in commercial real estate services and investment.
- 3.2 The valuation process focuses on assets held by TTLP for commercial investment purposes, that is, income-generating assets. These are represented by seven core sectors: Retail, Office, Arches, Residential, Car Parks, Industrial and Infrastructure.

- 3.3 The valuation process excludes assets of little to no value, ranging from leases, licences and easements at a peppercorn to land parcels below 0.1 acres.
- 3.4 The valuation process does not include TTLP's development joint venture interests, for example at Earls Court – these are valued separately at Joint Venture level and are recognised separately to the investment portfolio of TTLP's balance sheet.
- 3.5 The valuation is driven by asset specific and market information. This includes recent market transactions, occupational information, lease details and asset plans. Dependant on the asset class and use, an appropriate valuation methodology is applied in line with the prevailing market practice.
- 3.6 To ensure robustness and meet accounting requirements the valuation output and process are audited by an external accounting practice, in line with the wider process undertaken by Transport for London (TfL).

The Market

- 3.7 Throughout the past 12 months, the real estate market has been significantly influenced by various factors. Primarily, global inflation has driven a substantial increase in interest rates. This has led to increased project costs and target return rates, as government gilts (a proxy for risk free return) have also risen.
- 3.8 While these market shifts have impacted the industry, certain sectors have felt their effects to a greater extent – most notably secure long income streams, secondary office and industrial. Appendix 1 - CBRE Monthly Index (March 23) illustrates the broader and sector level market movements.

4 TTLP Valuation – 31 March 2023

- 4.1 Table 1 - TTLP Investment Portfolio valuation at 31 March 2023

	Market Value as at 31 March 2023 £m	Market Value as at 31 March 2022 £m	Surplus/ (Deficit) £m	FY valuation change %
Valuation	1,505	1,466	39	+ 2.7
Like-for-Like	1,361	1,456	(94.5)	- 6.5
Passing Rent	61.9	61.8	0.1	+ 0.1
Rental Value	92.5	91.0	1.5	+1.7

- 4.2 The total value of the TTLP's investment portfolio at 31 March 2023 is £1.505bn. This is a year-on-year increase of £39m (+2.7 per cent) on 31 March 2022 figures. Over the year 2022/23, £144m of new assets have been transferred into TTLP, resulting in the valuation uplift.
- 4.3 Adjusting for the new asset transfers, the like-for-like, year-on-year value reduced by £94.5m (-6.5 per cent), while the Passing Rent increased slightly by £0.1m pa (+0.1 per cent) illustrating the shift in value being driven by changes in investor appetite and capitalisation yields.
- 4.4 The CBRE Monthly Yield Index (March 2023) is provided at Appendix 2. This illustrates the yield volatility over the past 12 months, particularly in the industrial sector (where there were yield movements of 175 basis points) and secondary office market (with yield movements of 225 to 300 basis points).
- 4.5 Almost all real estate investment trusts (REITs) and other property companies have seen downward end-of-year valuation results. For the most part, these organisations have had a larger year-on-year downward movement than TTLP's 6.5 per cent, with numerous organisations seeing a double-digit reductions in like-for-like valuations. TTLP's relatively modest reduction is a result of the diverse and granular nature of our portfolio and a lack of exposure to those sectors most severely impacted.
- 4.6 We are currently preparing a benchmark list of equivalent real estate companies against whom we will track annual performance and valuation movements. This will be brought to the Committee in due course and used to track performance against the market.
- 4.7 To create improved year-on-year benchmarking, we are also seeking to move to a bi-annual valuation process during this financial year. This will allow us to gather more frequent and accurate data for comparison and analysis. By conducting valuations twice a year, we can better track performance trends and make more informed decisions based on real-time market conditions.
- 4.8 Some 52 per cent of TTLP's investment portfolio value is held in just 20 estates (an estate being a contiguous collection of properties, generally located around a transport node – Baker Street and Victoria being examples). While comprising 52 per cent of the value, these 20 estates represent only 15 per cent of the total properties held by TTLP.
- 4.9 In line with the TTLP Investment Strategy, the valuation demonstrates the potential for future value increase by investing in the most valuable assets. They offer strong short-to-medium term value-add opportunities. Indeed, some are long leasehold interests with limited intervention opportunities, further adding focus to the remaining limited number of high-value estates in this list.
- 4.10 A key workstream for the next 12 months is to deliver asset plans and strategies for unlocking this value at these high-value estates.

4.11 The concomitant outcome of having a large proportion of the portfolio value in a relatively small number of estates is that TTLP's portfolio also has long 'tail' of low value assets. Rationalising this is a core part of the TTLP Investment Strategy, described further in section 5 below.

5 Capital Receipts Programme

5.1 TTLP has a diverse portfolio, with high-value, well-positioned assets across London as noted in paragraph 4.8 above.

5.2 The portfolio was created organically over a significant period and has only recently been brought under single management, allowing TTLP to review which assets to retain, invest in and dispose of.

5.3 The core principles of TTLP's Investment Strategy still hold in the current challenging macro environment. There are focused areas where TTLP needs to evolve over the next twelve months.

5.4 To drive operating efficiencies across the portfolio, the TTLP Business Plan includes a strategic capital receipts programme. As well as providing income to reinvest, this enables a more efficient management approach of rationalising assets that do not align with TTLP's Investment Strategy, for example, disparate assets in low-growth sectors.

5.5 TTLP aims to diversify and improve the quality of its income. Over the last twelve months, TTLP has introduced a sector-led operating model responding to the Investment Strategy. A sectoral structure enables a focus on a strategic-led target portfolio weighting.

5.6 The Investment Strategy sets out a high-level, sector-level investment focus:

Sector	Invest/Retain	Rationalise/Divest
Retail	In-station retail Zones 1 to 3 (incl. Elizabeth line) Out-of-station retail close to transport hubs and in central locations	Out-of-station retail Zones 4 + not near transport hubs
Residential	Delivery of housing target (20,000 homes) Build-to-Rent residential joint ventures to generate capital Build for Sale residential joint ventures to generate capital	Existing secondary residential portfolio with high vacancy rates and significant capex requirements

Sector	Invest/Retain	Rationalise/Divest
Arches	Priority assets and arch runs Place-making enhancements	Review outer London arch portfolio (potential significant capex to meet sustainability requirements)
Offices	Joint venture development portfolio of purpose-built market leading assets Core central London existing office stock	Secondary existing office portfolio with high vacancy rates and significant capex requirement
Car Parks	Green energy initiatives Diversity income – meanwhile uses and environmental enhancements	Redevelopment or disposal of sites with limited value and operational costs
Infrastructure	Bus garages Review value engineering opportunities in existing long leases	Large number of low value non-core assets to be reviewed Review commercially poor performing assets to consider transfer back to TfL as operational assets

- 5.7 The annual valuation reinforces the direction of travel to undertake an optimisation and rationalisation exercise of TTLP's long tail of assets, particularly on the existing retail portfolio and secondary office space.
- 5.8 A comprehensive review of the existing portfolio has been undertaken over the last 12 months with global real estate services provider Savills to identify disposal opportunities. In line with the market, there is a strong case to rationalise TTLP's asset base and the disposals are focused on less-resilient sectors or assets not in the right strategic locations.
- 5.9 Further detail regarding programme and potential receipt levels is set out in the exempt paper on Part 2 of the agenda.

List of appendices to this report:

- Appendix 1: CBRE Monthly Index (March 23)
Appendix 2: CBRE Monthly Yield Index (March 23)

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

List of Background Papers:

TTLP Properties Limited Investment Strategy 23 March 2023

Contact Officer: Graeme Craig, Director and Chief Executive, TTL Properties Limited

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CBRE Monthly Index

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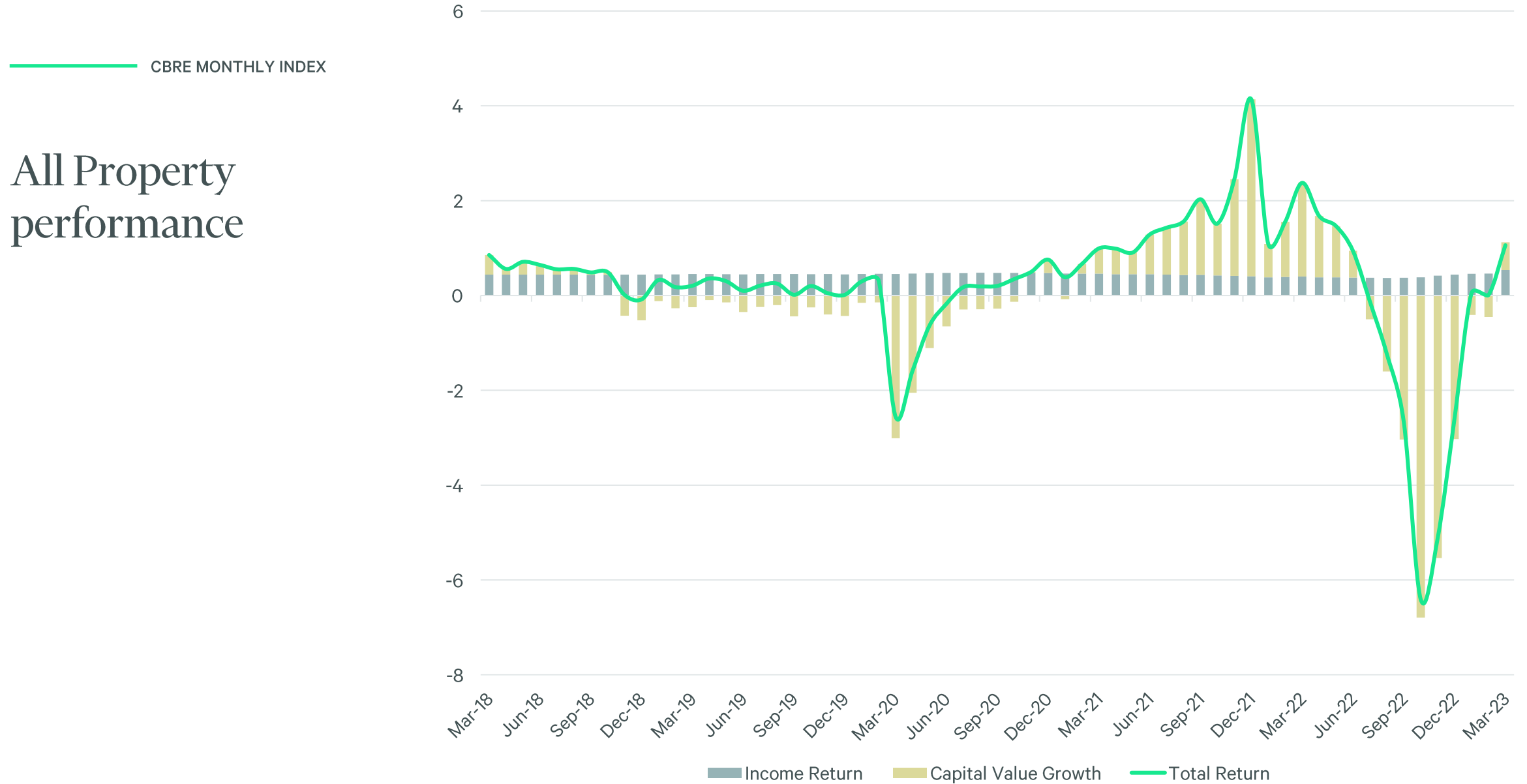
Appendix 1

March 2023



All Property performance

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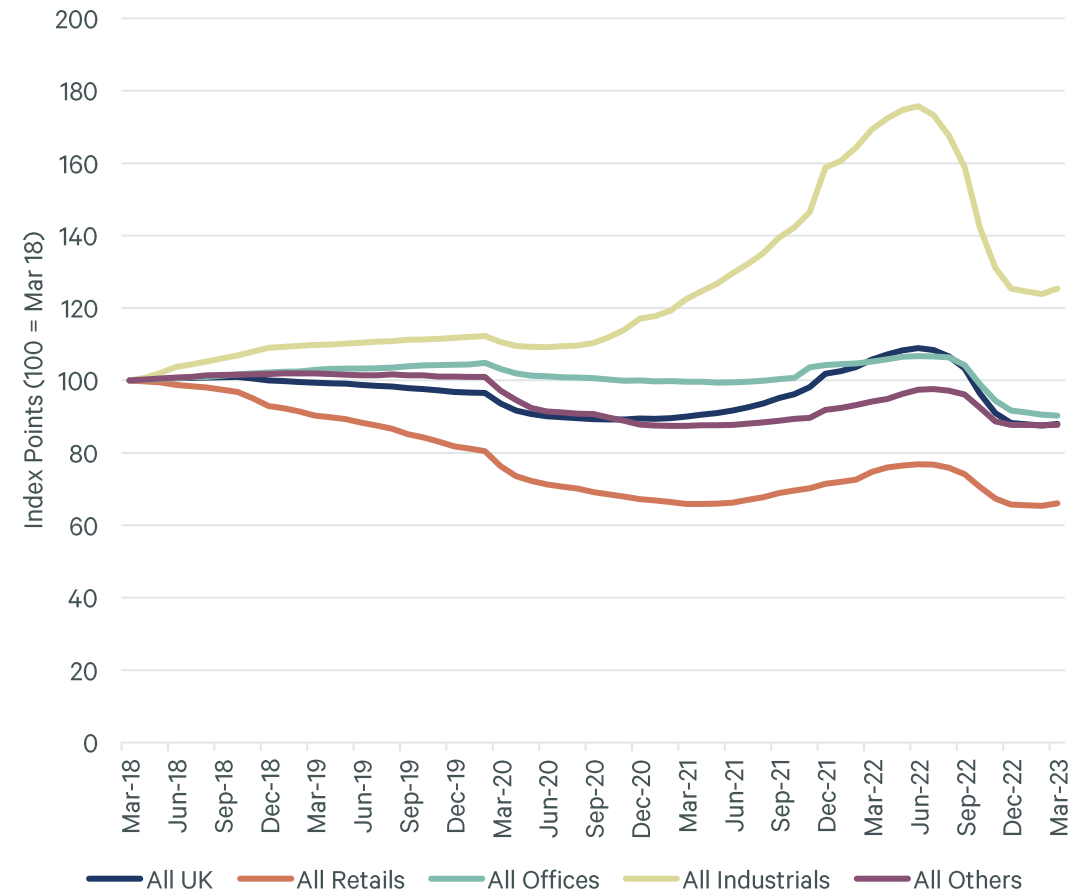
Source: CBRE UK Monthly Index

All property capital values increased by 0.6% in March 2023

Annualised Total Returns Across Sectors



Capital Values Across Sectors



UK equivalent yields

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At an All-property level, equivalent yields tightened by 1bps in March 2023.

Yields have therefore shifted upward by 114bps in the 12 months to March 2023.

All Property Equivalent Yields

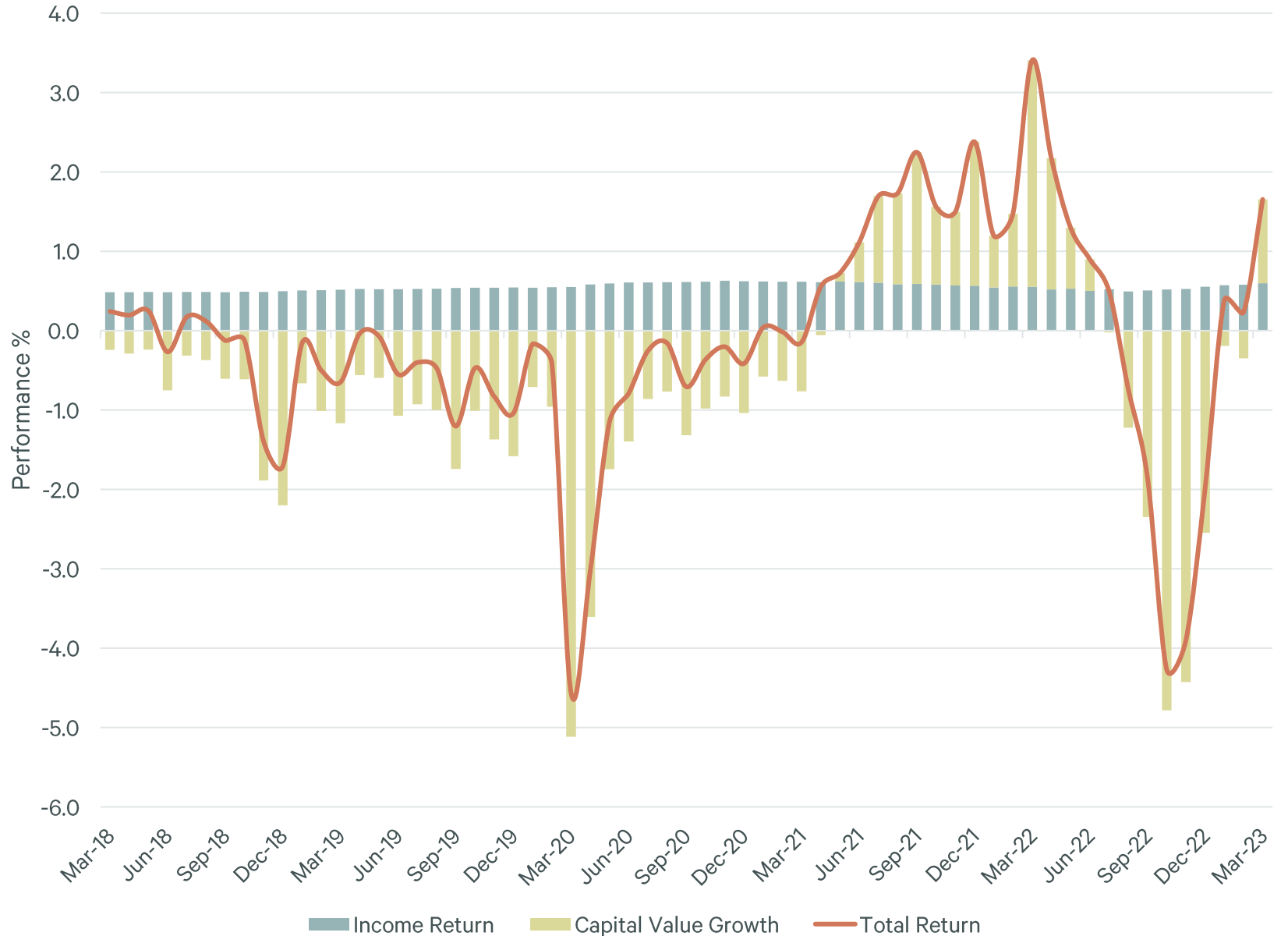


Source: CBRE UK Monthly Index

All Retails performance

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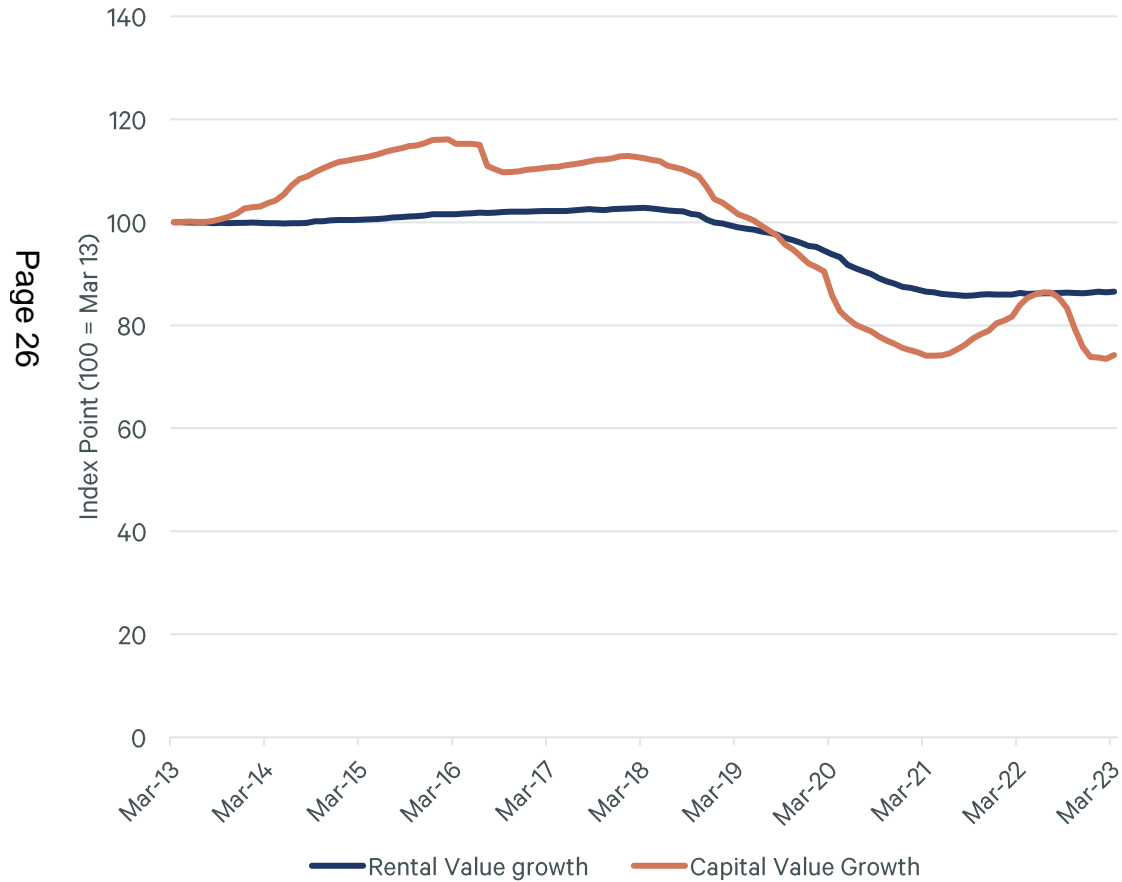
Retail posted the highest total returns in March 2023, with 1.7% total returns.



