

# Agenda

**Meeting: Land and Property Committee**

**Date: Thursday 21 September 2023**

**Time: 10:00am**

**Place: Conference Rooms 1 and 2,  
Ground 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

Marie Pye

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, 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](https://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](mailto:SueRiley@tfl.gov.uk).

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

Howard Carter, General Counsel  
Wednesday 13 September 2023

**Agenda  
Land and Property Committee  
Thursday 21 September 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 28 June 2023  
(Pages 1 - 8)**

General Counsel

**The Committee is asked to approve the minutes of the meeting of the Committee held on 28 June 2023 and authorise the Chair to sign them.**

**4 Matters Arising, Actions List and Use of Delegated Authority  
(Pages 9 - 16)**

General Counsel

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

**Information Update**

**5 Chief Executive's Report (Pages 17 - 24)**

Director and Chief Executive, Places for London Limited

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

## **Performance and Assurance**

### **6 Places for London Limited Quarterly Performance Report** (Pages 25 - 46)

Director and Chief Executive, Places for London Limited

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

### **7 TTL Properties Limited Assurance Update** (Pages 47 - 58)

Director of Risk and Assurance

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

### **8 Establishment of a Programme Management Office** (Pages 59 - 64)

Head of Operations, Places for London Limited

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

### **9 Enterprise Risk Update - Attraction and Retention of Our Employees (Places for London-L0-2)** (Pages 65 - 70)

Head of Operations, Places for London

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

### **10 Places for London Limited Scorecard 2023/24** (Pages 71 - 76)

Director and Chief Executive, Places for London Limited

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

## **Approvals**

### **11 Electric Vehicle Charging Hubs** (Pages 77 - 84)

Director of Strategy and Planning, Places for London Limited

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

### **12 Commercial Partnerships** (Pages 85 - 90)

Director of Strategy and Planning, Places for London Limited

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

## **For Noting**

### **13 Business Plan Update** (Pages 91 - 98)

Corporate Finance Director and Chief Finance Officer, Places for London Limited

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

### **14 Purpose and Branding** (Pages 99 - 102)

Director and Chief Executive, Places for London Limited

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

## **Business Updates**

### **15 Business Update: Car Park Portfolio** (Pages 103 - 108)

Director Asset Management, Places for London Limited

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

**16 Business Update: Arches Portfolio** (Pages 109 - 114)

Director Asset Management, Places for London Limited

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

**17 Members' Suggestions for Future Discussion Items** (Pages 115 - 118)

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.**

**18 Any Other Business the Chair Considers Urgent**

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

**19 Date of Next Meeting**

Wednesday, 20 December 2023 at 10.00am

**20 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.**

**Agenda Part 2**

**21 Places for London Limited Quarterly Performance Report**  
(Pages 119 - 126)

Exempt supplementary information relating to the item on Part 1.

**22 TTL Properties Limited Assurance Update** (Pages 127 - 164)

Exempt supplementary information relating to the item on Part 1.

**23 Enterprise Risk Update - Attraction and Retention of Our Employees (Places for London-L0-2)** (Pages 165 - 176)

Exempt supplementary information relating to the item on Part 1.

**24 Electric Vehicle Charging Hubs** (Pages 177 - 182)

Exempt supplementary information relating to the item on Part 1.

**25 Purpose and Branding** (Pages 183 - 198)

Exempt supplementary information relating to the item on Part 1.

**26 Business Update: Car Park Portfolio** (Pages 199 - 204)

Exempt supplementary information relating to the item on Part 1 of the agenda.

## Transport for London

### Minutes of the Land and Property Committee

**Paddington Room, 11th Floor, Palestra,  
197 Blackfriars Road, London, SE1 8NJ  
10.00am, Wednesday 28 June 2023**

#### **Members of the Committee**

Professor Greg Clark CBE (Chair)  
Dr Nina Skorupska CBE (Vice Chair) (for part)  
Seb Dance  
Anurag Gupta  
Anne McMeel  
Ben Story (for part)

#### **Executive Committee**

Howard Carter            General Counsel  
Patrick Doig             Acting Chief Finance Officer  
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**

Margaret Deegan        Head of Property and Planning Law  
Alex Gilbert             Senior Strategy Manager for Com Energy, TTLP  
Emma Hatch             Senior Property Development Manager, TTLP  
Lorraine Humphrey     Director of Risk and Assurance  
Martin Mohamad        Senior Property Development Manager, TTLP  
Heather Renton         Head of Governance and Compliance, TTLP  
Sue Riley                 Secretariat  
Amy Thompson          Public Affairs and Public Relations, TTLP

#### **Independent Investment Programme Advisory Group (IIPAG)**

Ray Christopher         Chair, IIPAG TTLP Sub-Group  
Peter Comfort            Member, TTLP Sub-Group

### **29/06/23            Apologies for Absence and Chair's Announcements**

There were no apologies for absence. Dr Nina Skorupska CBE had given apologies for lateness and Ben Story would have to leave before the close of the meeting. Lyn Garner, London Legacy Development Corporation had also given apologies. The meeting was quorate throughout.

The Chair welcomed everyone to the meeting of the Committee, particularly Anurag Gupta, following his appointment to the Committee by the Board on 7 June 2023. He also expressed his thanks to Heidi Alexander, who had stood down from the Committee.

The Chair thanked Ben Story, who would be standing down from the TfL Board at the end of September 2023. Ben was appointed to the Board in September 2016 and had served on the Committee since its inception. In addition to his financial knowledge, he had been a great supporter of innovation, technology and people policies.

This was also Howard Carter's last meeting of the Committee. Since joining TfL in September 2006 as the General Counsel and Board Secretary, he had played a pivotal role in supporting Members individually and collectively and was a great teacher of rules and regulations and good conduct. He had guided the organisation through some of the most challenging periods in its history, providing wise counsel and advice. Following the announcement of the news, Members had paid generous tribute to him.

Howard Carter would continue as General Counsel until late September 2023, and arrangements for leadership of his area going forward would be notified to the Board as soon as possible.

The meeting was unable to be broadcast live on TfL's YouTube channel but the live recording would be uploaded as soon as possible after the meeting.

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.

The Committee agreed to alter the order of the agenda. The minutes of the meeting reflect the agenda order for each item.

### **30/03/23    Declarations of Interests**

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

### **31/06/23    Minutes of the Meeting of the Committee held on 23 March 2023**

**The minutes of the meeting of the Committee held on 23 March 2023 were approved as a correct record and the Chair was authorised to sign them.**



### **32/06/23 Matters Arising, Actions List and Use of Delegated Authority**

The Committee noted that since the meeting of the Committee on 23 March 2023, there had been two uses of Delegated Authority by the Chief Finance Officer in relation to the Limmo land transaction and the Whitechapel project.

There had been no other uses of authority or any Mayoral Directions to TfL within the remit of the Committee.

**The Committee noted the paper.**

### **33/06/23 TTL Properties Limited Valuation Results and Capital Receipts Programme Update**

Graeme Craig and Martin Mohamad introduced the item, which provided an overview of the year-end valuation process conducted by a third-party specialist of TTL Properties Limited (TTLP) assets, as at 31 March 2023.

Fifty-two per cent of TTLP's asset values were held in 15 per cent of the portfolio, with a long tail of low value assets. In line with its Investment Strategy, TTLP would be investing in mixed-use, high value assets to help values to grow further. Low value assets that were not connected to the transport network would be reviewed for disposal. The Committee suggested that consideration be given to charging for value-added services and betterment, which were currently offered for free, and the value creation to joint venture partnerships, to help fund projects.

Rental values were still strong despite the challenging economic conditions.

It was agreed that future reports would include all investments including joint ventures, to provide a broader overview. **[Action: Martin Mohamad]**

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

### **34/06/23 Purpose and Branding**

Graeme Craig and Amy Thompson presented the update on progress in developing TTL Properties Limited's brand and identity in line with the purpose and principles established at previous meetings.

Based on extensive stakeholder engagement and Member comments, a preferred name and logo had been selected and was currently progressing through the appropriate legal processes.

The visual identity had been developed in accordance with TfL's accessibility, inclusion and diversity guidelines, and in alignment with the Greater London Authority, and would be launched in September 2023.

**The Committee noted the paper.**

### **35/06/23 TTLP Scorecard 2023/24**

Graeme Craig and Mark Farrow introduced the TTL Properties Limited (TTLP) Scorecard for 2023/24 for the coming 12 months, including target improvements on last year's successes.