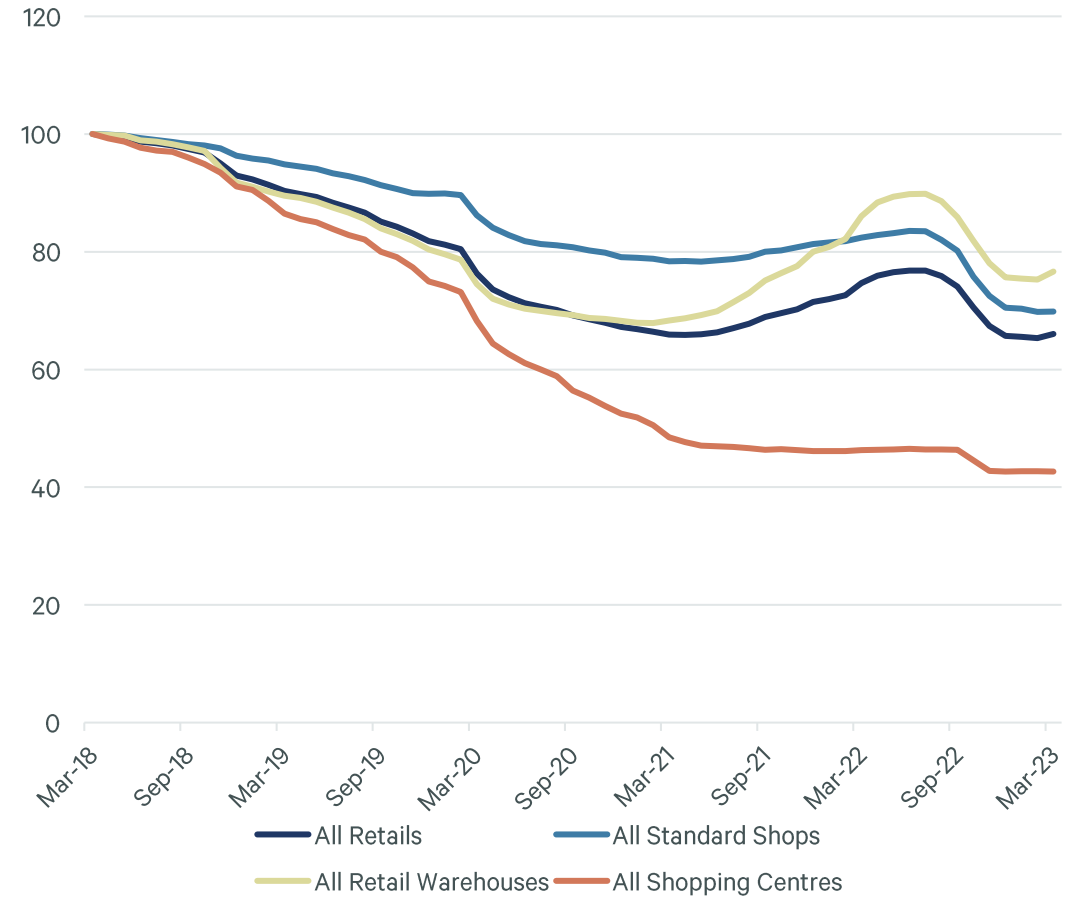
Source: CBRE UK Monthly Index

Retail capital values

Long Term UK Retail Capital Growth vs Rental Growth

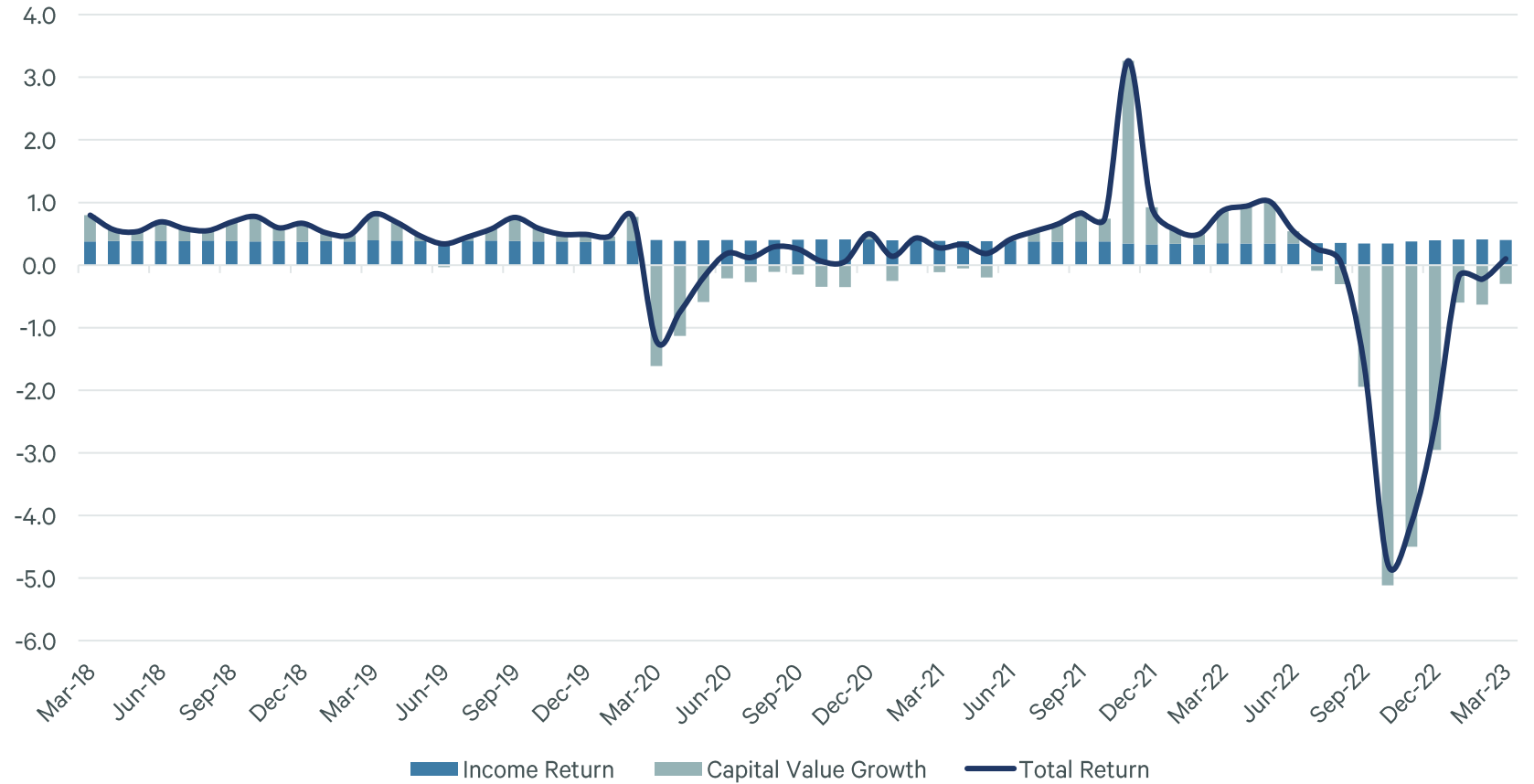


UK Retail Capital Values



UK Offices performance

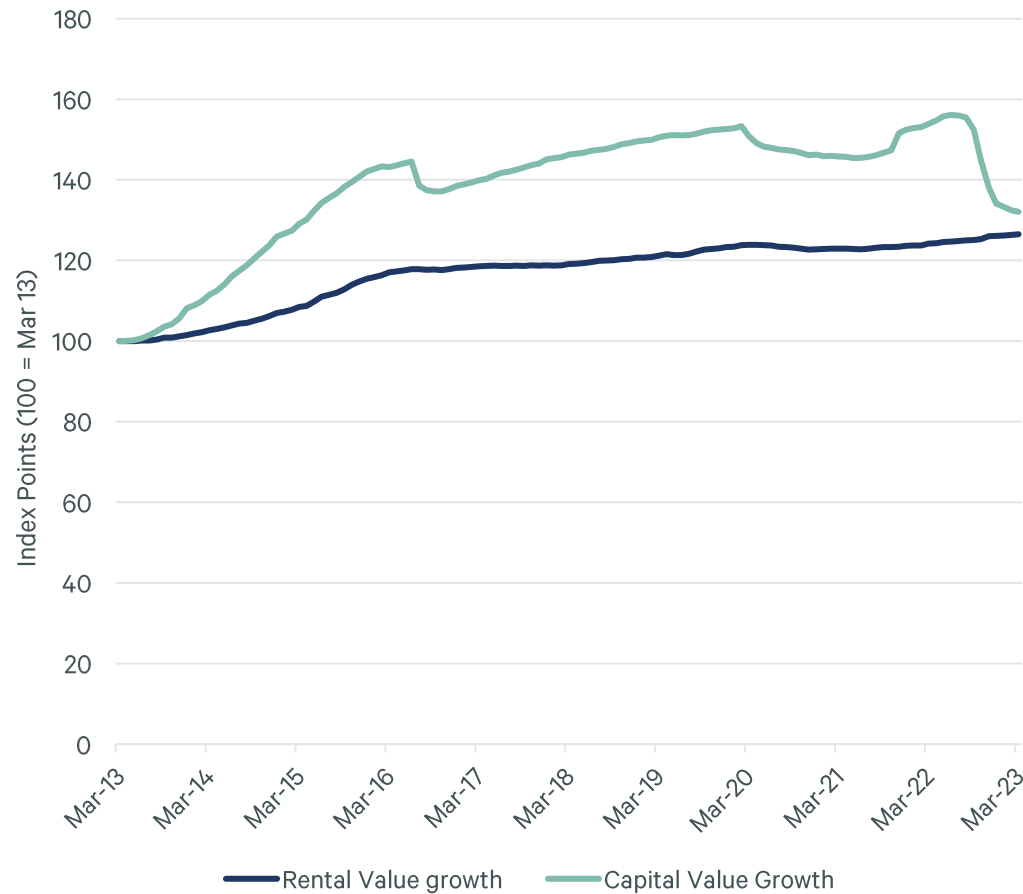
UK Office Performance



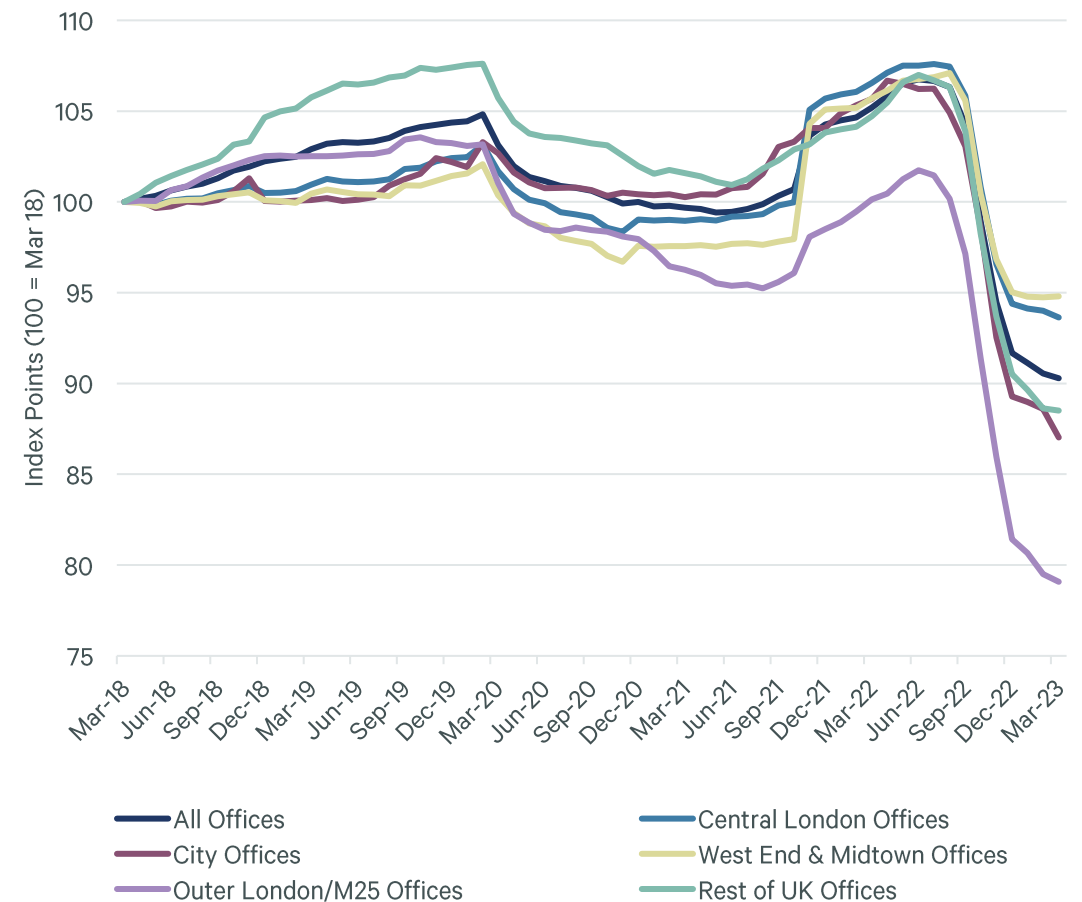
Source: CBRE UK Monthly Index

All office capital values declined by 0.3% in March 2023

Long Term UK Office Capital Values



UK Office Capital Values



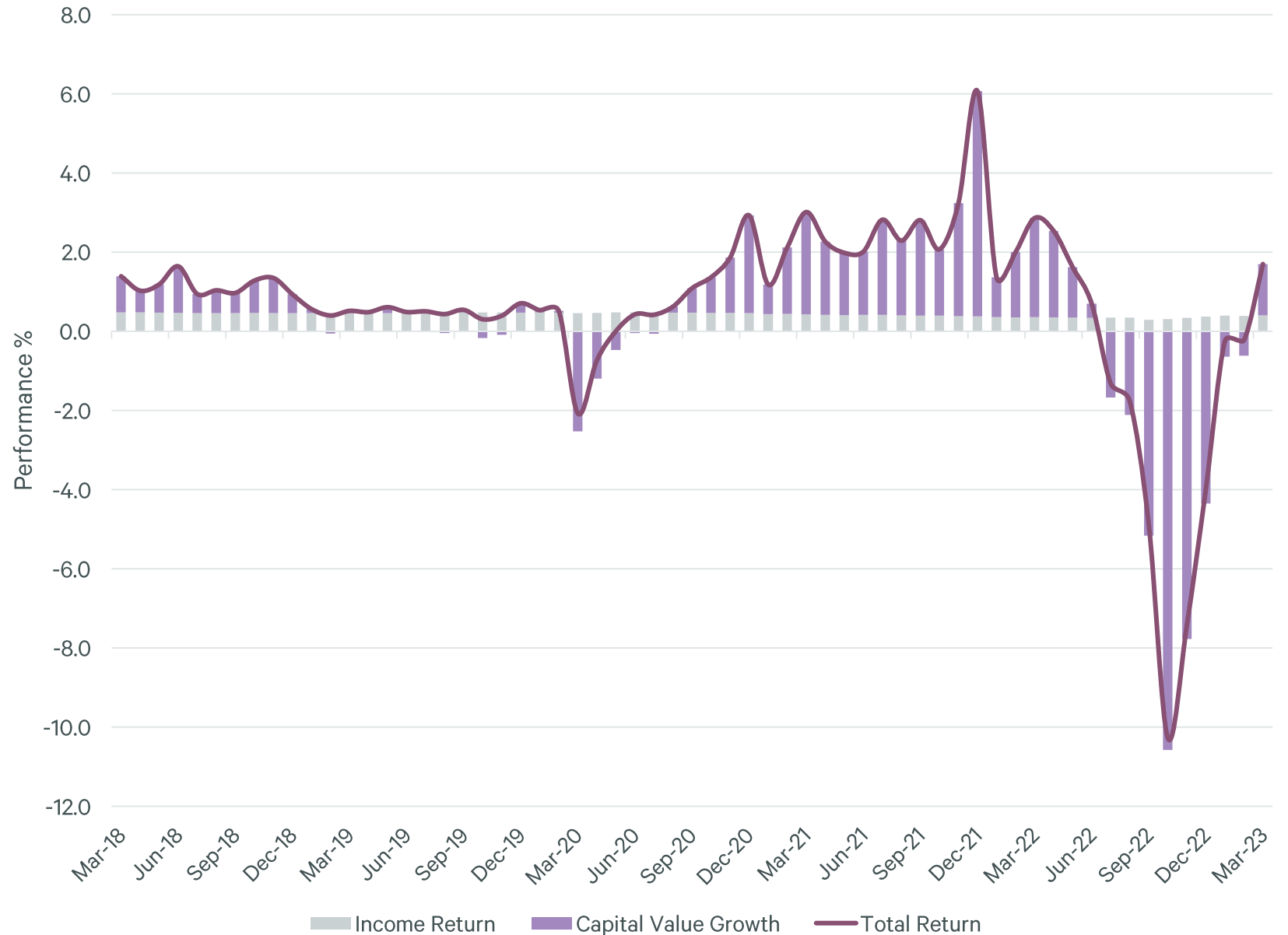
CBRE MONTHLY INDEX

All Industrials performance

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Industrial total returns have stabilised in the first quarter 2023, as outward yield movement has slowed.

Total returns were 1.7% in March 2023.

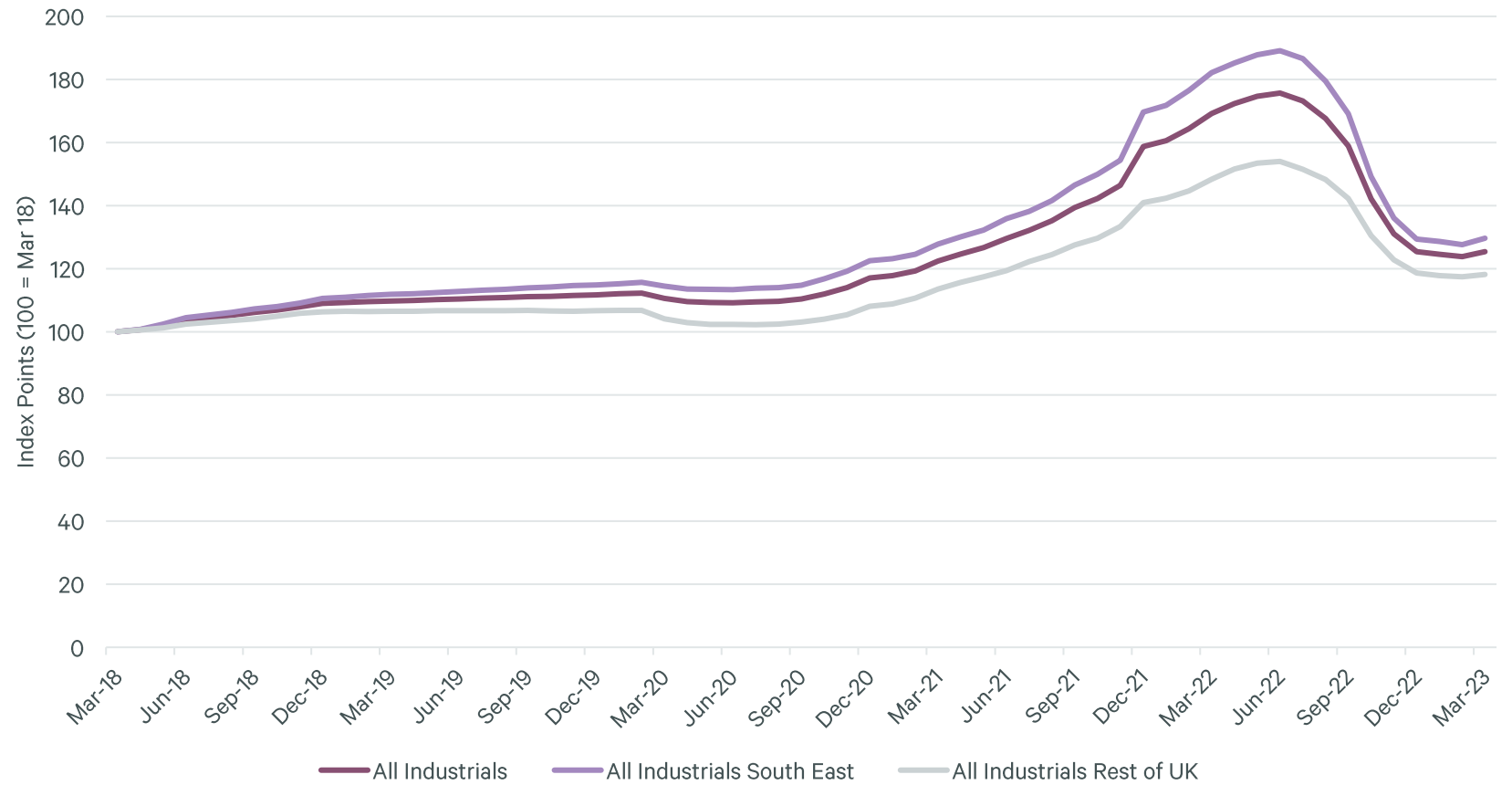


Source: CBRE UK Monthly Index

UK Industrial Capital Values

Industrials reported a 1.3% capital value increase in March

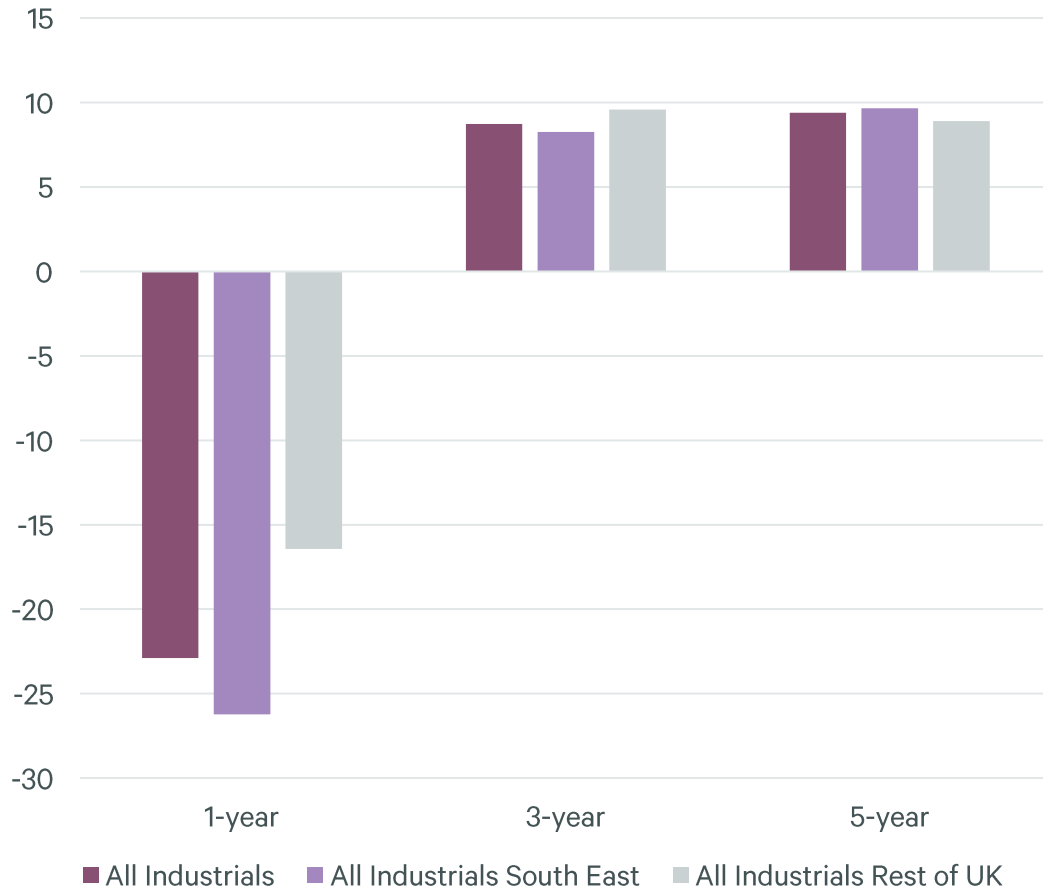
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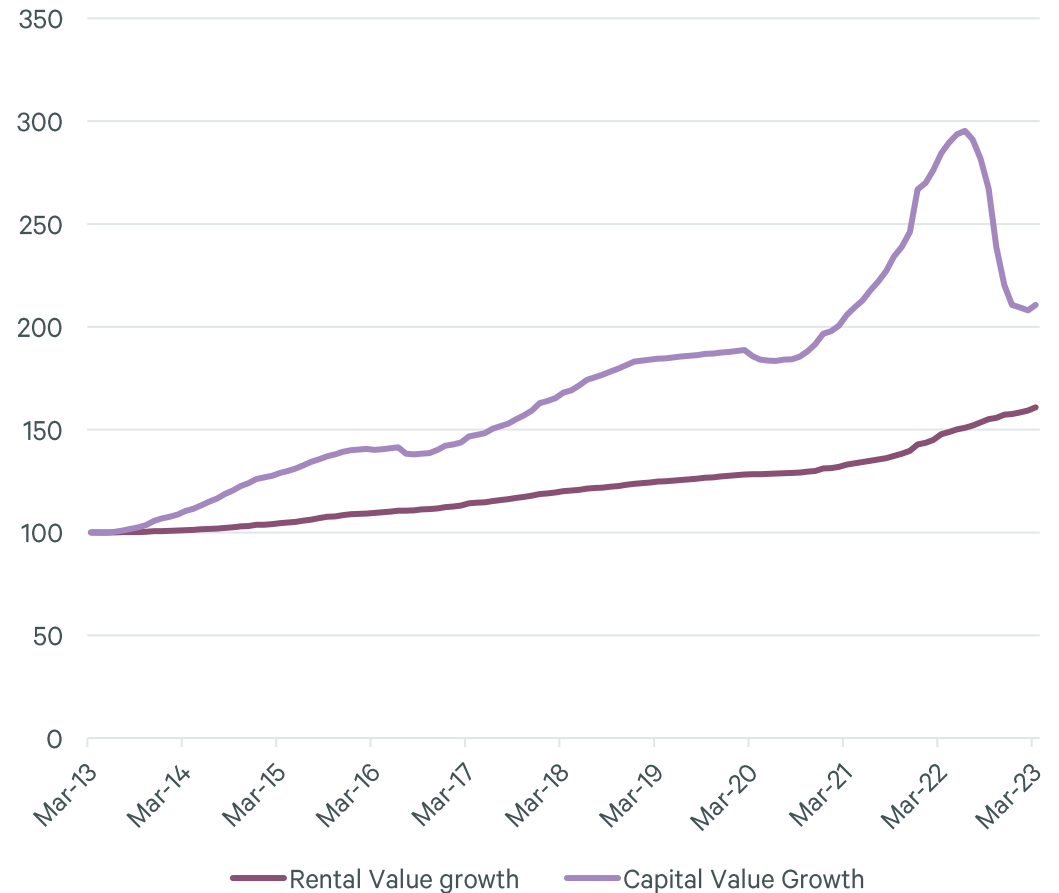
Source: CBRE UK Monthly Index

Industrial continues to show strong rental value growth despite capital value declines

Annualised Total Returns for UK Industrials



Long Term UK Industrial Capital Growth vs Rental Growth



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Signs of yields stabilizing in some sectors

Appendix 2

- ▶ Cash buyers active for small lot sizes.
Retail
- ▶ Stronger demand feeding through into yield compression.
Out of Town Retail
- ▶ Demand picking up as yields stabilise.
Industrial
- ▶ Interest strongest for green buildings with excellent ESG credentials.
Offices

(February yields in brackets, changes in red)

Retail	Mar 2022 (%)	June 2022 (%)	Sept 2022 (%)	Dec 2022 (%)	Mar 2023 (%)	Trend
OFFICES						
West End	3.25	3.25	3.25	3.75	3.75	Weaker
City of London	3.75	3.75	4.00	4.50	4.50	Weaker
M25/South East	5.50	5.50	5.75	6.25	6.25	Weaker
Regional Cities	4.75	4.75	5.00	6.00	6.00	Weaker
Good Secondary	7.00	7.00	7.50	9.00	9.25	Weaker
Secondary	10.00	10.00	10.50	12.50	13.00	Weaker
INDUSTRIAL						
Prime Distribution	3.50	3.25	4.00	5.00	5.25	Stable
Prime Estate (Greater London)	3.00	2.85	3.50	4.50	4.75	Stable
Prime Estate (Ex Greater London)	3.50	3.35	4.00	5.00	5.25	Stable
Good Secondary	4.50	4.25	4.75	6.00	6.25	Stable
Secondary Estate	5.50	5.25	5.75	7.00	7.25	Stable

	Mar 2022 (%)	June 2022 (%)	Sept 2022 (%)	Dec 2022 (%)	Mar 2023 (%)	Trend
HIGH STREET SHOPS						
Prime	6.50	6.25	6.50	6.75	6.75	Weaker
Good Secondary	8.50	8.50	8.75	9.00	9.00	Weaker
Secondary	12.00	12.00	12.00	12.00	12.00	Weaker
SUPERMARKETS						
Prime	3.50	3.50	4.25	5.25	5.25	Stable
SHOPPING CENTRES						
Prime	7.75	7.75	7.75	8.25	8.25	Weaker
Best Secondary	12.00	12.00	12.00	12.00	12.00	Weaker
Secondary	16.00	16.00	16.00	16.00	16.00	Weaker
RETAIL WAREHOUSE						
Park – Prime – Open User	5.25	4.75	5.25	6.00	5.75 (6.00)	Stronger
Park - Prime - Bulky User	5.25	4.75	5.25	6.00	5.75 (6.00)	Stronger
Solus - Prime - Bulky User	5.00	4.75	5.00	6.00	5.75 (6.00)	Stronger
Park - Secondary	7.25	6.50	6.75	8.00	7.75 (8.00)	Stronger

Mixed picture with low transaction volumes in Q1

(February yields in brackets, changes in red)

	Mar 2022 (%)	June 2022 (%)	Sept 2022 (%)	Dec 2022 (%)	Mar 2023 (%)	Trend
HEALTHCARE						
Primary Care	3.75	3.75	3.75	4.15	4.15	Weaker
Care Homes Super Prime 1	3.75	3.75	3.75	4.25	4.25	Weaker
Care Homes Prime 2	4.75	4.75	4.75	5.25	5.25	Weaker
Hospitals	4.50	4.25	4.25	4.75	4.75	Weaker
LEISURE						
Prime Leisure Park	6.75	6.75	7.00	7.50	7.50	Weaker
Good Secondary Leisure Park	8.50	8.50	8.75	9.50	10.00 (9.50)	Weaker
Cinema Prime	6.50	6.50	6.75	7.50	7.50	Weaker
Health & Fitness Prime	4.50	4.50	4.75	5.50	5.75 (5.50)	Weaker
PUBS						
Prime London Corporate Pub	3.50	3.50	3.50	4.00	4.00	Stable
Prime Regional Corporate Pub	5.75	5.75	5.75	6.75	6.75	Stable

	Mar 2022 (%)	June 2022 (%)	Sept 2022 (%)	Dec 2022 (%)	Mar 2023 (%)	Trend
ROADSIDE & AUTOMOTIVE						
Car Showroom Prime RPI lease	5.25	5.00	5.00	5.75	5.75	Weaker
Petrol Filling Station Prime RPI lease	4.50	4.50	4.50	5.25	5.25	Weaker
Car Park Prime RPI lease	4.75	4.75	4.75	5.50	5.50	Weaker
FINANCIAL INDICATORS						
Base Rate	0.50	1.00	1.75	3.00	4.00	◀▶
5 Year Swaps	1.51	2.14	3.43	3.63	4.02 (3.52)	▲
10 Year Gilts	1.38	2.25	3.09	3.16	3.82 (3.54)	▲
RPI	7.80	11.10	12.30	14.20	13.40	◀▶
CPI	5.50	9.00	10.10	11.10	10.10 (10.50)	▼

Investor interest is slowly returning to the market for Q1

▶ Signs of investor interest slowly returning to the market.
Residential

▶ Strong rental growth for the upcoming academic year is mitigating yield expansion as market looks towards potential reversions.
Student

▶ Transactions showing signs of stability ahead.
Hotels

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	Mar 22 (%)	Jun 22 (%)	Sep 22 (%)	Dec 22 (%)	Mar 23 (%)	Trend
RESIDENTIAL						
London Zone 2 Prime	3.25	3.25	3.25	3.50	3.60	Weaker
London Zone 2 Good Secondary	3.65	3.65	3.65	4.00	4.00	Weaker
London Zone 3 to 6 Prime	3.35	3.35	3.35	3.65	3.75	Weaker
London Zone 3 to 6 Good Secondary	3.65	3.65	3.65	4.00	4.00	Weaker
Outer London and South East Prime	3.60	3.60	3.60	3.90	4.00	Weaker
Outer London and South East Good Secondary	4.00	4.00	4.00	4.50	4.50	Weaker
Regional Centres excluding South East Prime	4.00	3.85	3.85	4.15	4.15	Weaker
Regional Centres excluding South East Secondary	4.50	4.25	4.25	4.75	4.75	Weaker
Other Regional Centres Prime	4.40	4.15	4.15	4.50	4.50	Weaker
Other Regional Centres Secondary	5.00	4.75	4.75	5.25	5.25	Weaker

	Mar 22 (%)	Jun 22 (%)	Sep 22 (%)	Dec 22 (%)	Mar 23 (%)	Trend
STUDENT ACCOMMODATION						
Central London Direct Let	3.65	3.50	3.50	3.75	3.75	Weaker
Super Prime Regional Direct Let	4.65	4.50	4.50	4.75	4.75	Weaker
Prime Regional Direct Let	5.00	4.75	4.75	5.00	5.00	Weaker
Secondary Regional Direct Let	8.00	8.00	8.00	8.50	8.50	Weaker
Central London RPI Lease	3.00	2.75	3.25	4.00	4.00	Weaker
Super Prime Regional RPI Lease	3.00	2.75	3.25	4.00	4.00	Weaker
Prime Regional RPI Lease	3.00	2.75	3.25	4.00	4.00	Weaker
Secondary Regional RPI Lease	4.00	4.00	4.50	5.25	5.25	Weaker
HOTELS						
Prime London Vacant Possession	4.50	4.50	4.50	4.75	4.75	Weaker
Prime London Management Contract	5.50	5.50	5.50	5.75	5.75	Weaker
Prime London Lease	3.75	3.75	3.75	4.50	4.50	Weaker
Prime Regional Vacant Possession	6.75	6.75	6.75	7.25	7.25	Weaker
Prime Regional Management Contract	7.75	7.75	7.75	8.50	8.50	Weaker
Prime Regional Lease	4.25	4.25	4.25	5.25	5.25	Weaker

UNITED KINGDOM | LIVING SECTORS INVESTMENT YIELDS | MARCH 2023

	Mar 22 (%)	Jun 22 (%)	Sep 22 (%)	Dec 22 (%)	Mar 23 (%)	Trend
SPECIALIST SUPPORTED LIVING						
London/ SE Prime	5.25	5.25	5.25-5.50	5.25-5.50	5.25-5.50	Weaker
Regional UK Prime	5.25-5.75	5.25-5.75	5.25-5.75	5.40-5.85	5.40-5.85	Weaker
Secondary	6.00	6.00	6.00	6.25	6.25	Weaker
Tertiary	6.25+VP-Resi	6.50+VP-Resi	6.50+VP-resi	6.75 -VP-Resi	6.75-VP-Resi	Weaker
INTEGRATED RETIREMENT COMMUNITIES						
London/ SE Prime	N/A	N/A	N/A	N/A	5.00-5.25	Weaker
Regional UK Prime	4.25-5.00	4.25-5.00	4.25-5.00	5.00-5.25	5.50	Weaker
Secondary	6.00	6.00	6.00	6.00	6.00	Weaker
Tertiary	N/A	N/A	N/A	N/A	N/A	Weaker
ELDERLY CARE						
London/ SE Prime	3.5-4.0	3.5-4.0	3.75-4.00	4.00-4.25	4.00-4.25	Weaker
Regional UK Prime	4.5-5.5	4.25-5.00	4.50-5.50	4.75-5.75	4.75-5.75	Weaker
Secondary	7.00	7.00	7.25	7.50-8.00	7.50-8.00	Weaker
Tertiary	8.00	8.00	8.50	9.00	9.00	Weaker
PRIMARY CARE						
London/ SE Prime	3.50	3.50	3.60	4.00	4.00	Weaker
Regional UK Prime	3.75	3.75	3.85	4.25	4.25	Weaker
Secondary	4.50	4.50	4.65	5.35	5.25	Weaker
Tertiary	6.00	6.00	6.25	6.75	6.75	

	Mar 22 (%)	Jun 22 (%)	Sep 22 (%)	Dec 22 (%)	Mar 23 (%)	Trend
SHARED OWNERSHIP						
London/ SE Prime	2.90-3.00	2.90-3.00	3.00	3.00-3.25	3.10-3.25	Weaker
Regional UK Prime	3.00-3.15	3.00-3.15	3.00-3.25	3.15-3.35	3.15-3.40	Weaker
Secondary	3.15-3.35	3.15-3.35	3.25-3.50	3.25-3.50	3.25-3.75	Weaker
Tertiary	3.35-3.60	3.35-3.60	3.50	3.50-3.75	3.50-3.90	Weaker
AFFORDABLE RENT						
London/ SE Prime	3.75-4.00	3.75-4.00	3.75-4.00	3.75-4.15	3.75-4.15	Weaker
Regional UK Prime	4.00-4.25	4.00-4.25	4.00-4.25	4.15-4.40	4.15-4.50	Weaker
Secondary	4.25-4.50	4.25-4.50	4.25-4.50	4.40-4.65	4.40-4.65	Weaker
Tertiary	4.50-4.75	4.50-4.75	4.50-4.75	4.65-4.90	4.75	Weaker
SOCIAL RENT						
London/ SE Prime	3.50-3.75	3.50-3.75	3.50-3.75	3.65-3.90	3.70-4.00	Weaker
Regional UK Prime	3.75-4.00	3.75-4.00	3.75-4.00	3.90-4.15	3.75-4.15	Weaker
Secondary	4.00-4.25	4.00-4.25	4.00-4.25	4.15-4.40	4.15-4.40	Weaker
Tertiary	4.25-4.50	4.25-4.50	4.25-4.50	4.40-4.65	4.50-4.75	Weaker

► Positive start to Q1 with a number of transactions exchanging but pricing remains uncertain with evidence of falling house prices
Single Family Housing

	Mar 22 (%)	Jun 22 (%)	Sep 22 (%)	Dec 22 (%)	Mar 23 (%)	Trend
SINGLE FAMILY HOUSING						
South East Prime	3.50 - 3.75	3.50 - 3.75	3.50 - 3.75	3.70 - 3.85	3.70 - 3.85	Weaker
South East Secondary	3.75 - 3.90	3.75 - 3.90	3.75 - 3.90	3.85 - 4.00	3.85 - 4.00	Weaker
South West Prime	3.65 - 3.90	3.65 - 3.90	3.65 - 3.90	3.85 - 4.00	3.85 - 4.00	Weaker
South West Secondary	3.90 - 4.15	3.90 - 4.15	3.90 - 4.15	4.00 - 4.15	4.00 - 4.15	Weaker
East of England Prime	3.75 - 4.00	3.75 - 4.00	3.75 - 4.00	3.85 - 4.00	3.85 - 4.00	Weaker
East of England Secondary	4.00 - 4.25	4.00 - 4.25	4.00 - 4.25	4.00 - 4.15	4.00 - 4.15	Weaker
West Midlands Prime	3.90 - 4.15	3.90 - 4.15	3.90 - 4.15	4.00 - 4.20	4.00 - 4.20	Weaker
West Midlands Secondary	4.15 - 4.40	4.15 - 4.40	4.15 - 4.40	4.20 - 4.40	4.20 - 4.40	Weaker
East Midlands Prime	3.90 - 4.15	3.90 - 4.15	3.90 - 4.15	4.00 - 4.20	4.00 - 4.20	Weaker
East Midlands Secondary	4.15 - 4.40	4.15 - 4.40	4.15 - 4.40	4.20 - 4.40	4.20 - 4.40	Weaker
North West Prime	4.00 - 4.25	4.00 - 4.25	4.00 - 4.25	4.15 - 4.30	4.15 - 4.30	Weaker
North West Secondary	4.25 - 4.50	4.25 - 4.50	4.25 - 4.50	4.30 - 4.45	4.30 - 4.45	Weaker
North East including Yorkshire and the Humber Prime	4.10 - 4.35	4.10 - 4.35	4.10 - 4.35	4.25 - 4.40	4.25 - 4.40	Weaker
North East including Yorkshire and the Humber Secondary	4.35 - 4.60	4.35 - 4.60	4.35 - 4.60	4.40 - 4.55	4.40 - 4.55	Weaker

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Notes and Definitions

Residential

Our residential yields refer to institutionally managed, private rented residential assets within the UK (build to rent)

- 1) The yield data provided reflects transaction exchanges and current bidding on investment market deals to the previous month together with our own opinions and judgement
- 2) Net yields account for operational costs and relevant purchaser's costs
- 3) Prime refers to assets located in close proximity to transport nodes, either brand new or with a high quality specification and level of amenity
- 4) Zone 2 and Zones 3 to 6 refer to London travel zones system managed by Transport for London

Hotels

- 1) Vacant possession upscale, stabilised year cap rate
- 2) Management contract upscale, no guarantee or underwrite, operated by an internationally renowned brand
- 3) Prime London lease reflects Zone 1, prime covenants leaseholders whose ability to fulfil lease obligations is almost certain
- 4) Prime regional lease reflects prime UK city locations, prime covenants leaseholders whose ability to fulfil lease obligations is almost certain

Student Accommodation

The net initial yield, which is growth implicit, rather than the equivalent yield, is the key driver in the purpose built student accommodation sector. Allowance for purchaser's costs is made in calculating the net initial yield. All the yields assume completed and stabilised properties and ignore any discount for forward funding. Yields assume a generic lot size of £25m and running costs which a hypothetical purchaser would assume

- 1) Direct let a well located modern purpose built property of an operationally efficient scale with a strong letting track record and appropriate room mix
- 2) Central London well located single asset in London zone 1
- 3) Super prime regional towns and cities with restricted supply or restrictive planning policies
- 4) Prime regional mature markets with healthy supply and demand ratio and generally more than one university. There is a spread of towns and cities from the prime level to our secondary benchmark
- 5) Secondary regional towns and cities with perceived oversupply issues, new universities or secondary campuses
- 6) RPI lease well located, let to a strong university covenant, minimum of 25 years unexpired on FRI terms with annual RPI uplifts

Single Family Housing

Our yield ranges are indicative and represent our view of a stabilised investment.