The proposed scorecard was consistent with TfL's approach across the organisation.

Emma Hatch had recently been appointed as TTLP's Environment, Social and Governance lead.

It was agreed that the following items be added to the scorecard metrics: portfolio valuation and the dividend to TfL; cumulative housing completions; and some measure of the value TTLP was delivering for TfL, London and the wider UK economy. **[Action: Mark Farrow]**

**The Committee noted the paper.**

### **36/06/23 TTL Properties Limited Quarterly Performance Report**

Graeme Craig, Joanna Hawkes, Mark Farrow, Lester Hampson, Lisa-Jane Risk and Daniel Lovatt introduced the quarterly performance report providing an update on market context, health and safety, financial performance, operational performance, project updates and understanding TTL Properties Limited's (TTLP) impact.

Despite rising inflation and the cost-of-living crisis, TTLP continued to perform well. A wide range of activity was taking place within the health and safety sphere with a view to developing a strong health and safety culture, utilising leadership, training and digital tools.

A dividend return to TfL of approximately £15m had been achieved. Recurring revenue growth was £10.5m and reflected post-coronavirus pandemic recovery growth in retail and car parks income and improved bad debt recovery. Staffing and maintenance costs had increased in line with growth and car parking income was up, although asset disposals and investment targets had not been achieved. Overall, TTLP's financial performance was on track.

TfL was flexible in its approach to TTLP dividend payments and was open to a long-term, strategic view to maximise asset value growth.

It was agreed the Dividend Policy should be separated out from the Treasury Management Strategy as a standalone document. **[Action: Joanna Hawkes]**

Daniel Lovatt reported that the asset management team was now fully integrated and recruitment was underway for several senior leadership roles. The team held quarterly meetings with the top 10 corporate customers and project teams and were on site at three of the "big four" locations: Victoria, Whitechapel, Liverpool Street and Baker Street. The key focus was in establishing asset management plans for key sites.

Voids were decreasing and focus was on attracting and retaining new tenants on site, including mitigation measures. Arrears and cash collections were broadly on target.

In relation to housing targets, several headwinds were highlighted, which included uncertainty in the regulatory environment and the impact on the property sector of inflation driven cost increases. Members recognised the risks of the current environment and the importance of gaining insight from partners to share ideas on how to best manage and mitigate those pressures. The Committee would be kept updated on any significant delays or financial impacts.

The Committee noted that TTLP was in an excellent position to unlock social and community value from its supply chain through its programmes, supporting economic growth, jobs and skills. The financial value of TTLP's contribution to the wider UK economy was being fed into the wider TfL finance work in this area.

More detailed information on social values and benefits realisation would be submitted to the next meeting, including employment and skills.

**[Action: Mark Farrow]**

It was suggested that Committee Members visit Build East, in Queen Elizabeth Olympic Park as an example of a successful employment and skills training centre.

**[Action: Secretariat]**

Mark Farrow set out TTLP's full year performance against its 2022/23 scorecard. Among the company's aims in 2023/24 was to improve its customer satisfaction scores and continue to drive up employee engagement and satisfaction.

Performance against TTLP's housing targets had been strong – the targets for starts on site and affordable housing percentage were only missed due to the loss of a developer on a key scheme later in the year. The lessons learnt from this had been built into future programme management.

TTLP had learnt a number of lessons during the pandemic. Staff were engaging with business tenants to offer support through various means if they were struggling, including through payments plans, stepped rents or re-location options. Property managers met regularly with tenants, supporting over 2,000 small and medium businesses across the TTLP estate, in a customer-focused environment. When customers entered new lease arrangements rent was always cleared down in advance.

A diverse portfolio with a balance of commercial, retail and residential developments, would provide the most value and risk adverse approach.

The Chair welcomed the report and congratulated the TTLP team on the strong performance in challenging economic circumstances.

**The Committee noted the Performance Report and the exempt supplementary information on Part 2 of the agenda.**

### **37/06/23 TTL Properties Limited Assurance Update**

Lorraine Humphrey and Ray Christopher introduced the update on progress with programme assurance activity across TTL Properties Limited (TTLP) during Quarter 1 of 2023/24 (1 April to 24 June 2023).

All actions from recent audits requiring improvement were being addressed by TTLP with a good level of engagement and collaboration.

The main areas of concern were prioritisation of resources for key activities, procurement and commercial activities and governance improvements.

The Chair thanked both the Independent Investment Programme Advisory Group (IIPAG) TTLP Sub-Group members and the Risk and Assurance Directorate for their high-quality support. This was endorsed by Graeme Craig. Assurance work was being carried out and lessons learnt applied in real time.

Members highlighted the importance of the TTLP Investment Group maintaining the highest standards of governance and assurance. The Group, chaired by Joanna Hawkes and attended by Lorraine Humphrey, met regularly with the papers shared with and commented on by the IIPAG TTLP Sub-Group.

TTLP's forward plan included work to improve its first line assurance, including the establishment of a Programme management function.

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

### **38/06/23 Enterprise Risk Update – Inability to React to External Market Forces (TTLP-L0-6)**

Mark Farrow presented the overview of the TTL Properties Limited (TTLP) Level 0 Enterprise Risk 6 – Inability to react to external forces.

Improvement was required in the management of this risk but a programme of actions over a 12-month period, as set out in the report, were being implemented.

It was agreed that competition, liquidity and financing should be considered for inclusion as key causes of the risk. **[Action: Mark Farrow]**

The Committee thanked Joanna Hawkes and her team for their valued contribution to the work of establishing TTLP and progress to date. A new TTLP Chief Finance Officer was due to start in September 2023.

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

## **39/06/23 Electric Vehicle Charing Hubs**

Graeme Craig and Alex Gilbert introduced the update on TTL Properties Limited (TTLP) electric vehicle charging hubs programme.

A joint venture approach was proposed as the most flexible option in an evolving market.

Members stressed the importance of finding a partner who shared TTLP's ambition and values. They recommended that all feasible options for establishing the business should be explored and the risks and financial model for each should be well understood.

A site visit to an electric vehicle charging hub, and a briefing on the approach being taken to electric vehicle ventures in other cities would be arranged before the start of the procurement process. **[Action: Secretariat/Alex Gilbert]**

The Committee would be asked to approve TTLP's approach before it went out to the market and a paper would be provided to a future meeting.

**[Action: Graeme Craig]**

**The Committee noted the paper.**

## **40/06/23 Resourcing**

Graeme Craig presented the update on resourcing in TTL Properties Limited (TTLP). A range of business-critical senior roles were currently being filled and progress in filling other vacancies was good. The Chair emphasised the importance of establishing a strong core team.

TTLP was also exploring the establishment of partnerships with external organisations to supplement its permanent resource where business need required it. The Committee noted this work and agreed that it would consider a paper to approve a delivery plan at a future meeting.

**The Committee noted the paper.**

## **41/06/23 Members' Suggestions for Future Discussion Items**

Howard Carter introduced the current forward plan for the Committee.

Several informal briefing sessions had also been scheduled. Site visits would be arranged to the TTL Properties Limited development sites. **[Action: Secretariat]**

Issues around housing development and energy, including District Heating Networks, was suggested for future discussion. **[Action: Mark Farrow]**

**The Committee noted the forward plan.**

## **42/06/23 Any Other Business the Chair Considers Urgent**

There was no other urgent business to discuss.

## **43/06/23 Date of Next Meeting**

The next scheduled meeting of the Committee would be held on Thursday 21 September 2023 at 10.00am.

(Ben Story left the meeting at this point).

## **44/06/23 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 Valuation Results and Capital Receipts Programme Update; TTLP Properties Limited Quarterly Performance Report; TTL Properties Limited Assurance Update; and Enterprise Risk Update – Inability to React to External Market Forces (TTLP-L0-6).**

The meeting closed at 2pm.