- 1) The yield data provided reflects transaction exchanges and current bidding on investment market deals to date together with our own opinions.
- 2) They represent our indicative view of the net initial yield of a rack rented stabilised investment.
- 3) These yields represent a cluster of modern dwellings in a single location that would be sold in a single lot to an investor as part of a wider portfolio.
- 4) 'Prime' is defined as having excellent connectivity to key city hubs, transport links, local employment, amenity and schools, an established depth of rental demand with strong ESG credentials.
- 5) 'Secondary' - one or more of the above criteria is compromised or missing.
- 6) Net yields account for operational costs and relevant purchaser's costs.
- 7) Operational Cost Assumptions typically range between 18.0% - 22.5% (including voids) however we consider this will be analysed more on £ per unit basis as the market matures.
- 8) Our analysis and yields are indicative, for guidance only and may not be relied upon.

Land and Property Committee

Date: 28 June 2023

Item: Purpose and Branding

This paper will be considered in public

1 Summary

- 1.1 On 20 March 2023, the Committee was updated on the progress TTL Properties Limited (TTLP) had made to develop its brand and identity in line with the purpose and principles established at previous committee meetings in 2022. Members took part in a workshop to help develop the brand strategy.
- 1.2 The work on branding has progressed and this paper provides an update on that activity.

2 Recommendation

- 2.1 **The Committee is asked to note the paper.**

3 Programme Background

- 3.1 The need to create a distinct name and external presence for TTLP was established last year. Over the past two months, interviews and workshops have taken place to determine how closely aligned the new company brand should be to TfL and the Greater London Authority (GLA).
- 3.2 The core team running the programme includes members of the TTLP Communications team and representatives from TfL's central Customer and Insights team, supported directly by the TfL Head of Design.
- 3.3 The workstream has two significant components. The first is to develop a new name for TTLP, and the second is to develop the brand and visual guidelines before launching the brand in September 2023.
- 3.4 In late 2022, the team carried out internal and external workshops, and market research that included focus groups with Londoners, existing TTLP small business customers and potential prospective businesses that we would like to attract to the estate. Workshops also took place involving all staff within TTLP.
- 3.5 A consistent theme emerged from the research to date. The existing TfL brand is widely recognised and valued, and it was recommended that TTLP reflect and celebrate its association with TfL.

- 3.6 We carried out some further work on the name, including sessions with Committee members in March 2023, that led to the decision that an endorsement line should be included. The endorsement line would include the roundel and 'The TfL Property Company'.
- 3.7 In total, over 200 company names were considered. The final shortlist of six names was informed by the brand strategy and positioning work, and an assessment of potential risk of legal challenge. Further testing with Londoners was carried out on the shortlist, along with more detailed engagement with TfL's Executive Committee and the GLA.
- 3.8 A name has been provisionally identified but this will only be publicly revealed when the new brand has been socialised. The proposed name is a call to action, creating a clear link to our purpose to create thriving places for the good of London. It also maintains close links to the parent company name of Transport for London.

4 Brand Strategy

- 4.1 Interviews and workshops have taken place with TTLP teams, TfL's Executive Committee and GLA colleagues to inform the brand position. The core finding has been that TfL provides TTLP with credibility and therefore the brand should have some close alignment, while also creating a distinct identity.
- 4.2 Key messages that the brand should reflect include:
- (a) TTLP is here to raise money to reinvest in London's transport and in doing so, meet London's wider needs, including affordable housing, workspace and decarbonisation;
 - (b) as an organisation TTLP is both public-spirited and sustainable, and ambitious and commercial;
 - (c) core values are agile partnerships, diversity and inclusion and local sensitivity; and
 - (d) defining characteristics are scale, proximity to transport, a company that both develops and manages property, and that takes the role of a long-term steward.
- 4.3 This brand positioning provides the scaffolding to help guide decisions when building the brand out. The next phase of work is now underway to develop the brand values, personality and tone of voice.

Visual Identity

- 4.4 Three different visual concepts were prepared. Each of these included the endorsement of the TfL Roundel with “The TfL Property Company” and offered three different identities.
- 4.5 Design refinement has taken place, and all three options presented to stakeholders across TfL and the GLA. At this stage it was agreed that, rather than progress further, it would be preferable to take the opportunity over the summer to agree the detailed relationship between the new TTLP brand and both the TfL Roundel and the Mayor of London’s wordmark.
- 4.6 Once the interface with TfL and the Mayor and GLA is agreed, the brand will be launched to the industry in autumn.
- 4.7 In the interim, further work is taking place to refine the design, including colour palette, typeface, and visual guidelines.
- 4.8 The work underway on visual identity is considering findings from a competitor audit. This audit looked across the category types in real estate, including ‘Great Estates’, property developers, landowners, asset managers and other public bodies. The visual identities were assessed based on logo type, logo style and feel of the identity. Colours used by competitors were also mapped.
- 4.9 A full suite of brand guidelines and branded documents is now being developed.

5 Launch and Activation

- 5.1 While the brand design process continues, we are also working on a phased launch and implementation plan. This will include the development of a new website and social media channels as well as collateral and content to support launch events and media activities.
- 5.2 It will take a while to fully transition all assets into the new brand design, so a prioritisation plan is being worked on alongside ongoing marketing and public relations plans to support development schemes, the retail and arch estates, and recruitment. This will allow us platforms to continuously promote TTLP services and help to embed the new brand.
- 5.3 Marketing plans will be drawn up annual thereafter and we will continue to monitor brand awareness and reputational trackers to refine and adapt plans as needed.

List of appendices to this report:

None

List of Background Papers:

23 March 2023 Committee paper

Contact Officer: Graeme Craig, Director and Chief Executive, TTL Properties Limited
Email: graemecraig@tfl.gov.uk

Land and Property Committee

Date: 28 June 2023

Item: TTLP Scorecard 2023/24

This paper will be considered in public

1 Summary

- 1.1 TTL Properties' (TTLP's) Scorecard for 2023/24 provides a robust basis for moving the business forward over the coming 12 months and targets improvements on last year's successes. It balances the need to demonstrate progress against the shareholder metrics agreed with TfL and the aims and objectives set out in the strategies agreed by the Committee at its previous meeting.
- 1.2 The TTLP Scorecard's structure is broadly consistent with other scorecards produced across Transport for London (TfL) – focusing primarily on safety, colleague, green and financial metrics.
- 1.3 As the TTLP business matures over the course of this year, we will develop further metrics for potential inclusion in next year's scorecard. These will include those relating to social value and operational benefits delivered to TfL as part of our wider Value Framework development.

2 Recommendation

- 2.1 **The Committee is asked to note the paper.**

3 Scorecard Metrics 2023/24

- 3.1 The scorecard is included at Appendix 1. Although many of the proposed metrics are consistent with last year's TTLP Scorecard, we have worked to produce a more balanced scorecard that is more closely aligned with TTLP's wider strategies and objectives and supports our evolution as a business.
- 3.2 We have sought to improve on the 2022/23 outturn and in all cases have considered underlying trends, our extant plans and the levers we have available to influence performance in-year. The weightings reflect the relative importance of individual metrics across the scorecard. We have aimed to achieve a broadly even balance across the themes.

Safety and Risk

- 3.3 **Planned versus completed inspections:** this new metric measures progress with our risk-based programme of health and safety inspections on our tenanted estate. We plan inspections on a rolling periodic basis, focusing on locations where compliance risk is highest. Reporting against this metric will be cumulative and the target of 95 per cent is both stretching and achievable.
- 3.4 **Killed or seriously injured:** measures the absolute number of fatalities and serious injuries to employees, members of our contracted workforce, customers and tenants on TTLP's estate. Our target remains zero. In response to the serious incident at Earls Court last year, we are doing a safety culture assessment across our business, and our emerging Health and Safety Strategy will set out how we will measure and drive TTLP and joint venture partner performance.

Colleague

- 3.5 **Engagement:** The TTLP Engagement score dropped to fifty-nine per cent in 2022/23, attributable in part to the degree of organisational uncertainty at that time. This year's target represents an ambitious five per cent increase on the current score. The continuation of our work to establish TTLP, including our new brand, and the delivery of our People Strategy should enable us to achieve a significant improvement on last year's score. We have targeted sixty-four per cent, which is five per cent better – and the first step on the path to a score of at least seventy per cent by 2025/26.
- 3.6 **Staff Representation:** TTLP is keen to have a workforce at all levels that is representative of the city it serves. We have work to do to close the gap in workforce representation relative to the overall London economically active population. Having benchmarked with other organisations and taking account of the diversity challenges in the wider real estate sector, we think it is appropriately challenging to close the gap over a four-year period, so this year's targets reflect the required progress towards parity in gender, ethnicity, disability, and minority faith or belief.
- 3.7 Our work to close the gap will be built around the diversity theme of our People Strategy implementation.

Homes

- 3.8 **Starts on site:** a cumulative measure of our progress towards Mayor of London and Government targets. Success will mean we move from 4,155 to 4,407 starts by year end. In addition, this year will see significant progress on sites that have already started as well as others that are moving through the design and planning stages, for example, at Edgware where we expect to submit planning for 3,500 homes in autumn 2023.
- 3.9 **Percentage affordable starts on site:** another cumulative measure of our progress towards the target fifty per cent across the whole portfolio. The target for the portfolio remains 50 per cent, and this target is still expected to be achieved across all 10,000 homes in TTLP's programme.

Environment, Social and Governance (ESG)

- 3.10 Our ESG theme replaces the “Green” and “Customer” themes in wider TfL family scorecards. Our measures for this year will track our early-stage work to progress the fundamentals in our ESG strategy, we expect to develop more sophisticated metrics for 2024/25.
- 3.11 **Carbon literacy training delivery:** measures the percentage of our senior managers (Band 4 and above) who have successfully completed this crucial TfL-wide course. Carbon literacy training is part of the foundation of an organisation that makes informed decisions and embeds practices to reduce and remove carbon, so that we can achieve net zero operations by 2030 and support the Mayor’s ambition of a net zero London by 2030. We will extend the offer of the training to all employees once we have recruited an appropriate number of volunteer trainers.
- 3.12 **Customer satisfaction:** a measure of the percentage of our tenants who indicate in response to our annual survey that they are satisfied or very satisfied with the overall service TTLP provides. Having achieved a three per cent improvement last year, we are targeting a more significant increase of five per cent this year reflecting our focus on customer communications and engagement, customer business skills development and customer journey improvements.
- 3.13 **ESG Milestones:** these capture the key elements of our ESG work programme as we work to implement our strategy in this area and make progress across the business. The milestones are:
- (a) publication of Task Force on Climate-Related Financial Disclosures (TCFD) report – August 2023;
 - (b) Electric Vehicle Charging Hubs joint venture launched to market – September 2023;
 - (c) publication of Better Building Partnership-compliant Net Zero Carbon Roadmap – December 2023;
 - (d) all eligible properties having an Energy Performance Certificate in place – March 2024; and
 - (e) retention of the GRESB five-star rating for our property development programme – March 2024.

Financial

- 3.14 TTLP has developed a set of long-term financial targets, benchmarked against comparator organisations. The measures are part of our corporate objectives to increase the revenue and generate an operating surplus that we deliver back to TfL.
- 3.15 **Total revenue:** our total recurring property income, which includes Build to Rent and Commercial, but excludes Build for Sale and other one-off income. It will be measured against the budget with an allowance of 10 per cent for the floor target.
- 3.16 **Operating surplus:** total operating income minus total operating expenditure. Includes all items within the operating margin definition above as well as one-off Joint Venture profits. Again, it will be measured against the budget.

- 3.17 **Asset disposals:** have been baselined against realistic and achievable disposals with an allowance of 20 per cent for the floor target (excludes one-off joint venture and property development disposal). Disposals also supports liquidity management of the organisation.
- 3.18 **Asset investment:** measures investment in our existing estate, excluding one-off joint venture and property development expenditure. Measured against the budget with an allowance of plus or minus 20 per cent for the floor target.

List of appendices to this report:






Appendix 1: TTLP Scorecard 2023/24

List of Background Papers:

None

Contact Officer: Graeme Craig, Director and Chief Executive, TTL Properties
Email: graemecraig@tfl.gov.uk

Appendix 1 – TTLP Scorecard 2023/24

Theme	23/24 metrics	Target	Floor Target	Weighting
SAFETY & RISK				
	1. % Inspections Completed vs Planned	95%	90%	10%
	2. Killed or Seriously Injured	0	0	10%
COLLEAGUE				
	3. Total Engagement	64%	61%	10%
	4. All Staff Representativeness			
	<i>Women</i>	45.3%	45.0%	1.25%
	<i>Race (BAME)</i>	27.9%	25.1%	1.25%
	<i>Disability</i>	9.4%	8.9%	1.25%
<i>Minority faith / belief (not Christian, agnostic or atheist)</i>	15.8%	13.8%	1.25%	
HOMES				
	5. Starts on site (Cumulative)	4407	4314	10%
	6. % affordable starts on site (Cumulative)	47%	47%	10%
ESG				
	7. Complete carbon literacy training (Band 4 and above)	100%	75%	5%
	8. Customer Satisfaction	70%	65%	5%
	9. ESG Milestones	100%	60%	5%
FINANCIAL				
	10. Total Revenue	£82.9m	£74.6m	10%
	11. Operating Surplus	£24.3m	£21.9m	10%
	12. Asset Disposals	£23.5m	£18.8m	5%
	13. Asset Investment	£40.0m	+20%	5%

Land and Property Committee



Date: 28 June 2023

Item: TTL Properties Limited Quarterly Performance Report

This paper will be considered in public

1 Summary

- 1.1 The TTL Properties Limited (TTLP) Quarterly Performance Report provides an update on market context, health and safety, financial performance, operational performance, project updates and understanding TTLP's impact.
- 1.2 A paper is included on the Part 2 agenda which contains supplementary information that is exempt from publication by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972 in that it contains information relating to the business affairs of TfL. Any discussion of that exempt information must take place after the press and public have been excluded from this meeting.

2 Recommendation

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

3 Performance

- 3.1 In what remains a volatile economic environment, TTLP is performing well. At year-end, TTLP income was up against both budget and the prior year, leading to a total operating surplus of £42.8m, against a budget of £35.4m and a prior year of £14.5m.
- 3.2 This year, operating performance has started strongly and is currently £3.5m ahead of budget after two periods. This performance is reflected in falling voids and arrears – and improving rent collection.
- 3.3 Excellent progress was also made on property development last year, with 2,121 starts on sites by the end of the 2022/23 financial year, confirming TTLP as one of the largest developers in London.
- 3.4 There remains more to do, including in improving our performance on both health & safety and colleague engagement, but the underlying business is strong and actions are being put in place to address issues, including working closely with relevant teams in TfL.
- 3.5 The paper on Part 2 of the agenda contains supplementary information on financial performance, the long-term finance update and project updates.

Appendix 1: TTLP Quarterly Performance Report

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

List of Background Papers:

None

Contact Officer: Graeme Craig, Director and Chief Executive, TTL Properties Limited

Email: graemecraig@tfl.gov.uk

TTLP Quarterly Performance Report Appendix 1

- 1 Market Context
- 2 Health & Safety
- 3 Financial Performance
- 4 Operational Performance
- 5 Project Updates
- 6 Understanding our Impact



The BBC Earth Experience narrated by David Attenborough opened in March as a meanwhile use at our site in Earls Court



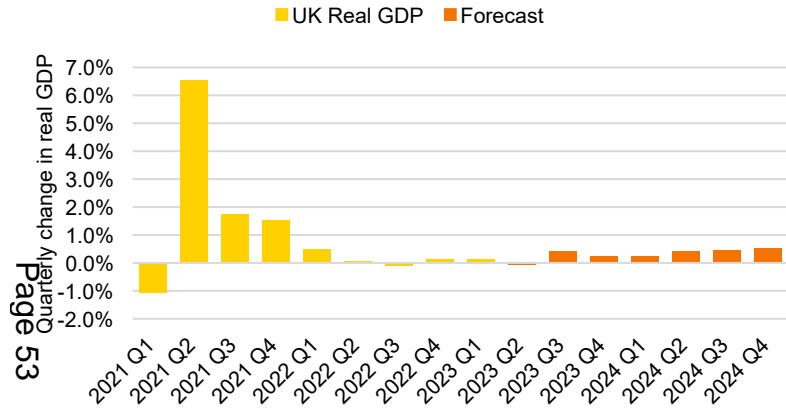
Market Context

Graeme Craig
Director & Chief Executive, TTLP

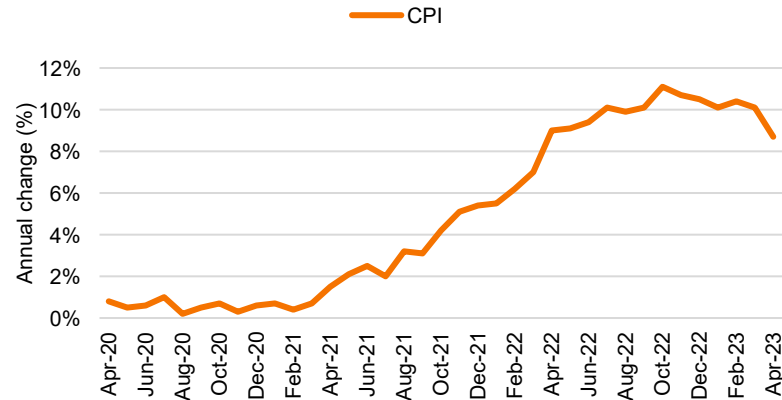
Loop, a new opening in Piccadilly station

Inflation remains high, but the economic forecast is slightly improving

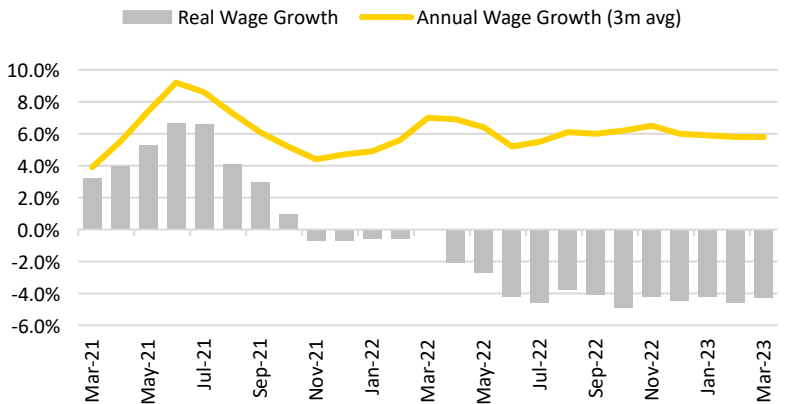
Real GDP grew by 0.1% during Q1 2023, outperforming the forecast



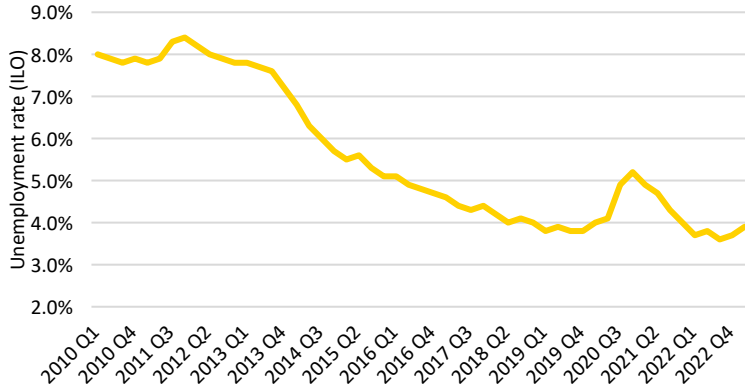
Inflation fell to 8.7% in April, from 10.1% in January, but was remained higher than expected



Nominal wage continues to rise at just under 6%, but high inflation is driving real terms wage falls



Unemployment rose slightly during Q1 2023 to 3.9% from 3.7% in Q4 2022

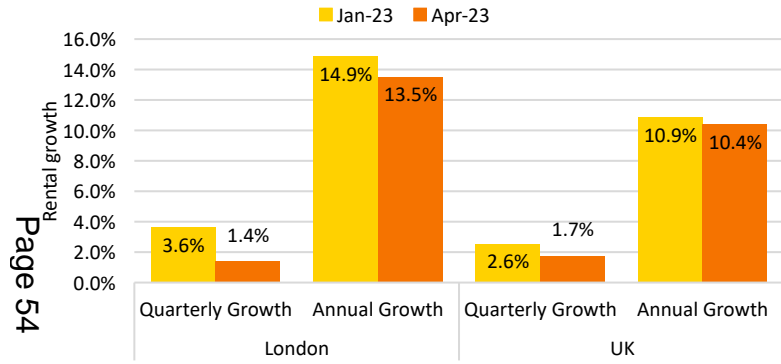


- Over the past quarter, the UK economy grew by 0.1% in real terms.
- The short term outlook has improved and the UK is now forecast to avoid a recession in 2023.
- Inflation has also started to fall, slowing to 8.7% in April 2023 compared with 10.1% in January 2023.
- However, this level was higher than markets had expected, and this has led to expectations of the Bank of England raising interest rates again at the next Monetary Policy Committee meeting on 22 June.
- Nominal wage inflation remains robust, rising by 5.8% in March 2023, compared with 6.0% in December 2022.
- This is supported by continued low unemployment, which rose slightly to 3.9% in Q1 2023.



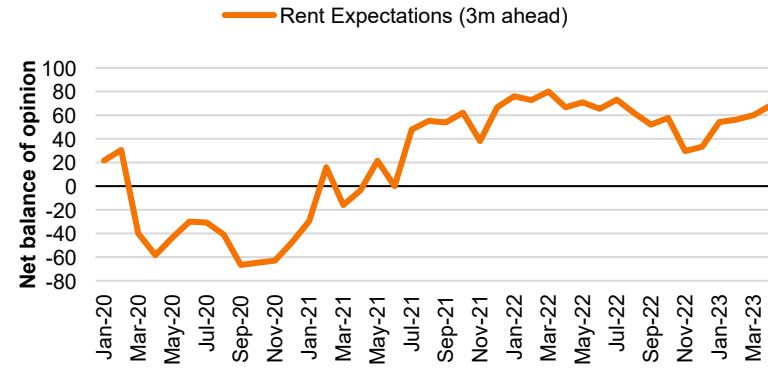
Residential rental growth rate eases, but continued mismatch between supply and demand

Rents in London have risen by 1.4% over the 3 months to Apr-23, down from the 3.6% in 3 months to Jan-23

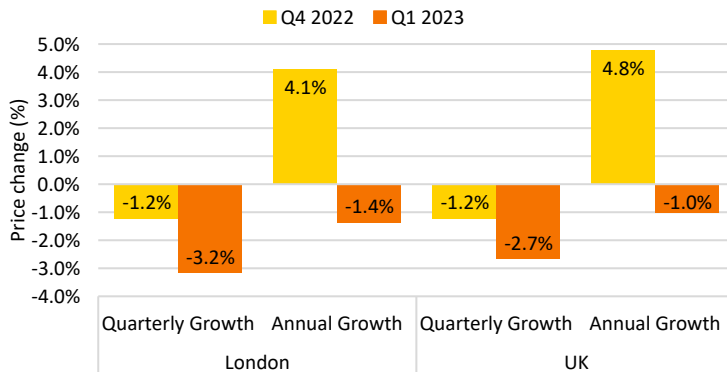


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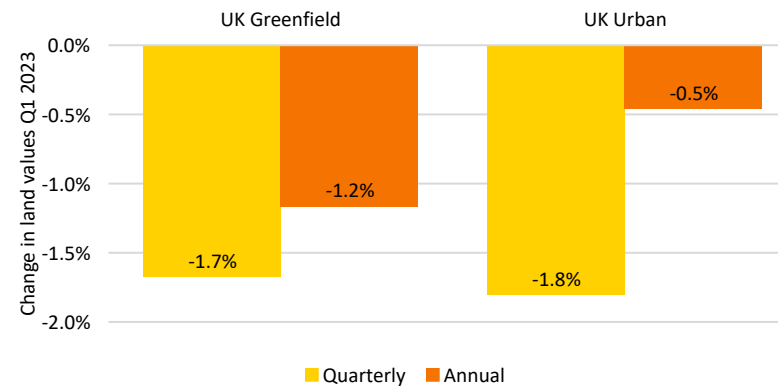
Agents report continued supply/demand imbalance – strengthening expectations of continued rental growth in the near term



House prices fell by -3.2% during Q1 2023 across London



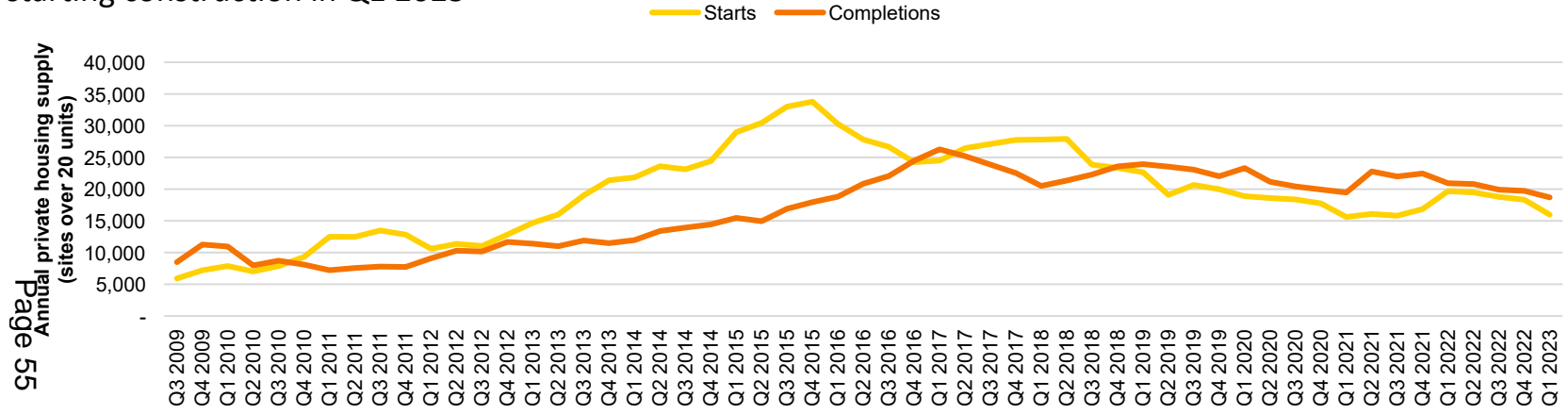
Development land value fall continued to soften in Q1 2023



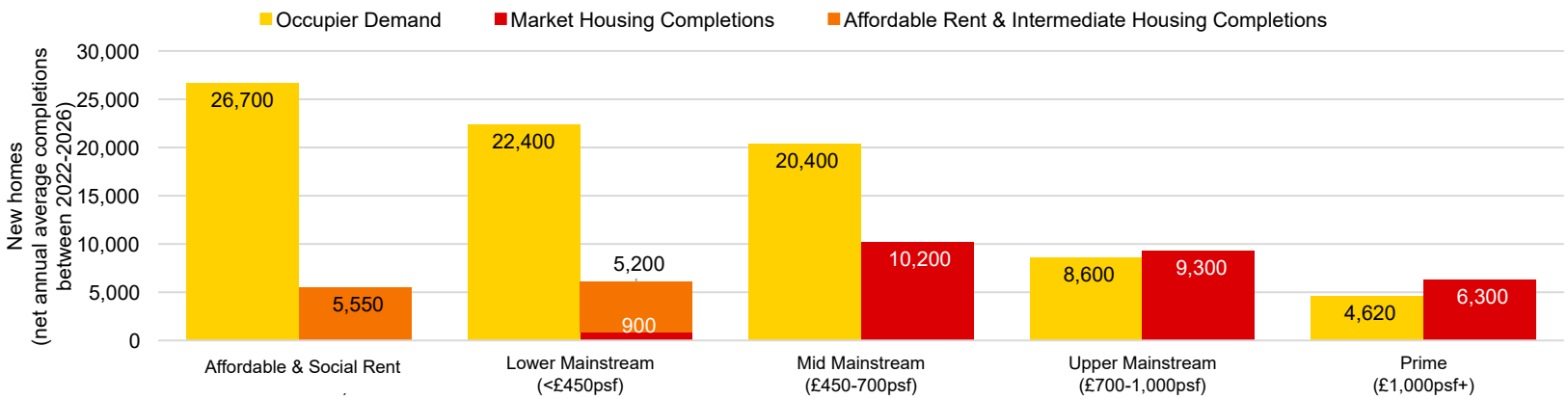
- Rents in London continue to rise, although the rate of growth has slowed. In the three months to January 2023 rents rose by 3.6% but this eased to 1.4% in the 3 months to April 2023.
- Agents completing the Royal Institution of Chartered Surveyors survey continue to report a significant mismatch between supply and demand. This is leading to more agents in April 2023 (+68%) reporting that they expect continued rental growth over the next 3 months, compared with +54% in January 2023.
- House prices continued to fall in Q1 2023, with quarterly falls of -3.2% in London according to Nationwide. This compares with a fall of -1.2% during Q4 2022.
- There was a similar story for UK development land values, which fell by -1.8% for urban and -1.7% for greenfield in Q1 2023.

New construction starts falling, adding to shortfall against occupier demand

New construction starts in London have been falling from their peak in Q1 2022, with 3,000 new homes starting construction in Q1 2023



Savills latest five-year delivery forecasts (2022-26) expects that 37,450 new homes will be delivered in London over that period, compared with demand for 82,700

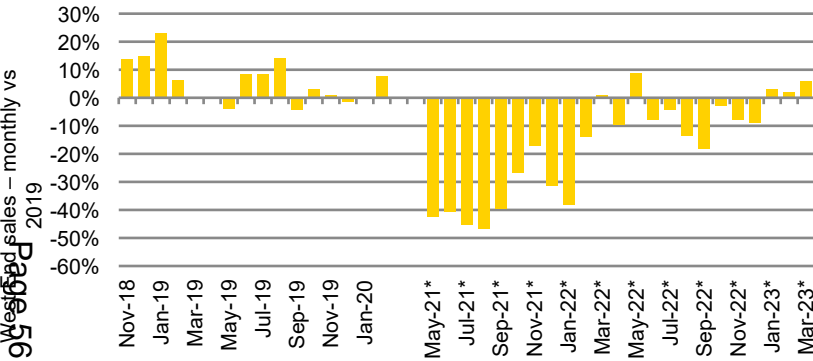


- London has seen the number of new homes starting construction fall over the past 12 months.
- In Q1 2023, construction started on 3,000 new homes, compared with 5,450 during Q1 2022.
- This fall in starts will have a knock-on impact on delivery in the coming years.
- Savills' latest five-year supply forecast was for 2022-26 period. This forecast expected 37,450 new homes to be delivered over the period.
- This is significantly below the estimated occupier demand of almost 83,000.



Retail spend surpassed 2019 levels during Q1 2023, though vacancy rates rising slightly in central London

Sales and Footfall in the West End were recovering during 2022 but remain below pre-Covid levels

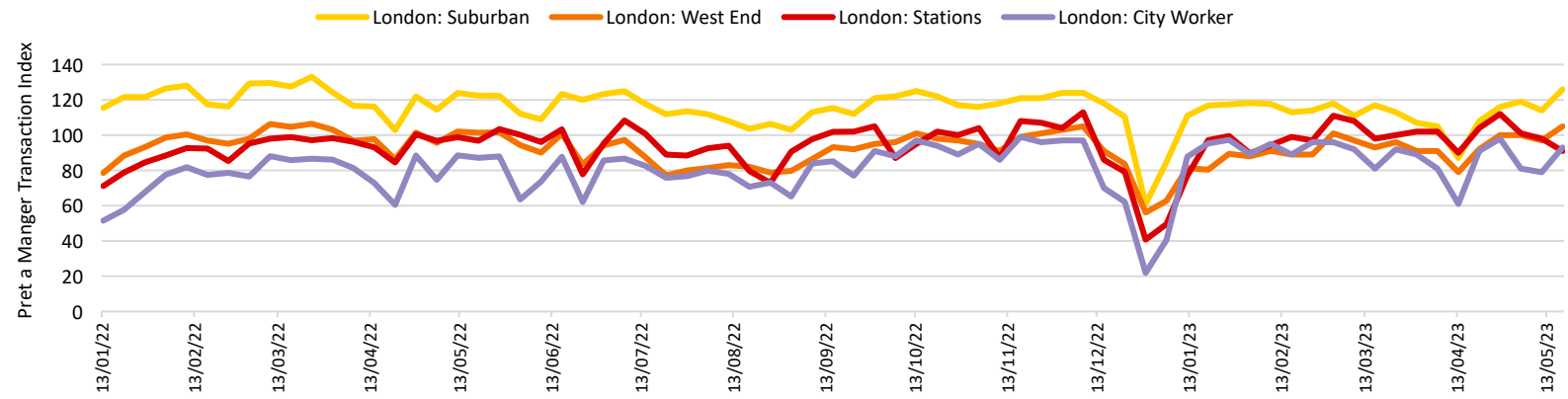


*Note, post 2021 figures are relative to the same period in 2019

Central London vacancy rate rose from 3.0% in Dec-22 to 3.6% in Feb-23 but remains well below pandemic levels



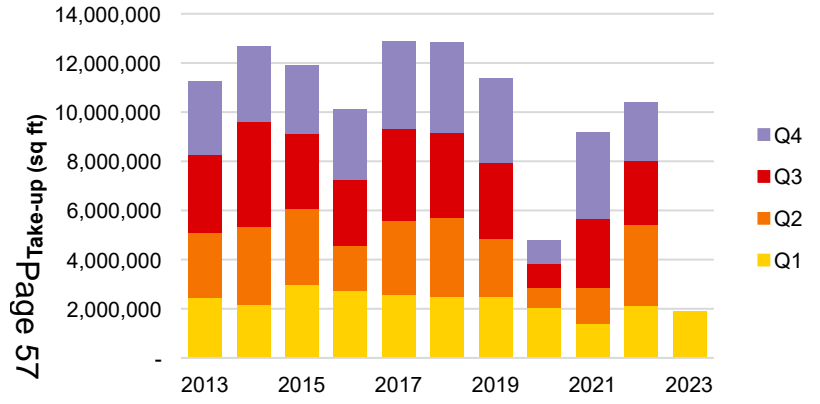
Pret Sales Index shows trading levels have recovered in the West End and Stations



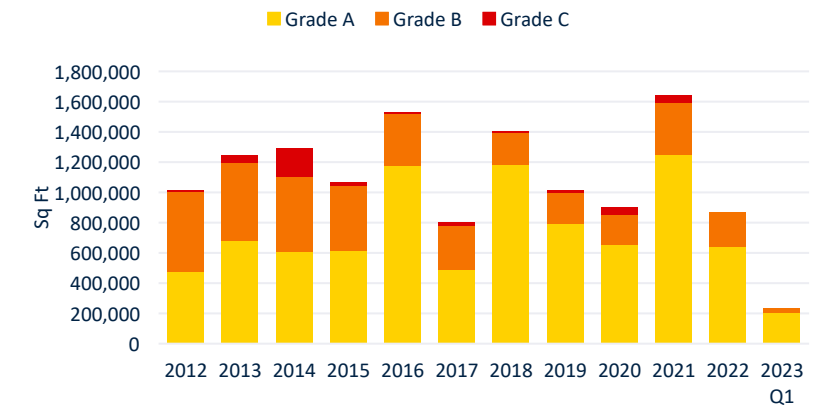
- Consumer spend across the West End has seen positive growth compared with pre-pandemic levels across the first quarter of 2023. March has been the strongest month with spend up 6% compared with 2019. In contrast spend in December 2022 was -9% below 2019 levels.
- The vacancy rate across central London continued to rise slightly during the first two months of 2023, reaching 3.6% in February 2023 compared with 3.0% in December 2022. However, it remains significantly lower than the Covid peak.
- Since February 2023, the Pret a Manger sales index shows that trading volumes have recovered in the West End and Stations, with most of April showing similar levels of sales to pre-pandemic.

Office and light industrial leasing volumes were below the long-term average in Q1 2023

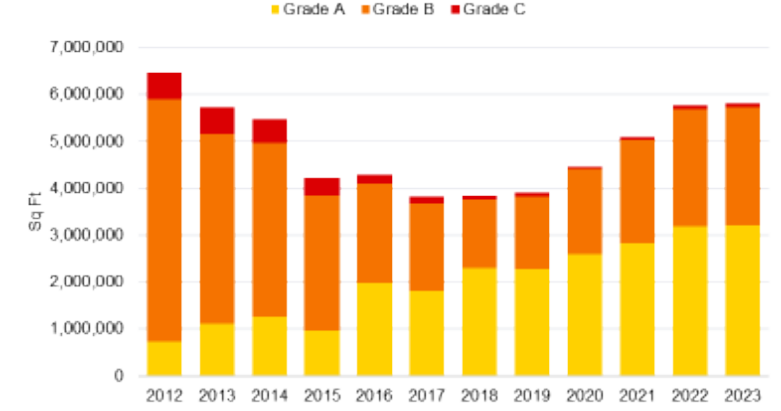
1.8m sq ft of space was leased in Central London in Q1 2023 – 20% below the long run average



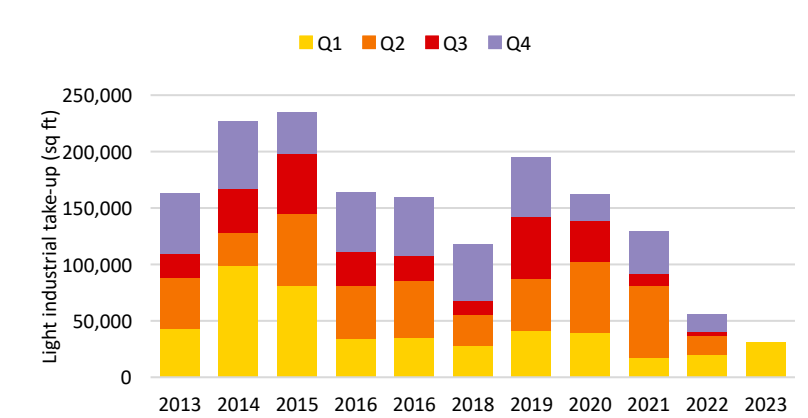
Take-up in Greater London was 235k in Q1 2023 – 89% of which was for Grade A space



Supply across Greater London rose by 30k sq ft between Feb and May 2023



31k sq ft of light industrial space (sub-10k deals) was let during Q1 2023, 26% below the long run average



- Following a robust leasing market in Central London 2022, only 1.8m sq ft of space was let during Q1 2023 – 20% below the long term average.
- Across Greater London, a further 235,000 sq ft of space was let during Q1 2023. This was 8% below the long term average.
- Of the space let in Greater London, 89% was Grade A.
- Supply across Greater London rose marginally between February 2023 and May 2023 – with an additional 30,000 sq ft coming to market.
- During Q1 2023, there was 31,000 sq ft of light industrial space let across London for deals of less than 10,000 sq ft. This was up on 20k let during Q1 2022, but down by 26% on the long run average.





Site clearance works at Southall ahead of construction starting on 460 homes

Health and Safety Performance

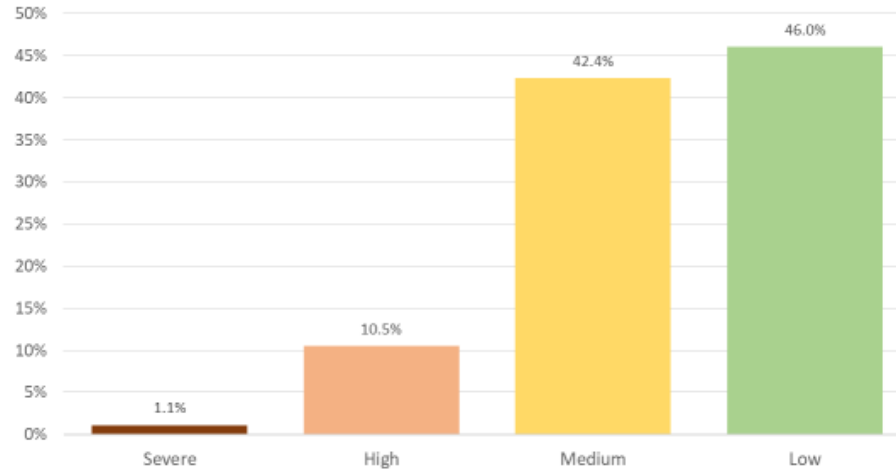
Lisa-Jane Risk
Head of Operations

Health & Safety

Metric	FY23 Actual	FY23 Target
All injuries	10	6
Workforce killed and seriously injured	1	0
Severe Non Compliance - open	0	0

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Estate - Safety Risk Profile
Assigned at Compliance Audit Inspections 22/23



- There was a tenant injury on 21 March at a retail kiosk unit at Canary Wharf DLR station where a person fell while standing on a cabinet. He suffered fractures to his shoulder and pelvis.
- We continue to refine our risk-based approach towards managing tenant compliance, with the frequency of inspection determined by the risk level presented by the tenant and our findings from previous visits. Visit frequencies range from 6 months to 3 years.
- We are also looking to extend our compliance and assurance activity across other aspects of our business including assurance of the activities of our suppliers and service partner.

- We are working closely with the TfL Safety, Health and Environment (SHE) team to develop TTLP’s long-term Health and Safety (H&S) strategy, with activity including:

- Developing the TTLP H&S Vision
- Setting a personal objective for all colleagues focused on delivering our H&S Improvement Plan
- Defining and documenting our H&S roles and responsibilities
- Developing of a core H&S skills matrix for all colleagues
- Introducing measures that will enable us to benchmark our performance against the rest of the industry
- The TTLP Executive Team completed Institution of Occupational Safety and Health (IOSH) Leading Safely training in



May



Financial Performance

Joanna Hawkes
Interim Chief Finance Officer

FY23 Operating performance outperformed Budget

Against a challenging economic backdrop, TfL delivered a strong financial performance in 2022/23.

Gross Property Income was £3m higher than revised budget, driven by a strong performance in Retail and Car Parks.

Despite increasing utilities and rate costs, our direct property costs were £4.9m lower than revised budget. A key focus on customer accounts has driven lower bad debt costs. In addition there was lower maintenance expenditure.

Lower level of joint venture and development income compared to budget due to timing of dividend – this will be received in 2023/24.

Dividend back to TfL is awaiting finalised taxation, completion of audit and calculation of historical distributable reserves. The forecasted dividend at this stage is c.£15m – to be confirmed at the next LPC meeting.