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

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

## Land and Property Committee



**Date:** 21 September 2023

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

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### 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 28 June 2023, there has been:
  - (a) one use of Chair's Action in relation to the approval of unbudgeted Financial Authority and Land Authority for the potential acquisition of 195 residential units at Bollo Lane from Places for London's West London joint venture with Barratt; and
  - (b) three uses of delegated authority by the Chief Finance Officer.
- 1.3 There have been no 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 paper.**

## 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 one use of Chair's Action since the last meeting.

### **Bollo Lane – Build to Rent Investment Acquisition**

- 4.3 On 26 July 2023, Members of the Committee were asked to consider a request for unbudgeted Financial Authority and Land Authority in relation to an increase in Places for London's investment in the Build to Rent joint venture with Grainger plc to fund the acquisition of 195 residential units at Bollo Lane from Places for London's West London joint venture with Barratt.
- 4.4 On 28 July 2023, the Chair of the Committee, in consultation with available Members, noted the paper and the supplementary information in the exempt appendix and approved unbudgeted Financial Authority and Land Authority for the transactions outlined above, as described in the paper.
- 4.5 The use of Chair's Action was considered appropriate as a decision on the investment opportunity was needed imminently before this meeting of the Committee.
- 4.6 The public paper relating to this request has been published on [tfl.gov.uk](https://tfl.gov.uk). The information in the appendix to that paper remains exempt from publication.

## **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, the Chief Finance Officer has approved:
- (a) unbudgeted Financial Authority and Land Authority to complete the acquisition of the freehold title in Buck Street Market, Camden;



- (b) an increase of the Land Authority for Fenwick project costs; and
- (c) budgeted Financial Authority and Land Authority for Kilburn Arches.

## **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.

Chair's Action paper on Bollo Lane – Build to Rent Investment Acquisition, issued on 26 July 2023.

Greater London Authority Decision Making Database.

Contact Officer: Howard Carter, General Counsel  
Email: [HowardCarter@tfl.gov.uk](mailto:HowardCarter@tfl.gov.uk)

## Land and Property Committee Actions List (to be reported to the on 21 September 2023)

## Actions from the meeting held on 28 June 2023

Minute No.	Item/Description	meeting Action By	Target Date	Status/Note
33/06/23	<p><b>TTL Properties Limited (TTLP) Valuation Results and Capital Receipts Programme Update</b></p> <p>Future reports to include all investments including joint ventures, to provide a broader overview.</p>	Martin Mohamad	20 December 2023 meeting	Will be included in the next update. Scheduled on the forward plan.
35/06/23	<p><b>TTLP Scorecard 2023/24</b></p> <p>The following items would be added to the scorecard metrics: portfolio evaluation and the dividend to TfL; cumulative housing completions; and some measure of the value TTLP is delivering for TfL, London and the wider UK economy.</p>	Mark Farrow	21 September 2023 meeting	<b>Completed.</b> Item is on the agenda for this meeting.
36/06/23 (1)	<p><b>TTLP Quarterly Performance Report</b></p> <p>The Dividend Policy to be separated out from the Treasury Management Strategy as a standalone document.</p>	Joanna Hawkes	20 December 2023 meeting	The TfL Treasury Management Strategy will be updated to reflect this and will also be embedded in the next iteration of the TTLP Corporate Strategy document which will be submitted to the Committee on 20 December 2023. Scheduled on the forward plan.

<b>36/06/23 (2)</b>	<b>TTLP Quarterly Performance Report</b> More detailed information on social values and benefits realisation to be submitted to the next meeting, including employment and skills.	Mark Farrow	21 September 2023 meeting	<b>Completed.</b> Item is on the agenda for this meeting.
<b>36/06/23 (3)</b>	<b>TTLP Quarterly Performance Report</b> Committee Members to visit Build East, in Queen Elizabeth Olympic Park as an example of a successful employment and skills training centre.	Secretariat	When appropriate	To be scheduled.
<b>38/06/23</b>	<b>Enterprise Risk Update – Inability to React to External Market Forces (TTLP-L0-6)</b> Competition, liquidity and finance to be considered for inclusion as key causes of the risk.	Mark Farrow	September 2023	<b>Completed.</b> Risk record updated accordingly.
<b>39/06/23 (1)</b>	<b>Electric Vehicle Charging Hubs</b> A site visit to an electric vehicle charging hub and a briefing on the approach being taken to electric vehicle ventures in other cities would be arranged before the start of the procurement process.	Alex Gilbert/ Secretariat	September 2023	<b>Completed.</b> Briefing held on 7 September 2023 in place of a site visit.
<b>39/06/23 (2)</b>	<b>Electric Vehicle Charging Hubs</b> The Committee to approve TTLP's approach before it goes out to the market and a paper to be provided to a future meeting.	Graeme Craig	21 September 2023	<b>Completed.</b> Item is on the agenda for this meeting and Members were presented with TTLP's approach at an informal briefing in advance of this meeting.
<b>41/06/23 (1)</b>	<b>Members' Suggestions for Future Discussion Items</b> Site visits to be arranged to the TTLP development sites.	Secretariat	As appropriate	To be scheduled.

<b>41/06/23 (2)</b>	<b>Members' Suggestions for Future Discussion Items</b> Issues around housing development and energy, including District Heating Networks, were suggested for future discussion.	Mark Farrow	As appropriate	To be scheduled.
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### **Actions from previous meetings**

<b>Minute No.</b>	<b>Item/Description</b>	<b>Action By</b>	<b>Target Date</b>	<b>Status/Note</b>
<b>23/03/23 (1)</b>	<b>TTL Properties Limited Quarterly Performance Report</b> Members welcomed the offer of a future deep-dive on safety culture and the safety improvement plan.	Lisa-Jane Risk	As appropriate	Briefing dates for 2023/24 have been set and a deep-dive will be scheduled.
<b>05/01/23 (3)</b>	<b>TTL Properties Limited Quarterly Performance Report: Site visit</b> A site visit to be arranged to see the work of the Arches team in Kilburn and the work on the existing estate at Whitechapel and Victoria.	Graeme Craig	As appropriate	To be scheduled.

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## Land and Property Committee

**Date:** 21 September 2023

**Item:** Chief Executive's Report

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### **This paper will be considered in public**

#### **1 Summary**

- 1.1 This report provides a review of major issues and developments since the meeting of the Committee on 9 June 2023.

#### **2 Recommendation**

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

#### **3 Introduction**

- 3.1 The three months since the previous Committee meeting on 28 June have marked an important period in the development of what is now called Places for London. As the Quarterly Performance Report, item 6 on this agenda, makes clear there are still significant headwinds in the delivery of housing, and the impact is being felt across the industry but, nevertheless, good progress has been made, both on project delivery and in putting place the enablers that will allow Places for London to become one of the largest and more important property companies in London.

#### **4 Health and Safety**

- 4.1 There were no serious injuries in the period.
- 4.2 The planned audit inspection programme of tenants has been progressing with 598 evidenced inspections completed in the year to date. Of these, 317 (53 per cent) have required an enforcement notice to be issued to the tenant.
- 4.3 Of the 317, 279 (88 per cent) were issued due to lack of the required compliance documentation specified in the lease rather than the units having inherent risk. There were also 16 Severe Warning Notices issued and 22 Warning Notices issued. Reasons for Warning Notices being issued include, for example, daisy chaining of extension leads with increased risk of electrical fire, blocked access routes or fire extinguishers not having been serviced.
- 4.4 All warning notices are monitored, and all are currently being closed within the required timeframes. This activity demonstrates the value of the risk-based audit inspection programme where we have recognised the need to proactively check compliance.

- 4.5 More broadly, and in what is a model for our future relationship with Transport for London (TfL), we are working increasingly effectively with the TfL Safety, Health and Environment (SHE) team on Health and Safety (H&S).
- 4.6 We are jointly creating a comprehensive H&S strategy for Places for London, as set out in the Quarterly Report.
- 4.7 The scale of H&S activity to monitor all Property Development and Asset Management projects, as well as create and embed a new Health and Safety Strategy, will require additional resource. The H&S professionals will sit within the TfL SHE team but be funded by and embedded within Places for London as a core component of the new organisation.
- 4.8 Places for London was also the first part of TfL to do the SHE Cultural Maturity Assessment survey developed by the TfL SHE team. The survey was open to all Places for London colleagues, and the Cultural Maturity was assessed to be Level 3.2 (Structured) on the 1-5 scale developed based on industry best practice. We are now holding joint workshops with colleagues to identify appropriate improvement actions which will deliver continuous and lasting improvement to the SHE Culture within Places for London.