Income Statement

Full Year - FY23

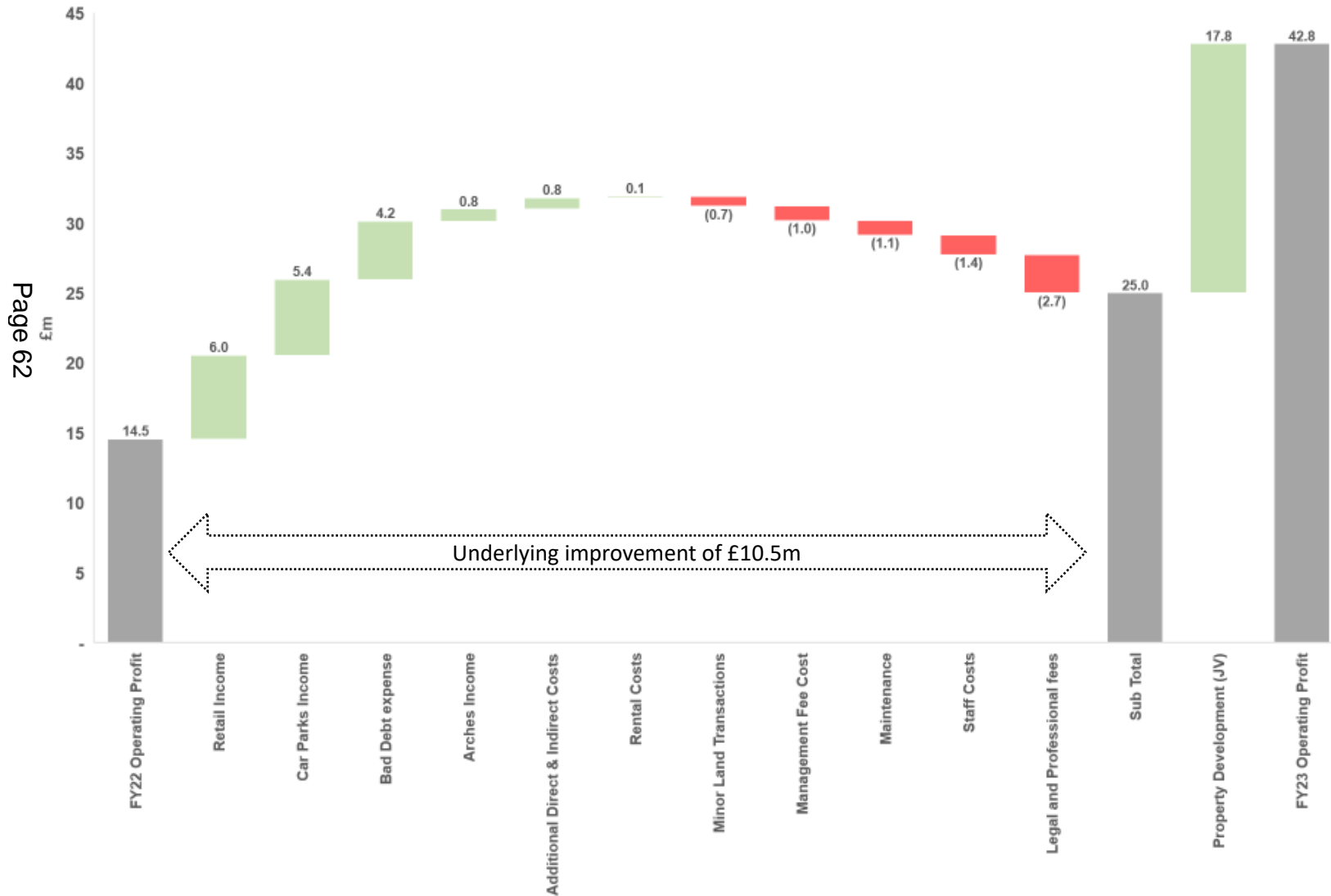
(£m)	Actuals	Revised Budget	var to Revised Budget	Prior Year
Retail	37.2	35.8	1.3	31.0
Arches	11.4	11.4	(0.0)	10.6
Infrastructure Property Income	11.5	11.2	0.3	14.8
Offices	2.0	2.7	(0.7)	3.0
Residential	1.5	1.3	0.2	1.5
Car Parks	18.6	16.5	2.1	13.2
Contract revenue & central income	0.8	1.0	(0.1)	5.0
Gross Property Income	83.0	79.9	3.1	79.0
Direct Property Costs	(18.4)	(23.3)	4.9	(27.0)
Net Property Income	64.7	56.6	8.1	52.0
Net Property Margin (%)	78%	71%	7%	66%
Other Non-Operating Income	0.0	0.0	0.0	0.9
Total Other Costs	(31.7)	(32.5)	0.8	(32.0)
Management Fee Cost	(7.4)	(7.6)	0.2	(6.4)
Operating Surplus / (Deficit) (before JV & Development Income)	25.6	16.5	9.1	14.5
JV & Development	17.2	18.9	(1.6)	0.0
Total Operating Surplus / (Deficit)	42.8	35.4	7.5	14.5

*The Revised Budget is mid-year forecast, used for the TfL scorecard and performance metrics



Underlying operating business improving year-on-year

Full Year Operating Profit Improvements FY22 vs FY23



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Recurring revenue +£10.5m (72%):

- Retail income +£6m driven largely by turnover rents and new lettings
- Car Park income +£5.4m as a result of improved utilisation
- Bad Debt recovery +£4.2m improvement as we move beyond Covid impact
- Management Fee -£1m based on headcount
- Maintenance -£1.1m increase as a result of efforts to address the wider legacy estate
- Staff Costs -£1.4m as TTLP has increased staff to support organisational development
- Legal and Professional Fees -£2.7m increase as a result of TTLP standing-up costs
- Also one-off receipts from joint venture profits

Year on year total operating surplus up £26.3m, of which £17.8m driven by joint

Capital Account

Capital Account (£m)	Full Year - FY23		
	Actuals	Revised Budget	var to Revised Budget
Income			
Asset Disposals	5.0	23.6	(18.6)
Build to Rent	44.7	44.8	(.1)
Commercial	1.8	6.9	(5.1)
Residential	27.6	27.5	0.1
Other	-	0.1	(0.1)
Total Income	79.1	102.9	(23.8)
Expenditure			
Asset Investments	(11.9)	(26.3)	14.4
Build to Rent	(37.9)	(43.7)	5.9
Commercial	(4.9)	(29.9)	24.9
Residential	(30.4)	(31.1)	0.7
Other	(1.6)	(1.7)	0.1
Total Expenditure	(86.8)	(132.7)	45.9
Net			
Asset Disposals	5.0	23.6	(18.6)
Asset Investments	(11.9)	(26.3)	14.4
Build to Rent	6.8	1.0	5.8
Commercial	(3.1)	(23.0)	19.8
Residential	(2.8)	(3.6)	0.7
Other	(1.6)	(1.6)	(0.0)
Net Capital Surplus / (Deficit)	(7.7)	(29.8)	22.1

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- Disposals did not hit target in FY23 due to operational complexities and resourcing issues – a new team is now in place to increase the scale and pace of activity. Similar challenges also resulted in Asset Investment expenditure to be lower than budget.
- Build to Rent income target was in line with budget – this is a good result as it relied on significant delivery in the latter part of the year of Southall Sidings and Nine Elms.
- Commercial income and expenditure lower than budget due to slight delays in our key activities associated with the Platinum Portfolio.
- Build to rent expenditure was lower than budget due to slight programme delays, however the majority of targets were achieved.



*The Revised Budget is mid-year forecast, used for the Tfl scorecard and performance metrics

Operating Account (Current Year – P2 Position)

Income Statement (£m)	Year To Date			Full Year
	Actuals	Budget	var to Budget	Budget
Core Trading				
Retail	6.0	5.5	0.4	38.0
Arches	1.8	1.7	0.1	11.3
Offices	0.6	0.4	0.2	3.0
Residential	0.2	0.2	0.1	1.3
Car Parks	2.7	2.5	0.1	16.9
Infrastructure, Bus Garages & Industrial	2.5	1.5	1.0	9.4
Contract revenue & central income	0.1	0.2	(0.1)	3.1
Gross Property Income	13.9	12.0	1.9	82.9
Direct Property Costs	(4.6)	(3.3)	(1.3)	(19.8)
Net Property Income	9.3	8.7	0.6	63.1
Margin (%)	67%	73%		76%
Central Operating Costs	(5.6)	(6.6)	1.0	(44.2)
Core Trading Surplus	3.7	2.1	1.6	18.9
Project Income (inc JV Dividends - Build to Sell)	2.4	0.1	2.3	2.3
Project Costs	(0.9)	(0.6)	(0.4)	(6.0)
Net Operating Surplus	5.1	1.6	3.5	15.2

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- The financial year FY23-24 operating performance has started strongly and is currently £3.5m ahead of the budget.
- Income is on track at £13.9m as at P2. Sectors are largely performing to budget. There has been a new lease agreed at Ash Grove Bus Garage, driving the early performance in Infrastructure, Bus Garages and Industrial.
- Direct Property costs captures Bad Debt provision increase, as we continue to provide 100% for all overdue invoices. This is a cautious approach and driver of the adverse performance, but will change during this year.
- Central Operating Costs, timing delays in recruitment and legal and professional driving a £1m upside.
- Property Income (JV Dividend – Build to Sell) includes £2.4m from Liberty / Landmark Court, which was forecast to be received end of prior year.



Capital Account (Current Year – P2 Position)

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Capital Account (£m)	Year To Date			Full Year
	Actuals	Budget	var to Budget	Budget
Income				
Asset Disposals	-	-	-	39.4
Build to Rent	-	-	-	2.4
Residential	-	-	-	16.9
Commercial	3.6	0.1	3.5	1.1
Other	-	-	-	0.3
Total Capital Income	3.6	0.1	3.5	60.1
Expenditure				
Asset Investment	(2.6)	(4.8)	2.2	(34.1)
Asset Disposal costs	(0.0)	(0.1)	0.1	(5.9)
Build to Rent	(0.1)	(5.7)	5.6	(45.4)
Residential	(0.5)	(5.4)	4.9	(37.1)
Commercial	(23.3)	(2.1)	(21.3)	(12.3)
Other	(0.1)	(0.4)	0.3	(4.3)
Total Expenditure	(26.5)	(18.5)	(8.1)	(39.2)
Net Capital				
Asset Investment	(2.6)	(4.8)	2.2	(34.1)
Asset Disposal costs	(0.0)	(0.1)	0.1	33.5
Build to Rent	(0.1)	(5.7)	5.6	(43.0)
Residential	(0.5)	(5.4)	4.9	(20.2)
Commercial	(19.7)	(2.0)	(17.7)	(11.2)
Other	(0.1)	(0.4)	0.3	(4.1)
Net Capital Surplus / (Deficit)	(22.9)	(18.4)	(4.5)	(79.1)

- Capital programmes are underway, with some delays in prior year budgeted activity impacting the start of this financial year and in-year project costs reprofiled into future periods.
- Commercial activity includes a land swap transaction to facilitate development for Southwark OSD. This was assumed to occur towards the end of last year. This includes £3.6m of income and £22m of expenditure as part of the exchange.
- Asset Investment focuses on improvement to the legacy estate – this is marginally underspent at this point, but ongoing property condition surveys will guide work programmes throughout the year.
- Build to Rent costs have been reprofiled in latest forecast to future periods, with Nine Elms costs the material reprofiling.
- Costs for Bollo Lane (£1.0m) and Earls Court (£3.7m) have also been reprofiled to future periods.



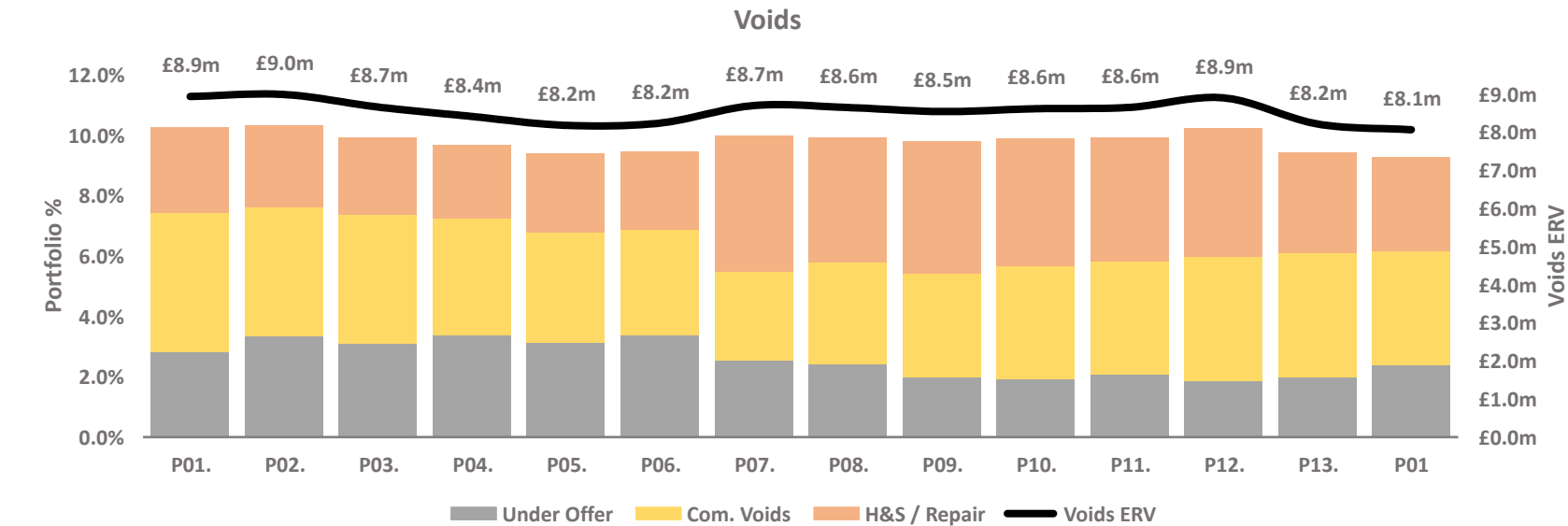
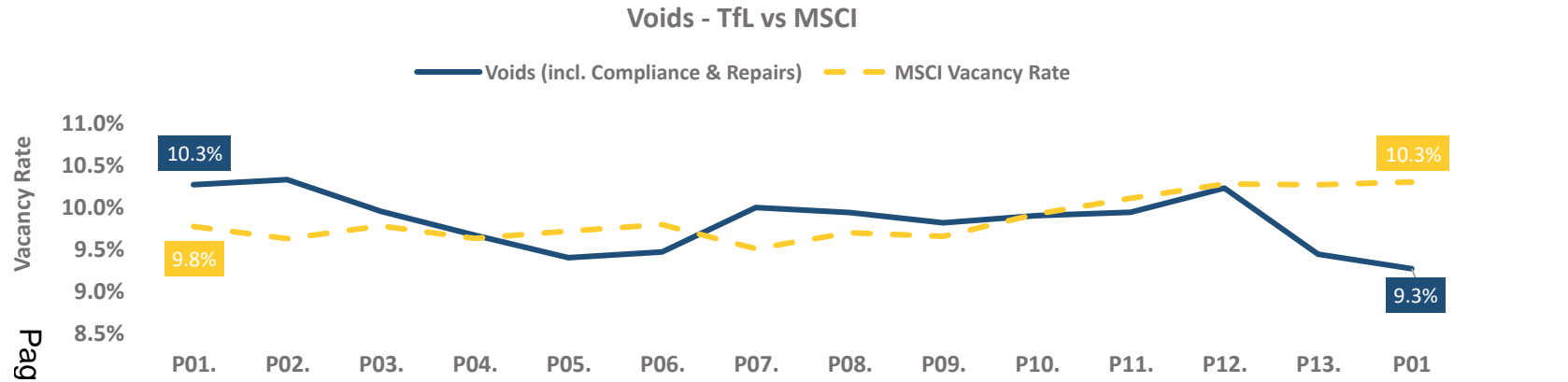


Bergamot, a new opening in our arches at Wood Lane

Operational Performance

Daniel Lovatt
Director of Asset Management

Year-on-Year void rate improved from 10.3% to 9.3%



- Our void rate is 9.3% which is ahead of our annual target of 10%.
- The income loss from voids has reduced by £0.8m Year-on-Year from £8.9m to £8.1m, and £0.5m from £8.6m in Q4.
- A steady increase of voids going Under Offer and a reduction of units undergoing repair / maintenance over the last three months, highlight the progress being made in letting activities.
- There is interest in marketed units, but with increased requests for capital contributions to tenant fit-out and for flexible lease terms. We continue to stress test business plans.
- TTLP is continuing to review opportunities for various uses across the portfolio to improve occupancy, mitigate rates and reduce holding costs.



TTLP is close to hitting its targets on collections and arrears

Arrears

Target

5%

FY24

Actual

7.4%

(excluding single accounts)

Collections

Quarterly Target

>95%

of sums demanded

December Quarter Recovered

96%

(excluding single accounts)

March Quarter Recovered**

87%

(excluding single accounts)

Last 4 Quarters

97%

(excluding single accounts)

- On 10 May, total TTLP arrears, excluding a single account, was £4.9m. £0.82m is currently on a payment plan.
- £0.5m recovered through Commercial Rent Arrears Recovery in last six months and a further £0.12m on a payment plan managed by agents out of £1.3m instructed.
- Full December quarter collections were strong at 96% of rent collected.
- March quarter is also indicating strong performance, currently at 87%, with 8 weeks remaining to the end of the quarter, but with further sums becoming due on 1 May and 1 June.

*arrears as at 26 April 2023

*collection rates as at 27 April 2023

**March Quarter is still live, and therefore collection rates will fluctuate





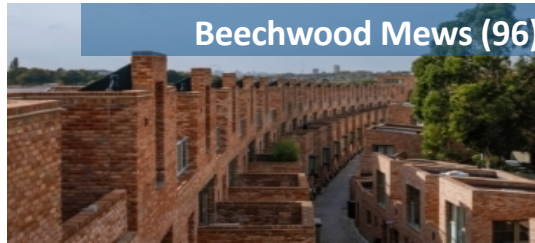
Project Updates

Lester Hampson
Director of Property Development

Engagement with students at Ark Academy Wembley to design teenage play space at our Wembley Park project

TTLP has 3,431 homes under construction with 2,121 new Starts on Site in 2022/23

4,155 homes completed or under construction



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Other highlights from 2022/23

- Planning Committee Approvals for further 2,800 homes
- Barratt London procured as West London Partner
- s163 achieved for several sites (Hounslow West, Snaresbrook, Bollo Lane)
- Limmo land purchased from London Borough of Newham
- Edgware development agreement signed, and Colindale levelling-up bid approved
- Network Rail collaboration agreement signed

- We achieved 2,121 start on sites by the end of the 22/23 financial year, making TTLP one of the largest developers in London.
- 3,431 homes are currently under construction. As well as the locations pictured, work is also underway at Wembley Park (454 homes), TCRW Soho (92) and Oxbourne House (11), as well as 13 homes at two smaller sites.
- TTLP is actively managing a number of risks to the programme, including rising interest rates and construction cost inflation.
- Hounslow West has been delayed from 2022/23 – the project will come back into the programme at a later date.



Artist 7th Pencil creating a mural celebrating the contribution of female artists to London, at Clapham Deep Shelter

Understanding our impact

Mark Farrow

Director of Strategy & Planning

Our scorecard summarises our FY23 performance

2022/23 TTLP Scorecard - Period 13					Score: 64.5 / 100
Commercially Astute (Finance)					
Measure	Full Year		Weighting	Weighted Score	
	Actual	Revised Budget			
Operating Surplus	£42.8m	£35.4m	10%	10%	
Operating Surplus Margin	42.7%	35.8%	10%	10%	
Asset Management Income Growth (%)	11%	7%	10%	10%	
Safety and Risk					
Measure	Full Year		Weighting	Weighted Score	
	Actual	Target			
Statutory Testing - TfL Managed Property	100%	100%	10%	10%	
Lost Work Time	1.0%	2.0%	5%	5%	
Killed or Seriously Injured (KSI)	1	0	5%	0%	
Customer					
Measure	Full Year		Weighting	Weighted Score	
	Actual	Target			
Customer Satisfaction	65%	71%	15%	6%	
People					
Measure	Full Year		Weighting	Weighted Score	
	Actual	Target			
Total Engagement	59%	66%	15%	0%	
Operations					
Measure	Full Year		Weighting	Weighted Score	
	Actual	Target			
% Affordable Start on Sites (Cumulative)	47%	50%	10%	5%	
No. Start on Sites	2,121	2,409	10%	8.5%	

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- We had a strong year financially, exceeding operating surplus and operating margin, and growing our asset management income.
- Statutory testing of compliance with Health & Safety requirements for buildings achieved 100% and we improved on our target on lost work time.
- Unfortunately, we did have a seriously injured person in P11 of 2022/23 at Earl's Court. A full investigation took place following the incident.
- We achieved a 3% improvement on customer satisfaction compared with last year, but the score of 65% fell short of our ambitious 71% target.
- The employee engagement target was not met, for reasons that are well understood. Good progress is now being made with the People Plan.
- We started on site on a TTLP record 2,121 homes in the year across seven



Date: 28 June 2023

Item: TTL Properties Limited Assurance Update

This paper will be considered in public

1 Summary

- 1.1 This paper reports on progress with assurance activity across TTL Properties Limited (TTLP) during Quarter 1 of 2023/24 (1 April to 24 June 2023) (Q1).
- 1.2 A paper is included on the Part 2 agenda which contains supplementary information that is exempt from publication by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972 in that it contains information relating to the business affairs of TfL. Any discussion of that exempt information must take place after the press and public have been excluded from this meeting.

2 Recommendation

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

3 Background

- 3.1 The TTLP Integrated Assurance Framework is based on a Three Lines of Defence model comprising:
 - (a) Line 1 – Management functions of TTLP and key interfaces;
 - (b) Line 2 (LoD2) – Project Assurance (PA) and Quality, Safety and Security Assurance (QSSA); and
 - (c) Line 3 (LoD3) – TfL Internal Audit and a sub-group of the Independent Investment Programme Advisory Group (IIPAG-TTLP).
- 3.2 This paper reports specifically on Line 2 (PA), Line 3 (Internal Audit) and Line 3 (IIPAG-TTLP) assurance progress and provides an update on Enterprise Risk management. Work in progress for LoD2 and LoD3 is set out in Appendix 1 and work starting next quarter is in Appendix 2.
- 3.3 The LoD2 and LoD3 teams meet periodically to ensure that assurance is carried out by the right team at the right time and to avoid duplication.

4 Line 2 (PA) Assurance

- 4.1 LoD2 continues to provide assurance on an ongoing basis as well as carrying out Targeted Assurance Reviews (TARs) on key areas.

- 4.2 Two TARs were completed in Quarter 4 of 2022/23 (11 December 2022 to 31 March 2023) (Q4), Resourcing, and Procurement and Commercial. The resourcing review identified that more needs to be done to prioritise resources against key business objectives. The commercial review recommended more detailed planning of activities required to successfully deliver the proposed procurement frameworks. Emerging plans for the commercial operating model will be considered through continuous assurance.
- 4.3 Two further reviews are underway focussing on Governance and the Vacant Possession Plan for Lillie Bridge Depot. We have had excellent engagement from the TTLP team and findings will be presented at the next meeting. A review of first line assurance proposals is planned when they are developed.
- 4.4 More detail is contained in Appendix 1 and 2 and further targeted reviews will be undertaken as required to support investment decisions.

5 Line 3 (Internal Audit) Assurance

- 5.1 Two audits were completed in Q4, Property Transfer Accounting, and Accounting and Cash Management. The two audits due to start in Q1 are in planning and more detail is contained in Appendix 1 and 2. There are currently no overdue actions from previous audits.
- 5.2 The Property Transfer Accounting audit found that there were gaps in the audit trail supporting the assets transferred from TfL to TTLP. This included asset descriptions not matching the live asset, inconsistencies in asset values across documentation, discrepancies in financial posting in SAP and Asset Values, assets not found on TTLP asset register and legal documentation not in the standard format. We also identified weaknesses in planning the delivery of activities as neither a project team nor consideration of the resources required for the delivery of property transfer accounting from TfL to TTLP were established at the outset.
- 5.3 We worked with TTLP in real time on the accounting and cash management processes and while a high-level financial readiness plan was in place the detailed work required to deliver the plan had not been developed or shared with the Executive Leadership Group. As with property transfer accounting, there was also no project resource plan with reliance placed on existing staff. Key stakeholders had not been formally or consistently identified or documented as part of a stakeholder management plan and there was an absence of a communications plan.
- 5.4 We found that the risk log for accounting and cash management processes in TTLP had not been systematically thought through. The severity of the risk/issues had not been assessed using the standard methodology, leaving the project exposed to uncertainties materialising and management having to direct scarce resources to manage the consequences. Actions to address this including the correct and consistent application of the Red Amber Green (RAG) status of issues and risks were completed in February 2023.

6 Line 3 (IIPAG-TTLP) Assurance

- 6.1 IIPAG-TTLP work for Q4 and Q1 is set out in Appendix 1 and 2. Activity is currently focussed on delivery confidence in the short and longer term housing objectives and Joint Venture structuring and management. We have had good engagement from the TTLP team and both reviews are nearing conclusion with no critical issues identified. Reports will be presented at the next meeting of the Committee.
- 6.2 The Retail Strategy Review which examined deliverability and risks of generating the increased income targets, is now complete. IIPAG's assessment is that the Gross Retail Income targets over the forecast period should be achievable. The caveat to this assessment is that there are some key risks that need to be managed and mitigated, which are already known by management. This includes the urgent requirement to generate a fully unified retail strategy, and to settle the operating model and resourcing approach.
- 6.3 As IIPAG-TTLP obtain an even more detailed understanding of the business they will add additional workstreams to the Integrated Assurance and Audit Schedule.

7 Enterprise Risk Management

- 7.1 The review of the first Level 0 (L0) risk (TTLP-L0-06) is now complete and has been submitted to this meeting for consideration. Work on reassessing Level 1 risks is now being planned. Work has begun on developing the next risk TTLP-L0-02 - 'Attraction, retention, health, wellbeing and capability of our employees' and that will be submitted to the next meeting.
- 7.2 Details of the seven TTLP L0 risks are set out in Appendix 3.

List of Appendices:

Appendix 1: Integrated Assurance and Audit Schedule – work in progress
Appendix 2: Integrated Assurance and Audit Schedule - forward plan
Appendix 3: TTLP Enterprise Risks

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

List of Background Papers:

None

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TTL Properties Limited (TTLP) Integrated Assurance and Audit Schedule – Work in Progress

Appendix 1

Priority	Topic	Evidence of Need	Type	Who	When	Objectives
1	Property transfer accounting	<ul style="list-style-type: none"> • New financial processes and controls have been implemented. 	Audit	Internal Audit (IA)	Complete	<ul style="list-style-type: none"> • To assess the maturity and understand financial reporting requirements.
2	Resourcing	<ul style="list-style-type: none"> • Reported staff shortages across multiple teams and reliance on secondments/ non-permanent labour. • People Plan still in development. 	Targeted	Project Assurance (PA)/ Independent Investment Programme Advisory Group (IIPAG)	Complete	<ul style="list-style-type: none"> • To understand how resourcing risks are identified and managed and to assess the impact on the delivery plan.
3	Retail	<ul style="list-style-type: none"> • Considerable uplift in retail income assumed in Business Plan. • Resource shortages impacting ability to deliver new retail opportunities. • Responsibilities historically split across a number of teams. • Wider economic factors are likely to impact viability of existing tenants resulting in more unoccupied units/rising levels of debt. 	Targeted	IIPAG	Complete	<ul style="list-style-type: none"> • To assess the likelihood that the retail strategy can deliver the required uplift in income. • To identify challenges in securing additional retail income and make recommendations which will improve delivery confidence.

Priority	Topic	Evidence of Need	Type	Who	When	Objectives
4	Lillie Bridge – vacant possession of site for development	<ul style="list-style-type: none"> • High value/complex project with significant operational interfaces and a large number of stakeholders. • Governance arrangements developing but not yet finalised. • Opportunities to deliver operational efficiencies have been identified – governance/funding route needs to be confirmed. 	Targeted	PA/IIPAG	Underway	<ul style="list-style-type: none"> • To establish whether requirements are clear and reflect the needs of the development and the operational business. • To consider whether the proposed governance structure and delivery model is appropriate.
5	Procurement and Commercial	<ul style="list-style-type: none"> • New specialist frameworks are being considered. • New commercial strategy and operating model is in development. 	Targeted	PA/IIPAG	Complete	<ul style="list-style-type: none"> • To assess the appropriateness of proposed commercial strategy and any interim arrangements. • To consider any risks to the successful implementation of new frameworks and commercial strategy and to make recommendations to minimise any risk.
6	Accounting and cash management processes	<ul style="list-style-type: none"> • Considerable work to be done to set up the new financial structure but work is not complete. • Resourcing concerns. 	Audit	IA	Complete	<ul style="list-style-type: none"> • To assess financial readiness maturity. • To gain an understanding of financial reporting including cash flow and financial commitments.

Priority	Topic	Evidence of Need	Type	Who	When	Objectives
7	Residential sector	<ul style="list-style-type: none"> • Target doubled from 10,000 to 20,000 units. • Delivery is challenging – often taking longer than expected. • Impact of external market influences including inflation. • Resourcing shortages. • Affordable housing requirement (50 per cent across the portfolio) will impact viability. 	Targeted	IIPAG	Underway	<ul style="list-style-type: none"> • To consider appropriateness of residential strategy. • To assess delivery confidence and understanding/mitigation of key risks.
8	Governance	<ul style="list-style-type: none"> • Governance arrangements are changing – links into wider TfL Executive are not fully defined. • Governance can be complex where there is an operational interface. 	Targeted	PA	Underway	<ul style="list-style-type: none"> • To consider appropriateness of existing governance/first line assurance arrangements and any proposals to improve governance.
9	Joint Venture (JV) structuring and management	<ul style="list-style-type: none"> • High reliance on JV partners to deliver residential targets. • IIPAG review from August 2020 recommended introduction delivery metrics, change control, risk management, progress reporting for JV. 	Targeted	IIPAG	Underway	<ul style="list-style-type: none"> • To assess rationale for JV creation. • To consider the process for ensuring maximum value for TTLP when developing JVs. • To assess governance and management arrangements for existing and proposed JVs.

Priority	Topic	Evidence of Need	Type	Who	When	Objectives
10	Continuous assurance activities	<ul style="list-style-type: none"> • First line assurance and project controls. • Digital strategy. • Risk management (projects). • Health and safety. • Project management. • Bollo Lane, Platinum Portfolio, Lillie Bridge Depot. 	Continuous	PA	Ongoing	<ul style="list-style-type: none"> • To increase understanding of the TTLP business. • To highlight areas for targeted assurance.

Priority	Topic	Evidence of Need	Type	Who	When	Objectives
1	Revenue collection/debt management	<ul style="list-style-type: none"> • Debt recovery activities are an important part of managing the revenue stream. • There has been increasing levels of arrears in recent years. 	Audit	Internal Audit (IA)	2023/24 Q1	<ul style="list-style-type: none"> • To provide assurance over the effectiveness and adequacy of the debt collection process.
2	Due diligence process (new tenants)	<ul style="list-style-type: none"> • Tenants need to be financially secure so that they do not default on rent payments. They need to be fully vetted to ensure this is the case. • A new vetting process was introduced over a year ago and has yet to be tested for effectiveness. 	Audit	IA	2023/24 Q1	<ul style="list-style-type: none"> • To provide assurance on the adequacy and effectiveness of the due diligence process for bringing new tenants on board.
3	First line assurance	<ul style="list-style-type: none"> • Proposals for first line assurance are being developed, including the introduction of a Programme Management Office. 	Targeted	Project Assurance (PA)	2023/24 Q2/Q3	<ul style="list-style-type: none"> • To assess the appropriateness of the proposed improvements to first line assurance.

Priority	Topic	Evidence of Need	Type	Who	When	Objectives
4	Project financial hurdles	<ul style="list-style-type: none"> • Large projects and investments are appraised using financial hurdles. • Some hurdles are being considered as unnecessary as investment decisions are made. 	Continuous	Independent Investment Programme Advisory Group (IIPAG)	2023/24 Q1/Q2	<ul style="list-style-type: none"> • To assess the appropriateness of any proposed changes. • To consider the process and governance regarding exemptions.
5	Property disposal strategy	<ul style="list-style-type: none"> • Disposals are a significant part of generating funds to support the capital investment programme. • Disposal activities are not progressing as forecast. 	Targeted	IIPAG	2023/24 Q2	<ul style="list-style-type: none"> • To assess the impact on the capital investment programme. • To provide assurance over the effectiveness and adequacy of the process for identifying and executing disposals.
6	Key investment decisions	<ul style="list-style-type: none"> • Second and third line assurance as required to support authority requests/ investment decisions. 	Targeted	PA/IIPAG	Ongoing	<ul style="list-style-type: none"> • To provide a recommendation on key decisions and investment requests to support decision makers.

TTL Properties Limited (TTLP) Level 0 (L0) Enterprise Risks Appendix 3

Risk	Risk Title
TTLP-L0-1	Inability to deliver safety and legal obligations
TTLP-L0-2	Attraction, retention, health, wellbeing and capability of our employees
TTLP-L0-3	Financial sustainability
TTLP-L0-4	Stakeholders and partnerships
TTLP-L0-5	Environment including climate adaptation
TTLP-L0-6	Inability to react to external market forces
TTLP-L0-7	Procurement including supply chain

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Land and Property Committee



Date: 28 June 2023

Item: Enterprise Risk Update – Inability to React to External Market Forces (TTLP-L0-6)

This paper will be considered in public

1 Summary

- 1.1 This paper provides an overview of the TTL Properties (TTLP) Level 0 Enterprise Risk “Inability to react to external market forces” (TTLP-L0-6).
- 1.2 The risk is defined as “where market forces, in the form of increased inflation, higher interest rates, supply chain availability, weaker market confidence and demand, may affect the ability of TTLP’s business to deliver value for its customers and TfL.”
- 1.3 This could result in an increased cost of or reduced availability of financing, reductions in income from tenants or development schemes, missed housing targets, impacts on project viability, and a deterioration in the reputation of TTLP.
- 1.4 While several controls for this risk in place, further controls are under development. As such, the current management status of this risk is assessed as “requires improvement”.
- 1.5 Actions have been identified to improve control of this risk, with action owners and outline timescales assigned. These actions include the introduction of new TTLP policies and procedures and revisions to some existing ones; development of strategies; improvements to financial planning and appraisal processes; and further development of the approach to asset management.
- 1.6 Most of these actions have already commenced, with most due to be completed within the next 12 months. Progress against these actions will be reviewed when the management and control of this risk is reassessed in 12 months’ time.
- 1.7 A paper is included on Part 2 of the agenda which contains exempt supplemental information that is exempt from publication by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972 in that it contains information relating to the business affairs of Transport for London (TfL). Any discussion of that exempt information must take place after the press and public have been excluded from this meeting.

2 Recommendation

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

3 Context

- 3.1 This Enterprise Risk relates to the potential impacts on TTLP arising from external market forces. These can be in the form of increased inflation, higher interest rates, supply chain availability, market confidence and demand. These may affect the ability of TTLP's business to meet its objectives and deliver value for its customers and TfL. The impacts from this risk arising include an increased cost of and/or reduced availability of financing, reductions in income from tenants and development schemes, missed housing targets, impacts to project viability and a deterioration in the reputation of TTLP.
- 3.2 The key causes of this risk were agreed by the TTLP Executive Team and colleagues in TfL's Risk and Assurance Directorate. These are outlined as:
- (a) **increased inflation** – rising costs in the supply chain could limit the ability of TTLP to meet its financial objectives;
 - (b) **rising interest rates** – rising interest rates may increase the cost of finance and TTLP's ability to afford new finance;
 - (c) **market sector confidence** – reduced market sector confidence may decrease TTLP's ability to secure development partners or achieve planned disposals;
 - (d) **regulatory changes** – regulatory changes from central or local government could lower market sector confidence, increase investment costs and reduce project viability;
 - (e) **societal / economic impacts** – societal or economic factors may impact tenant retention, reducing project viability and revenue generation;
 - (f) **supply chain** – delivery partner exposure or lack of competition could limit supply chain availability or competitiveness; and
 - (g) **Internal capability / competence** – TTLP internal capabilities and competences may impact our ability to react to external market forces in a timely and effective manner.

4 Controls and Mitigation

- 4.1 The paragraphs below describe each control and action TTLP has identified to mitigate and control the risk expressed:
- (a) **Business planning and corporate strategy:** TTLP has an annual business planning process, integrated into TfL's wider business planning cycle, including long term capital planning and project prioritisation, reviewed against corporate discipline risk metrics;
 - (b) **Finance strategy, including risk management, stress testing and liquidity reporting:** TTLP has developed a robust approach to long-term stress and liquidity testing and risk management when approaching the market for borrowing. This is now performed in cycle with the annual business plan process – further work is now required to ensure these tests

will be embedded in business-as-usual process and reporting through the Shareholder Oversight Group, which has been set up to provide TfL with additional assurance over the ongoing performance of TTLP;

- (c) **Controls and actions related to customer and supply chain management:** TTLP has instigated a number of policies, processes and controls that enable careful vetting of tenants and suppliers. As part of this process, a tenant's ability to withstand financial pressure is appraised. There are also extant policies for the management of tenancies during times of market shock, where lessons learnt during the pandemic have informed an effective approach to customer support. Strong procurement processes ensure TTLP works with partners who can demonstrate financial stability, though more work needs to be done to ensure this is monitored continually throughout the length of a contract;
 - (d) **Operating model and governance:** TTLP's Investment Group has a formal approach to project approval and decision making, which ensures decisions are informed by a good understanding of any risks involved. There is, however, more to be done to ensure TTLP is appraising its projects with appropriate consideration of each market sector risk whilst ensuring appropriate returns at a portfolio level. In TTLP's development delivery model, the joint venture ensures risk sharing with commercial partners and also enables an extra layer of governance and risk oversight throughout the course of a project.
- 4.2 Seventeen controls in total have been identified to manage this risk, consisting of 14 preventative controls and three corrective controls. Of the 17 controls, 14 are key controls for managing this risk. A relatively high number of key controls have been identified. These reflect that TTLP is developing as an organisation and that there is ongoing work to optimally control this risk. Progress will be kept under review over the coming year.
- 4.3 Six of the controls have been assessed as currently effective in both design and operations:
- (a) **business planning and corporate discipline metrics** – TTLP produces annual business plans and corporate strategies detailing financial discipline metrics with forecast long-term financial performance against corporate risk metrics;
 - (b) **TTLP Investment Group oversight** – projects are assessed and approved at the TTLP Investment Group and monitored throughout the project at key decision making points. Lessons learnt are identified and recorded;
 - (c) **flexible approach to delivery structures** – maintaining flexible delivery structures allows TTLP to access and utilise market expertise in managing market shocks and achieving forecasted financial returns, and partnering in joint venture structures facilitates risk sharing, limiting exposure to TTLP from market shocks;
 - (d) **key performance indicator (KPI) reporting** – regular reporting on KPIs such as arrears and voids provides continual oversight of asset performance and early warning signals of any market shock impacts;

- (e) **tenant processes and procedures** – TTLP tenant controls include credit monitoring, vetting, due diligence, and leases that reflect inflation exposure and affordability policy; and
 - (f) **tenants' affordability policy** – TTLP policy is to reassess each tenant's ability to afford rents, including in times of economic disturbance.
- 4.4 Work is required to ensure the remaining eleven controls are effective in both design and operation:
- (a) **annualised stress testing of risks and their impacts on the TTLP business plan** – undertake annual stress testing of the TTLP business plan, including correlation risk assessment of impacts on different sectors to ascertain in any given downside event how each sector's income is potentially impacted;
 - (b) **opportunity appraisal process** – a site triage process for identification and review of individual opportunities and assets, where multiple uses are being considered to ascertain and recommend the most appropriate use relative to impact of market forces on the various use opportunities;
 - (c) **investment appraisals policy and procedure** – risk-informed, robust investment appraisal policies and procedures will be put in place to include expected value analysis, alignment to corporate objectives and impacts on the affordability of TTLP's business plan;
 - (d) **formalised liquidity management practices and procedures** – further embed liquidity management practices, aligned to the TTLP Treasury Management Policy, setting out liquidity considerations when making long-term investment decisions;
 - (e) **funding and financing strategy** – aligned to the business planning process, a financing plan to detail future funding and financings needs, including the consideration of options for raising additional finance;
 - (f) **risk management policy and procedure** – a risk management policy and strategy is to be developed, including any additional training requirements;
 - (g) **critical supplier and disposal partner monitoring** – a process of ongoing supplier monitoring is to be developed using available financial data and utilising monitoring agencies;
 - (h) **market scanning** – utilising market data to scan and inform movements and risks in the wider macroeconomic environment, including inflation, interest rates, financing and wider real estate market performance;
 - (i) **land agreements for non-JV projects** – when disposing of land or developing land outside of a joint venture partnership, TTLP ensures contracts (agreements) are in place to govern land value receipts – though these agreements are only partially effective because they are usually conditional on other factors, such as planning permission being obtained (other contractual options may be considered but it is likely this control will remain only partially effective);

- (j) **contingency budgets** – contingency budgets will be allocated to allow effective management of situations arising from economic or social disturbances; and
- (k) **shareholder oversight** – a new, regular oversight group will allow TfL, as shareholder, to be appraised of performance, risks faced and strategies to mitigate allowing a second line of assurance.

5 Action Plan

5.1 The following high priority actions have been identified to further mitigate the risk and ensure the identified key controls, as outlined in section 4 above, are effective in both design and operation. These will be completed in the next six months:

- (a) develop a process for the ongoing monitoring of supplier financial health rather than undertaking this only at the outset of projects as part of the procurement process;
- (b) develop a process for the ongoing monitoring of market and macroeconomic risks;
- (c) develop the risk management policy such that there is a specific process setting out how TTLP will monitor actions and controls;
- (d) enhance the existing appraisal processes, with sector-specific hurdle rates that reflect the relevant risks of each sector;
- (e) develop and embed liquidity monitoring and management practices to ensure that any long-term investment decisions consider TTLP's long-term liquidity position;
- (f) produce a residential strategy that describes the approach we take to residential development (both Build to Rent and Build for Sale) including the controls and actions we will take to mitigate the effects of a market downturn; and
- (g) with TfL, set up the Shareholder Oversight Group to provide TfL with additional assurance over the ongoing performance of TTLP.

5.2 Actions to be undertaken within the next 12 months are:

- (a) develop and maintain a liquid asset register;
- (b) develop the processes and policies by which TTLP will manage projects, for example its Programme Management Office organisation and project stage gates;
- (c) develop and implement a process and system to manage the supply chain and development partners' interfaces and risks;
- (d) develop the skills, capabilities and processes for asset disposal;

- (e) develop a long-term TTLP Financing Strategy;
- (f) conduct a review of the viability of TTLP's asset plans; and
- (g) put processes in place to enable TTLP to invest prudently in times of market downturn, taking advantage of lower prices and demand to increase asset value.