## **5 Naming and Branding**

- 5.1 TTL Properties Limited (TTLP) was established in 2014 to hold TfL's shareholding in TTL Earls Court Properties Limited. In 2019, the Finance Committee approved the consolidation of TfL's commercial property into TTLP, and the following year TfL agreed to fund TTLP with £2.1bn of ordinary share capital to create the initial asset base and reflect the asset transfer transactions, with TTLP distributing, in due course, earnings to TfL in the form of dividends. These arrangements cemented TTLP as TfL's property vehicle.
- 5.2 In 2021, in response to the financial pressures created by the pandemic, TfL, the Mayor of London and HM Government agreed to utilise a commercial property subsidiary to deliver both new housing and increased long-term revenue for TfL. On 1 April 2022, TfL established the financial separation of TTLP from TfL.
- 5.3 TTLP was never intended to be a market-facing brand. Work was undertaken to consider whether the name should change – and Places for London was quickly identified as a name that better reflects our purpose whilst demonstrating a clear link with our only shareholder, TfL.
- 5.4 On 3 July 2023, TTL Properties Limited changes its name to Places for London Limited. At the London Real Estate Forum (LREF) on 27 September 2023, we are formally launching the new name. Having a clear identity is important, not least in helping us attract the people that will drive the organisation forward, but we are conscious that a new name does not in itself build any new homes or create any additional revenue. Our focus will always therefore be on delivery – on creating and managing the places that allow this city to thrive.



## **6 Delivery**

- 6.1 Where we have been able to make progress, we can demonstrate the clear benefits of our approach.
- 6.2 On 10 August, along with the Deputy Mayor for Housing and Residential Development and the Leader of Waltham Forest Council, we celebrated the completion of Blackhorse View, the first of our joint venture housing developments with Barratt London and London and Quadrant (L&Q).
- 6.3 Blackhorse View now provides 350 new homes, with 50 per cent affordable housing, on what was previously an unattractive car park. The development has delivered a new public cycle hub on Forest Road along with 650 cycle parking spaces for residents. The transformation of the nearby Blackhorse Road junction also makes it easier to travel more sustainably, while the development itself also includes a new pedestrian route through the site, with more than forty new trees having been planted.
- 6.4 Blackhorse View benefits the local community and economy by providing more than 17,500 sq. ft of flexible commercial floorspace, with the potential for new cafes, local retailers and shared workspace. This will further support the Blackhorse Lane Creative Enterprise Zone. The first residents began moving in in summer 2021. Around three-quarters of the homes sold – through shared ownership, Help to Buy and private sale – have been to first time buyers.
- 6.5 As well as creating new homes for London, the scheme has helped create new jobs and apprenticeship opportunities throughout the life of the project. More than a quarter of the workforce came from the borough of Waltham Forest. The project supported apprentices working on the scheme, as well as those who have taken part in our Construction Skills programme.
- 6.6 With work now complete on the new homes at Blackhorse View, we and Barratt London have started on site on our second project together, adjacent to Wembley Park Tube station. This will deliver 454 new homes, including 40 per cent affordable housing, a retail unit, and new operational space for TfL. We will also be delivering additional planting and providing play space for children in the community. Construction is expected to take around four and a half years, with the first people moving into the new homes in 2024.
- 6.7 Other events during this period have included the topping out ceremony at Fenwick, near Clapham North Tube station, with the support of the London Borough of Lambeth. Fenwick is a site of 46 homes (100 per cent affordable) that is being directly delivered by Places for London in partnership with the borough.
- 6.8 Work also continues at our scheme at Kidbrooke in the Royal Borough of Greenwich, where we and our joint venture partner Notting Hill Genesis are on track to complete 343 new homes by March 2024 in Phase 1 of the development that will ultimately bring 619 new homes to the borough, with 50 per cent affordable housing.

- 6.9 In July 2023, local public consultation events took place on our proposed plans for Edgware town centre. In a joint venture with Ballymore, we aim to deliver nearly 3,500 new homes, including up to 1,100 affordable homes, creating hundreds of new jobs and spurring economic opportunity. The proposed scheme across the 25.4-acre site would deliver £1.7bn of investment in the local community, with improved health infrastructure including General Practitioners and dentists, new community space, a library, parks, playgrounds, extensive retail, restaurant and leisure space as well as a significant contribution to Barnet's local education budget.
- 6.10 The proposed plans unlock public and green open spaces, including access to a new 4.7-acre nature park, 400 new trees, community growing gardens and 2.5 acres of new play space for children of all ages. They would also deliver a new, fit-for-purpose transport interchange, including an electric vehicle-enabled bus garage which, in due course, would help support the increased use of electric buses across London – improving air quality and helping to tackle the climate emergency.
- 6.11 In August 2023, we completed the agreement to deliver homes at Barkingside Yard, next to Barkingside Tube station in Ilford. The agreement with Countryside Partnerships and Peabody will deliver 98 new homes (100 per cent affordable) through a mix of Shared Ownership and Social Rent. With construction set to complete in 2025, these new one-, two- and three-bedroom homes will be split across three buildings which range up to five storeys in height.
- 6.12 Sustainability is embedded throughout the design at Barkingside Yard, with the incorporation of air source heat pumps, green roofs, new allotments and communal gardens for residents. In addition, the station car parking will be reconfigured, new pedestrian crossings and solar lighting will be provided, and improved public cycle parking will be delivered through a new purpose-built secure facility. The development will also contribute towards future play space at the Fairlop Waters Country Park.
- 6.13 Also in August 2023, we issued a Prior Information Notice and a market sounding questionnaire for the opportunity to deliver up to 1,500 homes at Limmo Peninsula, next to Canning Town Tube station. This site can also support commercial spaces, publicly accessible open space and improved connectivity to the wider area. To assist the delivery of the scheme, we have acquired two plots of land from the London Borough of Newham with funding provided by the Department for Levelling Up, Housing and Communities (DLUHC).
- 6.14 We have recently received the Local Planning Authority's Planning Decision Notice for Cockfosters, where we are seeking to build 351 homes. We are keen to see the development brought forward and will shortly resubmit the s163 application to the Department for Transport (DfT).

- 6.15 We expect a decision on the South Kensington Planning Appeal. A successful appeal would allow us to build 50 homes alongside new commercial and retail space, and, crucially, would help unlock the delivery of station improvements including step-free access for the District and Circle lines at this important gateway to museums and institutions.
- 6.16 As well as the work on housing delivery, we also recently signed the contracts confirming Helical as our joint venture partner on commercial offices. The partnering arrangement will see the delivery of new high-quality and sustainable office space above or close to Tube stations, with the first three developments at Bank, Paddington and Southwark, totalling around 600,000 sq ft. All three sites have full planning permission. The buildings will be constructed on the basis of Net Zero Carbon and the joint venture will collaborate with tenants to target a rating of BREEAM Outstanding and Platinum WELL v2 Core.
- 6.17 Other properties and development opportunities may in the future be acquired by the joint venture with Helical, expanding the partnership's portfolio, subject to feasibility and assessment.
- 6.18 As is covered in Item 16 on the agenda, there is large amount of activity within Asset Management, particularly on the Arches estate. At Kilburn, in the London Borough of Camden, we have obtained full planning consent for the Kilburn Muse development, which will see us work with the local community to create a vibrant local space opposite the Tube station,
- 6.19 At Lockton Street we have planning consent from the Royal Borough of Kensington and Chelsea for the transformation of 11 arches. This will be the first new incubator space on our network that is specifically targeting new small businesses in the food sector – and we are in advanced discussions with a leading provider of shared workspace for London's food makers to curate this space.
- 6.20 Other investment is being made at Ranelagh Gardens, a run of five arches and a large external yard area that fronts onto the Thames at Putney Bridge and Wilson Walk a group of ten arches near Stamford Brook station.
- 6.21 We have also been working with Publica, a leading urban design practice, to improve the public realm around our arches, including developing a walkway from Kingsland through to Hoxton to open up our Haggerston arches. With a particular focus on safety, this work will improve connectivity and make the arches more accessible for local people as well as those who are visiting businesses on the arches.
- 6.22 Increasingly, Places for London's arches estate will be not only active, bright, safe space that offers new connections in London. It will also be the most important incubator space in London, home to hundreds of small businesses. In partnership with others, we will be providing not only physical space to start-ups, but increasingly the wider support and ecosystem that allows those new businesses to thrive.

## **7 Enabling Activity**

- 7.1 Papers elsewhere on the agenda highlight the challenges we are facing on resourcing. We recognise that we will never be able to compete with the private sector on reward. There is, however, more that we can do to demonstrate an attractive employee value proposition that includes a compelling vision for the organisation alongside a strong development programme and a clear career path.
- 7.2 As is set out at item 12 on this agenda the appointment of Strategy and Delivery Partners is an important element in our approach to resourcing. Given the uncertainties still involved in determining, for example, the opportunities from our Collaboration Agreement with Network Rail, the new partners will give access to senior, skilled resources at the points when it is required.
- 7.3 In parallel, we are progressing with the Business Plan. That work is demonstrating the clear rationale from investment in our existing assets to generate an increasing dividend for TfL whilst also growing asset values that can be leveraged to provide the capital to deliver our housing programme.
- 7.4 Given the opportunities across our portfolio and the pressing need for the homes, jobs and growth that we can provide, it is important that we maximise delivery. The Business Plan will therefore increasingly examine how we can improve efficiency. In essence, we are seeking to be as efficient as a commercial company while having the delivery ethos of a social enterprise.
- 7.5 Also critical in this regard will be the appointment of senior advisors. We have been considering for some time how we best evolve the governance arrangements in Places for London, and we believe the company would benefit from a small number of senior advisors who would be able to directly support and challenge the Executive team as well as attend and contribute to Committee meetings.
- 7.6 We are looking for people who have held very senior positions in major real estate organisations, that is, people who can assist on corporate real estate issues as well as major property transactions.
- 7.7 Interviews are starting on 12 September 2023 and we will update the Committee as we progress.

### **List of appendices to this report:**

None.

### **List of Background Papers:**

None

Contact Officer: Graeme Craig, Director and Chief Executive, Places for London  
Email: [graemecraig@tfl.gov.uk](mailto:graemecraig@tfl.gov.uk)

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## Land and Property Committee



**Date:** 21 September 2023

**Item:** Places for London Limited Quarterly Performance Report

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**This paper will be considered in public**

### **1 Summary**

- 1.1 The Quarterly Performance Report provides an update on market context, health and safety, financial performance, operational performance, project updates and understanding Places for London'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 report and the exempt supplementary information on Part 2 of the agenda.**

### **3 Performance**

- 3.1 In what remains a difficult environment for real estate, Places for London is performing well. Income is up £3.9m (14 per cent) against budget and the net operating surplus of £20.4m has already exceeded the annual target, largely as a result of the settlement of a long-standing dispute.
- 3.2 Property development remains challenging, with high financing and construction costs exacerbated by uncertainty over the new fire safety regulations for buildings over 18 metres. We are none the less making good progress with over 3,300 homes now under construction.
- 3.3 Since the last Committee meeting, there has been particularly positive progress on Health and Safety, with the work being carried out in partnership with the Transport for London Safety, Health and Environment team.
- 3.4 The paper on Part 2 of the agenda contains supplementary information on financial performance, the long-term finance update and project updates.

**List of appendices to this report:**

Appendix 1: Places for London Limited 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, Places for London Limited

Email: [graemecraig@tfl.gov.uk](mailto:graemecraig@tfl.gov.uk)



# Places for London Quarterly Performance Report FY24 Periods 1-4

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



Places for London officially completed on its biggest development to date at Blackhorse View alongside its partner Barratt Homes. All 350 units (50 per cent affordable) are sold and occupied.



Pedivan in Hoxton Arches were awarded an Arch Day award in 2023

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# Market Context

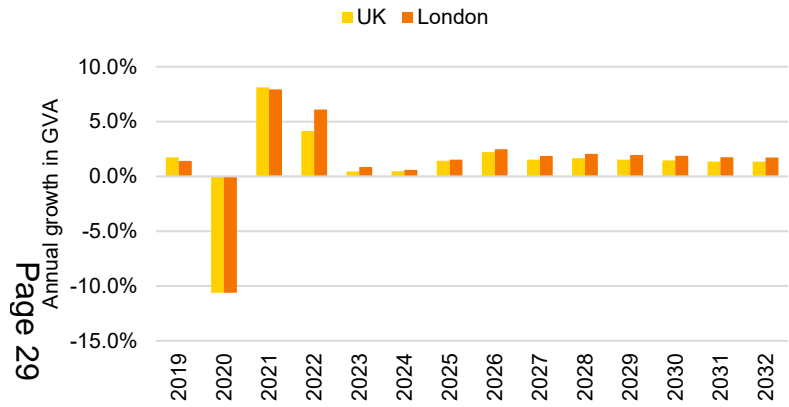
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**Graeme Craig**  
Director & Chief Executive

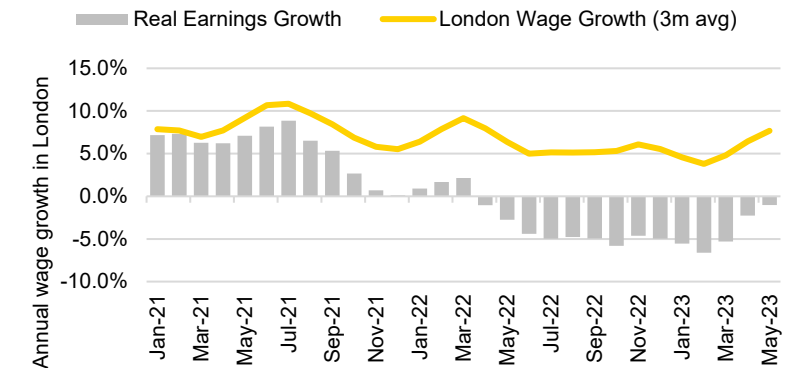
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# Inflation has started to fall, but expectations of further interest rate rises remain

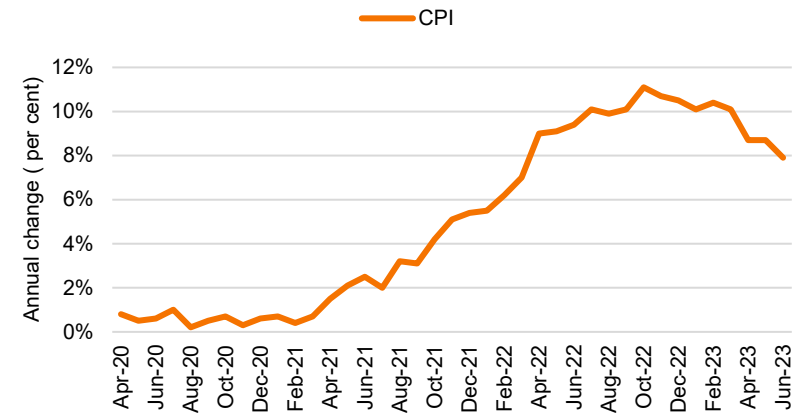
London's gross value added (GVA) is forecast to rise by 0.9 per cent in 2023, 40bps stronger than the UK



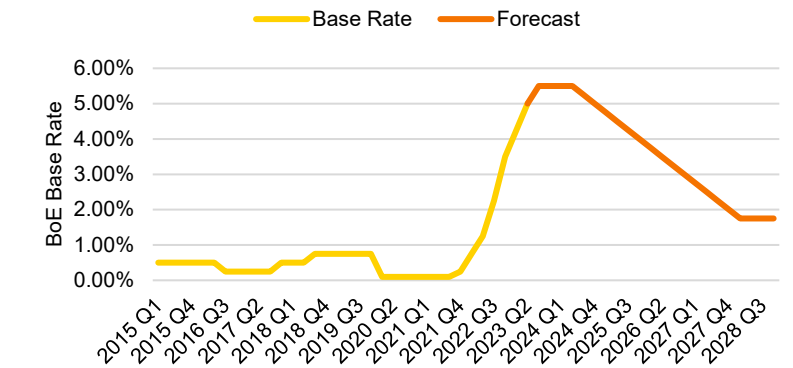
London nominal wages continue to rise at 7.7 per cent, but high inflation is driving real terms wage falls



Inflation continues to fall and was 7.9 per cent in June, a larger fall than economists had expected



Base rates have risen to 5 per cent, but forecasts expect rates to slow and decrease into 2024 and beyond

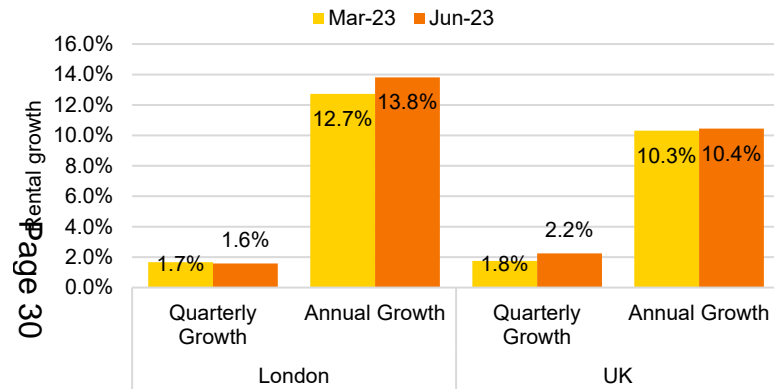


- The UK's gross domestic product (GDP) rose by 0.2 per cent in Q2 2023, beating expectations. While inflation continued to fall (down to 6.8 per cent in June), core inflation remained strong (6.9 per cent).
- These were factors that led to the Bank of England raising the base rate for the 14<sup>th</sup> consecutive meeting to 5.25 per cent. Oxford Economics forecast that rates will rise again in September to 5.5 per cent, where it will then remain until late 2024.
- This has had a knock-on effect on the cost of mortgage debt, with a 2-year fixed 75 per cent LTV mortgage now over 6.25 per cent. Furthermore, when banks are stress testing affordability for customers this is now closer to 10 per cent interest rates, acting as a significant break on buyer demand.
- Nominal wage growth in London remains strong, rising by 7.7 per cent over the 12 months to June 23. The strong growth has softened some of the impact of rising costs, although real wage growth remains negative. The strong wage growth is expected to continue in the near term, but it is something the Bank of England is concerned about driving further inflation.