5.3 Actions which will take longer than 12 months to complete are:

- (a) develop processes and procedures that aid staff retention and corporate knowledge, and ensure the right skills and capability are in place to deliver all the actions and controls listed above; and
- (b) develop processes and systems to increase understanding of data that will foster a greater understanding of the market.

6 Conclusion

6.1 TTLP already has controls that help mitigate the impact of a market crash or shock event. Set out above are additional actions that TTLP has identified which will improve those controls, and the actions to deliver these are now embedded within TTLP's plans.

6.2 It is of course not possible to fully mitigate or control the market in the event of severe shocks, however, we are confident that with the controls and activities in place, we will be better able to manage the impact of such events.

List of appendices to this report:

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

List of Background Papers:

None

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Land and Property Committee



Date: 28 June 2023

Item: Electric Vehicle Charging Hubs

This paper will be considered in public

1 Summary

- 1.1 The Electric Vehicle Charging Hubs (EVCH) programme is run by TTL Properties Limited (TTLP). This paper sets out the rationale for intervention in the Electric Vehicle (EV) charging market and TTLP's approach: namely, to launch a tender to procure a joint venture partner and participate as a minority shareholder in the resulting joint venture company.
- 1.2 The joint venture will be formed with the objective of designing, building, operating and maintaining EVCH and key associated facilities on an initial five properties. The purpose of the joint venture is to generate new and long-term income for TTLP, while contributing to commitments within the Mayor's Transport Strategy (MTS) to provide sufficient and accessible charging infrastructure.
- 1.3 The joint venture will be formed with the intention that further properties – from TTLP, Transport for London (TfL) and third parties – will be able to be added to allow the joint venture company to scale up and further diversify TTLP's investment and asset portfolio. This will have the benefit of diversifying TTLP's asset portfolio and risk exposure; and will actively contribute to the business's Environmental, Social, and Governance (ESG) Strategy.
- 1.4 The high-level objectives, structure and commercial principles that the joint venture proposition is expected to take are outlined below.

2 Recommendation

- 2.1 **The Committee is asked to note the paper.**

3 Status of the EV Charging Market

- 3.1 The latest delivery update to support the MTS, produced in June 2022, notes that zero emission capable (ZEC) cars, of which the majority are EVs, accounted for 28 per cent of all cars registered for the first time in 2022, up from 23 per cent in 2021. The proportion of ZEC cars on the road continues to rise each year (from three per cent in 2021 to 4.2 per cent in 2022); as does the take-up of EV vans, which is essential for the hubs' fleet utilisation. Alongside EV taxis and private hire vehicles, EV commercial vehicles are expected to be a majority of the customer share across the EVCH portfolio.
- 3.2 Forecasts published by TfL in 'London's 2030 Electric Vehicle Infrastructure Strategy' suggest that by 2025 London could host between 0.3 to 0.6 million EVs, equivalent to between 9 to 21 per cent of the car and van share.

- 3.3 The MTS update also references the key commitment to unlock Greater London Authority (GLA) land for EV charging, both through the approach outlined here and by the Electric Vehicle Infrastructure Delivery (EVID) programme (described further in paragraph 4.3 (c))XX). To date, there remains a significant shortage of rapid charging across the capital.
- 3.4 To support the transition, significant investment into public charging infrastructure will be required to ensure that there are sufficient numbers, distribution and specification of charge points to cater to all vehicle use cases – both private and commercial – at home, at destination and en-route.
- 3.5 The Mayor’s EV Infrastructure Taskforce identified rapid, high-speed charging as a priority for infrastructure provision in London. This is driven by the lack of private, off-street parking for over two thirds of London’s residents, and the sheer volume of high mileage services that the city requires to function, including taxis, private hire and logistics fleets. These requirements demand a quick and convenient charging service that is capable of servicing multiple vehicles in a day.
- 3.6 An EV charging market is already established in London. As of April 2023, over 12,500 slow-to-fast charge points have been installed, as well as 916 rapid charge points. By 2030, it is estimated by the GLA that up to 60,000 slow-to-fast charge points and nearly 4,000 rapids will be required. The market is not scaling at sufficient speed to meet this demand, and work by TfL has noted a lack of access to suitable land as the most significant barrier to development.
- 3.7 Recommendations within the ‘EV Delivery Plan’, produced by the Mayor’s EV Infrastructure Taskforce, noted a focus on the delivery of rapid charging ‘hubs’. Hubs are defined as a facility that hosts at least six charge points and allows the simultaneous charging of six vehicles at high speeds: direct current 50+ kW or alternating current 43kW.
- 3.8 This proposition is beneficial as it facilitates:
- (a) the fast charging of vehicles (currently within 20 to 30 minutes, but this time is likely to fall);
 - (b) increased customer confidence in infrastructure as access to a charge point can be effectively assured;
 - (c) an improved customer experience as wait times are minimised; and
 - (d) higher income and also ‘revenue stacking’ as on-site retail opportunities can be offered.
- 3.9 The conclusions within the EV Delivery Plan have been supported by recent market trends with significant commitments made by current market players to expand their hub offerings and private equity investment consistently increasing.

- 3.10 A compelling business case can be made for TTLP to invest in the EV charging market, leveraging its strategic advantages:
- (a) as a major landowner in London with an unrivalled portfolio of attractive properties located along major transport links, or at interfaces with key transport nodes;
 - (b) as a long-term investor in London, experienced and specialised in partnering with the private sector to generate sustainable, growing and diversified revenues streams; and
 - (c) as a subsidiary of TfL, an overarching transport authority and trusted brand, to provide a high quality, sustainable, inclusive, and consistent solution for high-speed charging technology across boroughs.
- 3.11 Speed of deployment is critical to TTLP's success in the EV charging market. It is therefore vital that the joint venture scales quickly to utilise its attractive land and secure a position as a prominent player in the London EV charging market.

4 Alignment with TfL

- 4.1 Proposal 34 within the MTS commits TfL to work with Government and stakeholders across London "to ensure that sufficient and appropriate charging and refuelling infrastructure is put in place to support the transition to Ultra Low Emission Vehicles".
- 4.2 Work began with the creation of the 'EV Delivery Plan' in 2019 and, more recently, TfL's 'EV Infrastructure Strategy' in 2021 set commitments to help the sector overcome market barriers. A keystone commitment in the EV Infrastructure Strategy is to unlock GLA Group land and repurpose it for EV charging.
- 4.3 Three key programmes have been delivered, or are under development, by TfL that have markedly improved infrastructure provision across the capital:
- (a) TfL's Rapid Charging Programme (Complete) – delivered over 300 rapid charge points (50kW) across London to provide a foundation of EV charging infrastructure for early EV adopters, such as taxi and private hire drivers;
 - (b) Go-Ultra Low City Scheme (GULCS) – joint TfL, GLA and borough project that has installed more than 4,000 on-street electric charge points for London's residents; and
 - (c) EVID – GLA-funded workstream; run by TfL, focused on releasing GLA Group sites to the market to deploy non-hub high-speed charge points – a rolling programme of tendering began in November 2022, with the aim to deliver at least 100 charging bays.
- 4.4 As well as focusing on off-street hubs that can cater to a large customer base, the EVCH programme will, where possible, seek to support place-making with retail and welfare facilities. It will deliver a commercially focused strategy, investing in the design, build, operation, and maintenance of EVCHs to benefit from long-term operational revenues. It will also offer a robust and long-term solution for public charging infrastructure deployment where TTLP can control the design of the hub,

the customer experience, and the operational performance to ensure that the charging service provided is sustainable, accessible, and socially inclusive for all Londoners.

- 4.5 There is significant collaboration between the City Planning, EVID and the EVCH programme teams to ensure complementary market approaches and deployment locations. Regular engagement is also scheduled with representatives from the GLA and local boroughs to ensure all levels of policy are considered and there is an integrated strategy for EV charging across London.

5 Objectives

- 5.1 The EVCH programme has five key objectives:

- (a) deploy EVCHs on TfL's estate to improve the use of existing land assets with limited alternative use;
- (b) generate long-term revenues from EVCHs for TTLP to reinvest in the transport system;
- (c) investigate third party land – most notably that controlled by London boroughs and other major landowners – to secure a longer-term pipeline;
- (d) deliver material improvements in the number and distribution of charge points in London; and
- (e) establish exemplar standards for sustainability, inclusivity, and accessibility of charging infrastructure.

- 5.2 These objectives support and align with TfL's values and overall purpose. In addition, they complement and enhance TTLP's wider focus on generating sustainable and growing net income; delivering new homes and net zero neighbourhoods and communities; and future-proofing the portfolio to deliver net zero carbon.

6 Intervention Approach

- 6.1 In 2022, TTLP, supported by external subject matter experts, undertook a full review of business models used in the EV charging market. This identified six delivery methods, ranging from a simple lease to a concession approach, contractual partnership, joint venture and a full own-and-operate model, with either internally or externally sourced operations.
- 6.2 An assessment of TTLP's capabilities, the risk profile for each approach, detailed financial modelling and an objectives review concluded that a joint venture approach would be the most suitable intervention for TTLP. This was due to the size of the pipeline envisaged for EVCHs and the greater financial returns that were forecast from taking a large stake in the operational risks and benefits of EV charging.
- 6.3 By establishing a joint venture partnership, TTLP will benefit from: extensive operational expertise to ensure a high-quality service is provided to customers; a

greater ability to scale as investment and resource is shared between parties; and a long-term, higher-certainty approach that can accelerate delivery.

- 6.4 TTLP intends to procure a joint venture partner to design, build, operate and maintain industry-leading EV charging infrastructure, and key associated retail and welfare facilities, on an initial five properties owned by the TfL Group.
- 6.5 TTLP has tested the business model approach extensively via three separate early market engagement exercises. This outreach has confirmed strong market appetite to work with TTLP, stress-tested assumptions on the properties and commercial proposition, and refined outline heads of terms for the joint venture structure and business operations.
- 6.6 The participants in the joint venture company will be TTLP and the selected joint venture partner (which may be a single company or a consortium, represented by one lead partner). In the procurement process, TTLP seeks a skilled and experienced partner in the EV charging sector, with an excellent reputation for operating a reliable EV charge point network.
- 6.7 The parties' interest in the joint venture will be 49 per cent owned by the TTLP partner, and the remaining majority interest 51 per cent owned by the joint venture partner. This makes the proposition more attractive for private sector investment, reduces TfL's statutory constraints and governance processes on the business, and means any debt would not be represented on TfL's balance sheet.
- 6.8 TTLP will be responsible for securing land for charging hub development, transferring it to the joint venture and ensuring that there is a clear pipeline of properties to facilitate a sustainable scaling up of the joint venture company's operations. TTLP will also take responsibility for most of the initial viability work and developing sites to a stage at which the majority of preconditions for leasing the property to the joint venture company (including feasibility assessments, planning, vacant possession) are discharged.
- 6.9 Once the joint venture parties have agreed that a property should be sublet to the joint venture company, all responsibility for development and operation will pass to the joint venture company. The joint venture partner will be expected to have the capability to undertake much of this work directly but provisions within the contracts will allow goods and services to be delivered by the joint venture partner's existing subcontractors. Where needed, the joint venture company will appoint additional consultants and contractors to design, build, operate or maintain the charging hub facilities.
- 6.10 Future sites will be sourced from a large pipeline of roadside properties and station car parks within TfL's estate. There are potentially tens of sites that could be made available and developed by the joint venture.
- 6.11 Subject to a full analysis of TfL's statutory powers, third-party land may be acquired and introduced in the future as appetite has been noted across the public sector (including boroughs) for TfL to take a leading role in the development of EV charging hubs.

7 Delivery Pipeline

- 7.1 Five seed properties will be tendered as part of the joint venture partner procurement. Properties are being chosen to provide a representative sample of TTLP's pipeline, providing a variety of locations and land typologies, including: sites on major road corridors; on land adjacent to, or under, transport infrastructure; and within high-usage car parks.
- 7.2 In order to be introduced into the joint venture, the seed properties will have passed through detailed technical due diligence, received pre-planning advice (where applicable), and have non-contestable power works and costs completed. TTLP is taking a proactive approach to due diligence for the seed properties to provide the bidders with confidence that the sites are viable for deployment.
- 7.3 Once the joint venture is operational, TTLP's role in site development will change, with more activities being transferred across to the joint venture company. Primary responsibility for identifying and verifying properties will always remain with TTLP.
- 7.4 The full pipeline is in three stages: beyond the seed properties, the bidder will be presented with a list of sites, all of which will be presented with sufficient due diligence information to be properly assessed by a potential investor. The team will also present a longer-term vision, noting potential TfL sites that require additional investigation/internal clearance; plus external sites, such as those owned by third parties (primarily expected to be London boroughs) and some which interact with other infrastructure (such as bus garages, mobility hubs and GLA Group services).

8 Financial Implications

- 8.1 Initially, TTLP's investment in the joint venture company will be funded entirely by equity. However, flexibility will be retained in the joint venture corporate structure and contractual documents to introduce debt in the future, if agreeable to both parties in the joint venture.
- 8.2 High level financials have been considered. In 2021, TTLP commissioned external consultants Ove Arup & Partners Limited to develop a detailed financial model to support business model optioneering. Initially, the model considered all business model options, from a simple lease to a concession approach, a joint venture and a TTLP owned and operated solution. TTLP explored the outputs of this analysis and concluded that, in addition to other non-financial benefits, the Joint Venture approach provided the greatest risk-weighted return to TTLP.
- 8.3 Recently, the Programme team has been working on refining the model inputs for the joint venture, including testing commercial assumptions. Initial output indicates that the joint venture continues to meet all TTLP's investment criteria including a positive Net Present Value and an ungeared Internal Rate of Return in excess of the seven per cent hurdle previously set out in TTLP's Investment Strategy and endorsed by the Committee.

8.4 This work is continuing to be developed and will be shared with the Committee when it is concluded.

9 Timescales

9.1 TfL Legal and External lawyers are working with the team in respect of procurement, JV legal structuring and commercial terms and development of contractual documentation. TTLP and TfL Legal will work with external lawyers to reach tender launch, and ultimately JV partner appointment.

9.2 TTLP aims to launch the joint venture procurement on the market in summer 2023. Current estimates indicate that a contract could be awarded by July 2024, although opportunities are being explored to accelerate this timescale

9.3 Extensive market engagement has been used to gauge market interest in the proposal and to inform the procurement process. The team continues to monitor the market and there remains a high level of interest from potential partners and customers.

List of appendices to this report:

None

List of Background Papers:

None

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Land and Property Committee



Date: 28 June 2023

Item: Resourcing

This paper will be considered in public

1 Summary

- 1.1 TTL Properties Limited (TTLP) became financially separate from Transport for London (TfL) on 1 April 2022, and it has an established programme, structure and funding. TTLP is poised to significantly shape London's future through investment in existing assets, the development of tens of thousands of new homes and a modern, sustainable office portfolio, and, increasingly, through the delivery of infrastructure (including, but not limited to, transport infrastructure) that will allow the city to grow further.
- 1.2 Resourcing has been flagged to the Committee as a barrier to meeting the wider challenges that TTLP could help to address. This paper proposes a way forward on resourcing that will be subject to further development, including in further sessions with the Committee.

2 Recommendation

- 2.1 **The Committee is asked to note the paper.**

3 Context

- 3.1 There is an opportunity to do more than was envisaged when TTLP was first proposed. Potential new programmes include the Collaboration Agreement with Network Rail. Based on work undertaken to date at sites such as Edgware, there is the clear potential for development above and around several of London's bus garages, the proceeds from which can help to deliver the infrastructure to support a decarbonised bus fleet. There are wider opportunities for land assembly and infrastructure delivery, including in partnership with London's boroughs. In addition, there are good reasons to invest to expand our income and deliver more affordable housing to help meet London's housing crisis.
- 3.2 TTLP has faced challenges in mobilising, leading to decreased maintenance spending and lower capital receipts from disposals. Addressing these challenges remains one of the most pressing issues facing TTLP.

4 Recruitment

- 4.1 The commitment in TTLP's People Strategy to building a talented, motivated workforce that reflects the diversity of London remains fundamental to the organisation. Since the last update to the Committee on resourcing, we have initiated the hiring of a dedicated TTLP resourcing lead, developed a more detailed picture of our recruitment needs, and filled 12 roles, including through internal promotions.
- 4.2 Currently, TTLP's headcount stands at 222. We are in the process of filling 32 additional roles. The remuneration for our most senior operational roles lags behind the market median, in some cases by £100k or more, posing an ongoing challenge, albeit one that we are seeking to mitigate by identifying talented but less experienced individuals who can be developed over time.
- 4.3 While we will continue to progress with the recruitment of permanent resource, we have also been considering other options that offer more flexibility than permanent recruitment. This is critical, given the inherent uncertainty in the workloads progressing from programmes such as the Network Rail Collaboration Agreement, where we and Network Rail are examining the potential from adjacent land ownerships across London. This programme is still at an early stage of development.

5 Partnering

- 5.1 Building on the established practice of partnership working in the real estate sector, TTLP is examining the potential to form long-term partnerships with best-in-class organisations. Any such partnerships will follow a competitive procurement process, delivered either through existing TfL frameworks or, where these are not suitable, through new partnering arrangements.
- 5.2 There are many examples of successful partnership working in public and private sector real estate. Arcadis (supported by Arup and Mott MacDonald) was announced in 2019 as Bristol City Council's strategic partner to aid the delivery of new infrastructure, homes and regeneration across the city in the Council's One City Plan. In another example, Savills is instructed to manage the strategic land portfolio of The Crown Estate, a collection of over 60 sites with a combined capacity to deliver 25,000 homes and five million sq ft of commercial space across England.
- 5.3 We envision any new partnerships to be based on shared values and commitments towards shaping London's future. Benefits would include:
- (a) internal teams better able to focus on core business;
 - (b) partner resource – including world class capability – will be available to overcome capacity constraints;
 - (c) improved scalability and pace of delivery;
 - (d) shortened time to market; and

- (e) greater flexibility and efficiency.
- 5.4 We would expect partners to commit to our strategies, including sustainability and diversity and inclusion. We would also expect these partnerships to actively support the development of our TTLP people, including through shared training, secondments and mentoring.
- 5.5 As part of the further development of this concept, we will consider how to determine which activities will be best delivered in partnerships. Considerations will include:
- (a) competence, capability and capacity in the TTLP business;
 - (b) cost effectiveness, quality and control; and
 - (c) scalability, flexibility and speed.
- 5.6 Retaining a significant in-house capability that can act as an 'intelligent client' will be critical to the success of this endeavour. Similarly, a robust contract management capability will be important, and we will prioritise putting this in place.
- 5.7 Establishing new partnerships will take up to 12 months. In the interim, we will continue recruitment into business-critical roles to ensure delivery of our plans and commitments for 2023/24.

List of appendices to this report:

None

List of Background Papers:

None

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Land and Property Committee



Date: 28 June 2023

Item: Members' Suggestions for Future Discussion Items

This paper will be considered in public

1 Summary

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

2 Recommendation

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

3 Forward Plan Development

- 3.1 The Board and its Committees and Panels have forward plans. The content of the plan arises from a number of sources:
- (a) Standing items for each meeting: Minutes; Matters Arising and Actions List; and any regular quarterly or periodic reports. For this Committee, these are the performance report and the assurance update.
 - (b) Land and property schemes that require Committee approval.
 - (c) Items requested by Members: The Deputy Chair of TfL and the Chair of this Committee will regularly review the forward plan and may suggest items. Other items will arise out of actions from previous meetings (including meetings of the Board or other Committees and Panels) and any issues suggested under this agenda item. For this Committee, these will include regular informal deep dive briefings and site visits.

4 Current Plan

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

List of appendices to this report:

Appendix 1: Land and Property Committee Forward Plan 2023/24

List of Background Papers:

None

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Land and Property Committee Forward Plan 2023/24

Membership: Professor Greg Clark CBE (Chair), Dr Nina Skorupska CBE (Vice Chair), Seb Dance, Anurag Gupta, Anne McMeel and Ben Story. GLA Observer: Lyn Garner

Abbreviations: TTLP (TTL Properties Limited); DCE TTLP (Director and Chief Executive of TTLP)

Standing Items		
Matters Arising and Use of Delegated Authority	General Counsel	Update of actions from previous meetings and any use of delegated authority or receipt of Mayoral Directions within the remit of the Committee.
TTL Properties Limited Performance Report	DCE TTLP	Quarterly update on TTLP performance
TTL Properties Limited Assurance Update	Director of Risk and Assurance	Quarterly update on assurance matters
Scorecard	DCE TTLP	Annual

21 September 2023		
Business Plan and Financial Metrics Setting (including financial constraints)	DCE TTLP	Update
Benefits Realisation/Operational Improvements	DCE TTLP	Update
Arches Strategy	DCE TTLP	Update
Retail Strategy	DCE TTLP	Update
Enterprise Risk Update – Attraction, Retention and Well Being of Staff [TTLP-L0-2]	DCE TTLP	Update

20 December 2023		
Mid-year Valuation	DCE TTLP	Update
Construction Skills and Education Programmes	DCE TTLP	Update
Health and Safety and Tenant Compliance	DCE TTLP	Update
Data and Technology Update	DCE TTLP	Update
20 March 2024		
Corporate Strategy Update	DCE TTLP	Update
Investment Strategy Update	DCE TTLP	Update
Investment Management Strategy 2023/24 – Non-Financial Assets	CFO	Annual (and also to the Finance Committee)
Environmental, Social and Governance Strategy Update	DCE TTLP	Update
People Plan Update	DCE TTLP	Update
Progress towards Net Zero	DCE TTLP	Update

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