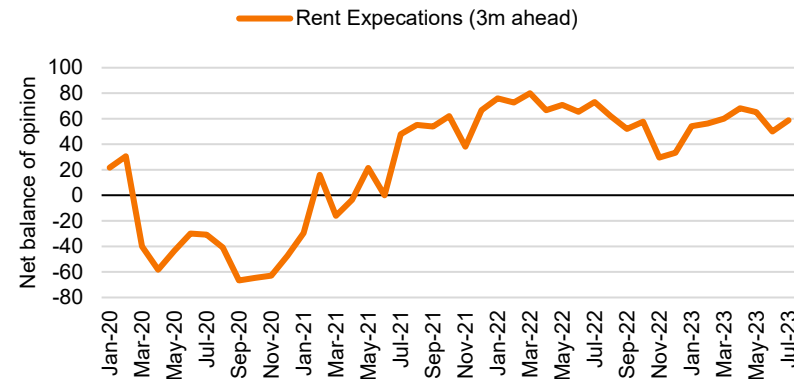


# The residential rental market continues to perform strongly, while the sales market is impacted by cost of mortgage debt

Rents in London have risen by 1.6 per cent over the 3 months to June 23, down slightly from the 1.7 per cent in 3 months to March



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

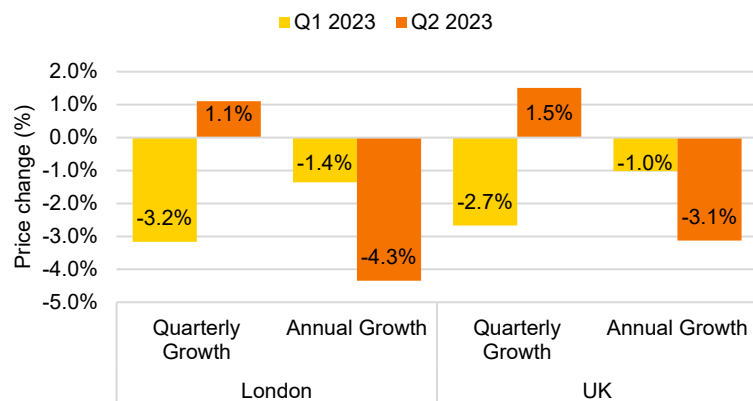


- Rental growth in London remains strong – rising 1.6 per cent over Q2 alone, with annual growth to June 23 of 13.8 per cent. Rental growth has accelerated in recent months, as the availability of stock remains low and demand high. This is feeding through to the Royal Institution of Chartered Surveyors (RICS) survey, which continues to report a significant mismatch between supply and demand. This is leading to the majority of agents in July 2023 (+59 per cent) reporting that they expect continued rental growth over the next 3 months.

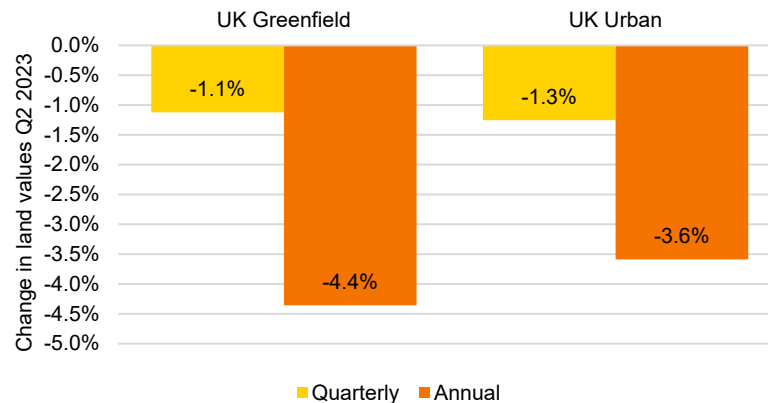
- The continued strong income growth being achieved in London is providing support for some of this rental growth, but we expect that over the medium term affordability will start to slow the rate of growth.

- London house prices record slight price growth in Q2 2023, up 1.1 per cent, although they remain -4.3 per cent below their level a year ago. The high cost of mortgage debt and the already stretched affordability have weighed on buyer demand. It is likely that further rises in interest rates will have a bigger impact in London than other parts of the country and further limit the pool of potential buyers.

House prices rose by 1.1 per cent during Q2 2023 across London



Development land value fell further in Q2 2023

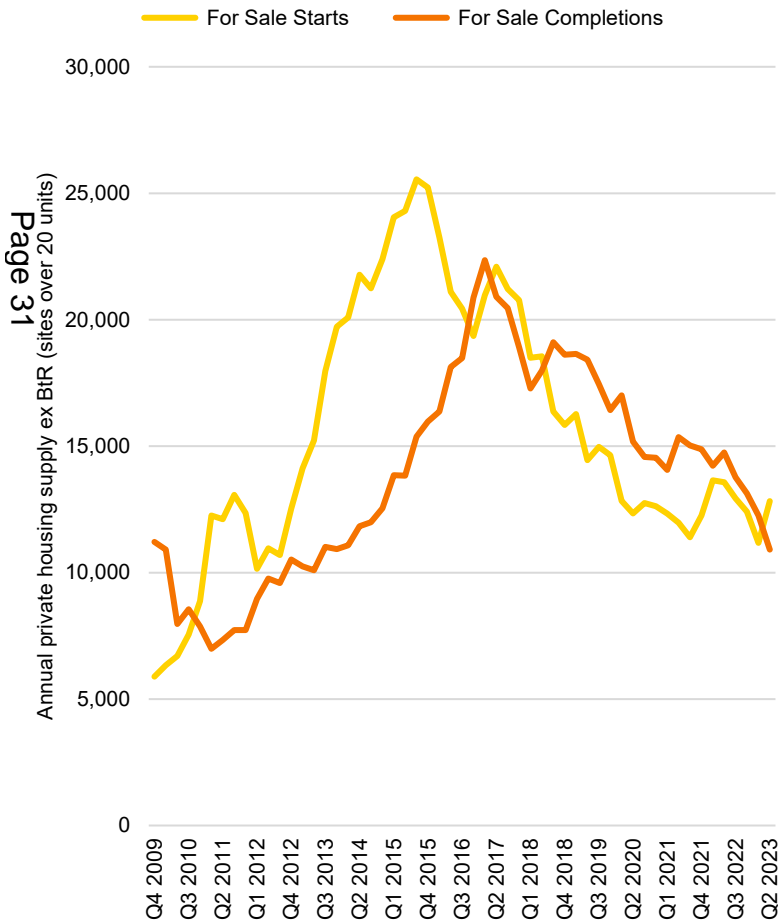


- Weaker demand is also impacting the land market, where values continue to cool as less developers are in the market for land in the near term.

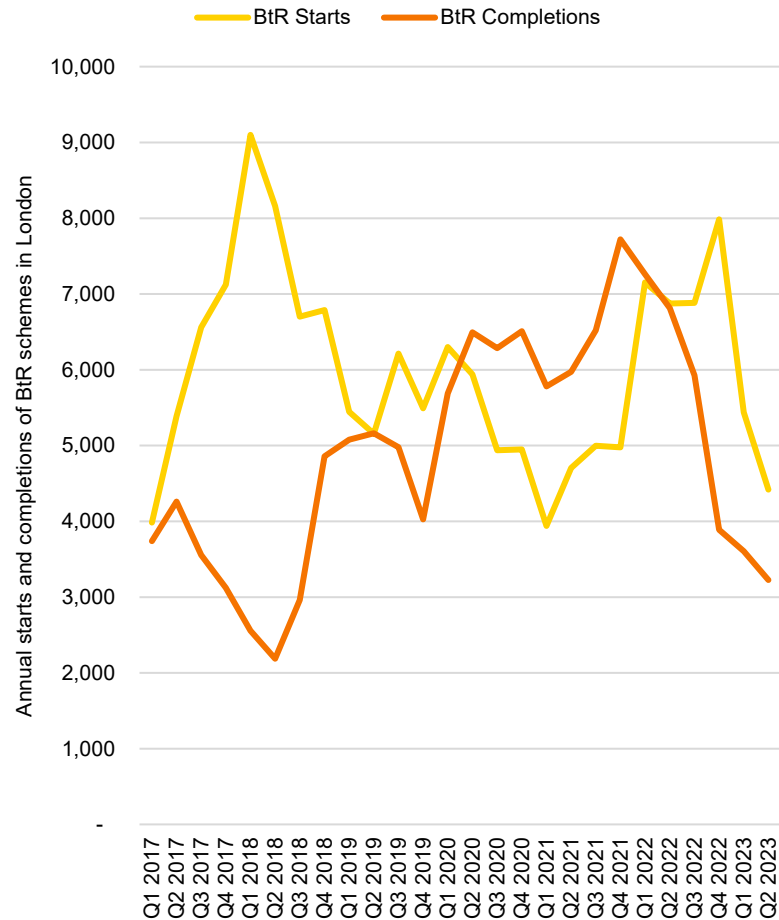


# New residential construction starts slow as viability remains challenging and buyer demand is subdued

New construction starts on private for sale schemes in London rose slightly in Q2 2023, with 3,900 units commencing construction



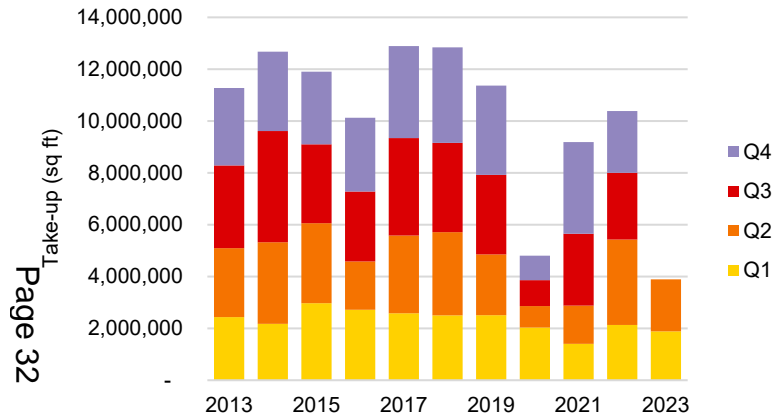
Build to Rent starts were at their lowest level on record in Q2 2023, with only 240 units beginning construction



- New construction has been significantly impacted by the wider economic challenges – in particular the rising cost of debt for both developers and for buyers.
- Furthermore, there has been very strong growth in build costs over the past 12 months – in particular for materials, which rose by 11 per cent during 2022.
- In addition, the sector is facing further challenges around changing fire safety regulation – specifically the introduction of second staircase requirement for buildings over 18 metres.
- As a result of these challenges, we have seen a dramatic fall in new construction starts, which are close to their lowest level on record for Build to Rent and remain low for Build to Sell development.
- It is expected that new construction starts will remain subdued in the short term, while the uncertainty around cost of debt and buyer demand is still a factor.

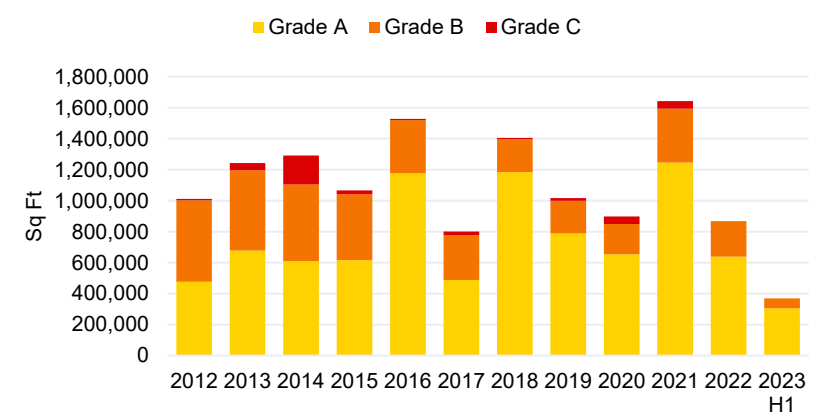
# Office and light industrial leasing markets remain constrained as occupiers are hesitant

2m sq ft of space was leased in Central London in Q2 2023 – 17 per cent below the long run average

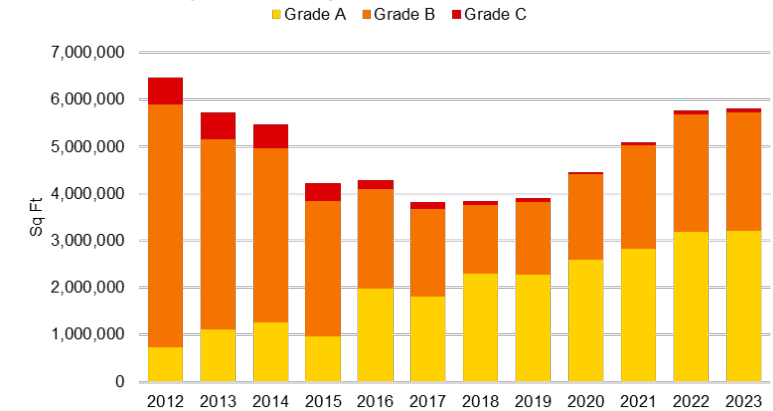


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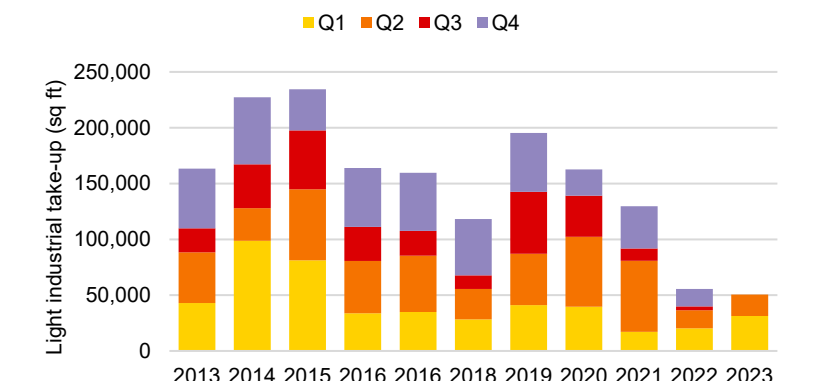
Take-up in Greater London was 127k in Q2 2023 – 70 per cent of which was for Grade A space



Supply across Greater London rose by c.97k sq ft between May and August



19k sq ft of light industrial space was let during Q2 2023 taking H1 up to 51k sq ft, close to the 2022 total



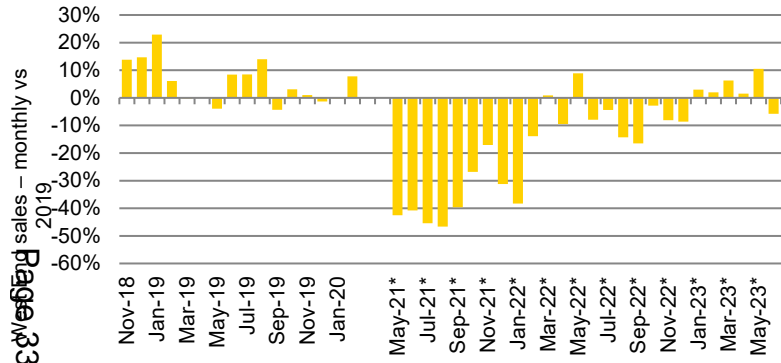
## I Market Context

- Office take-up remains subdued in London compared with the long run average. This is true for both Central London and Greater London, as tenants take their time to decide on their next moves.
- However, one key trend we are seeing is that tenants who have been taking space have been looking for high quality Grade A and energy efficient space. In Greater London 70 per cent of the take up in Q2 was for Grade A. This is a trend that we expect to continue as companies look to meet their ESG targets and reduce their environmental impact.
- Office supply across Greater London rose slightly between May and August, with 55 per cent of new supply being Grade A. A key challenge is what can be done to older Grade B and C stock that is likely to be in less demand. We expect some will be redeveloped / refurbished into better quality stock, where costs are viable. But other will need to look for alternative uses.
- Take-up of light industrial space reached 51k sq ft in H1 2023, which is nearly at the same level as the whole of 2022 (55k sq ft), but well below previous years. Tenants are likely similarly constrained by rising costs and challenges in securing financing.

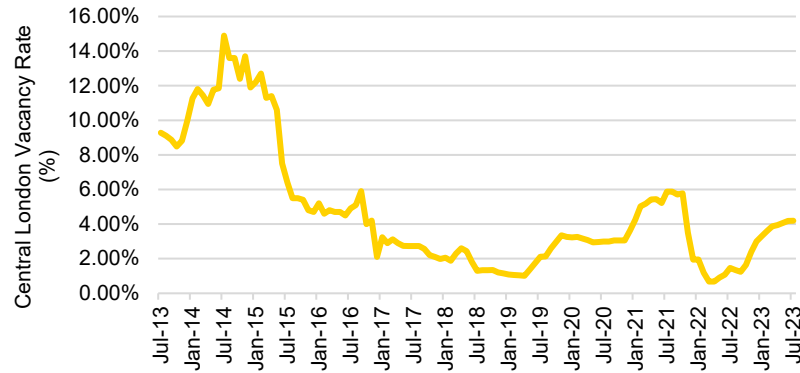


# Rising retail spending has mainly been driven by international tourists, as domestic shoppers are impacted by rising costs

Sales in the West End had been recovering but fell back in June 2023

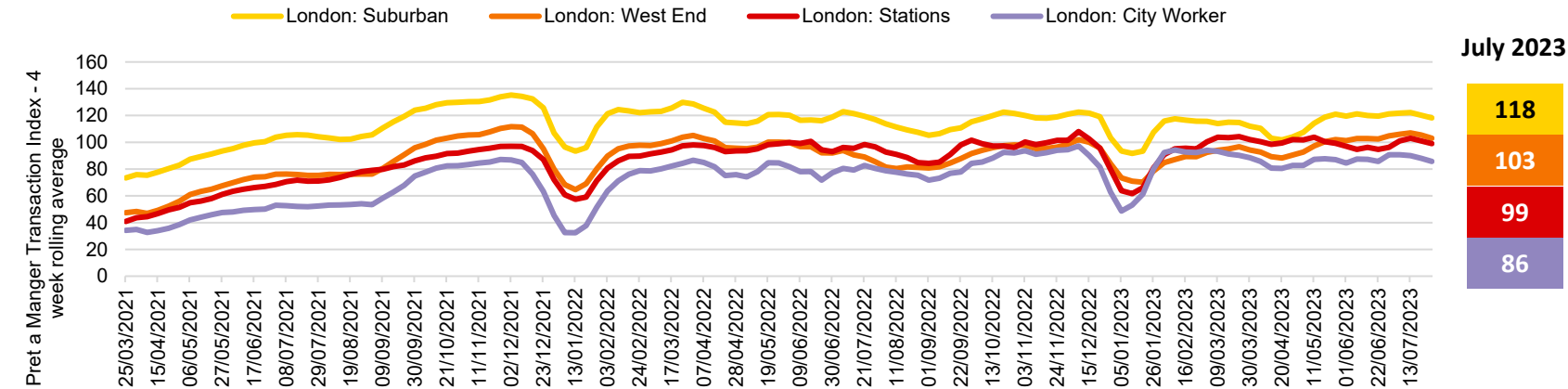


Central London vacancy has continued to rise to 4.2 per cent, returning to similar levels to 2020



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

## Only the City Worker Pret Sales Index has yet to recover to pre-pandemic levels



The Pret Index is calculated against a baseline of January 2020 (pre-Covid). When the figure is above 100 it implies that sales are above their pre-Covid level and when below 100 they are below pre-Covid levels.

- Consumer spend across the West End has fallen back slightly in June 2023. The main driver behind the recovery in spending has been international tourists, as domestic spend has fallen as a result of rising cost of living. International travel to London is expected to continue to recover through the year, which is likely to support consumer spending.
- The vacancy rate across central London continued to rise slightly during H1 2023 – reaching 4.2 per cent in July 2023 compared with 3.0 per cent in December 2022. A range of factors are deterring expansion and investment in new stores by retailers, including heightened costs (business rates, utilities and staffing) as well as challenges secure finance for smaller operators.
- The latest Pret Index continues to show strong level of sales in suburban locations – indicating that a degree of workplace flexibility remains in place. While the West End has seen sales volumes recover to pre-pandemic levels. In contrast the City has yet to return to this level, which indicates the less diversified consumer base there has seen a greater impact from the shifting working patterns than the West End.





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Community site tour at Montford Place, with the initial dig covered in plastic sheeting to prevent dust issues

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# Health and Safety Performance

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**Lisa-Jane Risk**  
Head of Operations

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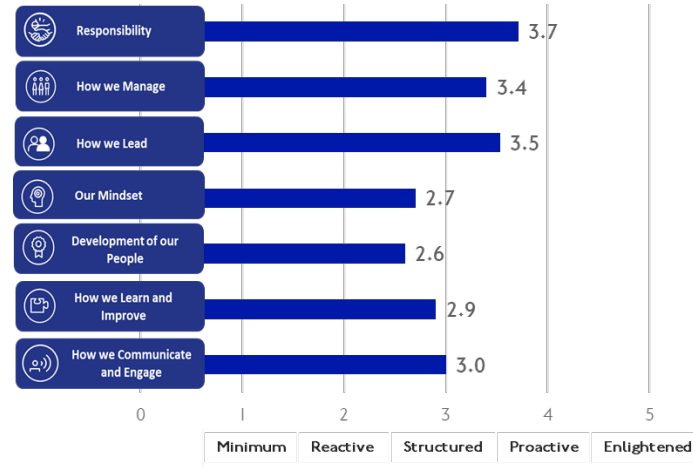
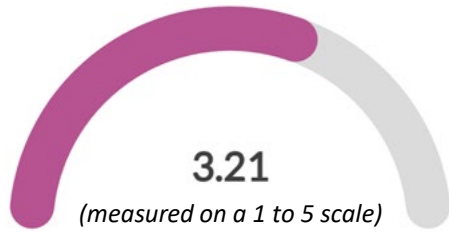
# We are developing our long-term Health & Safety strategy

H&S Scorecard (P4)

Metric	23/24 YTD Actual
Killed or Seriously Injured (KSI)	0
Tenant managed estate: Planned v Completed compliance inspections	101.7 per cent
Pass rate for all injuries	4

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SHE Culture Maturity Assessment



## Health & Safety

- Our work to develop the long-term Places for London Health & Safety strategy continues at pace.
- Health & Safety Improvement Plans defined across the organisation focus on 6 key workstreams – **Incident reporting, Roles & responsibilities, SHE culture, H&S strategy, Resources and Governance & assurance.**
- The TfL SHE team has conducted an analysis to ensure sufficient resources are available to provide bespoke health, safety and environmental advice and to support and challenge across our Places business.

## Compliance

- We continue to deliver 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. At the end of Period 4 we had completed 369 evidenced audit inspection against our plan of 363.
- 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 partners.

- We are working closely with the TfL Safety, Health and Environment (SHE) team to develop Places for London’s long-term Health and Safety (H&S) strategy and improve the SHE Culture in the organisation.
- Places for London was the first part of TfL to do the SHE Cultural Maturity Assessment survey, which has been developed by the TfL Safety, Health and Environment team.
- The survey was open to all colleagues and attracted a 70 per cent completion rate.
- Our SHE Cultural Maturity was assessed to be Level 3 (Structured) on the 1–5 scale developed based on industry best practice.
- Highest scoring areas were **How we Lead** and **SHE Responsibility**. Opportunity areas include **Development of our People** and **Our Mindset**.
- We are now holding workshops with colleagues to identify appropriate improvement actions which will deliver continuous and lasting improvement to the SHE Culture within Places.



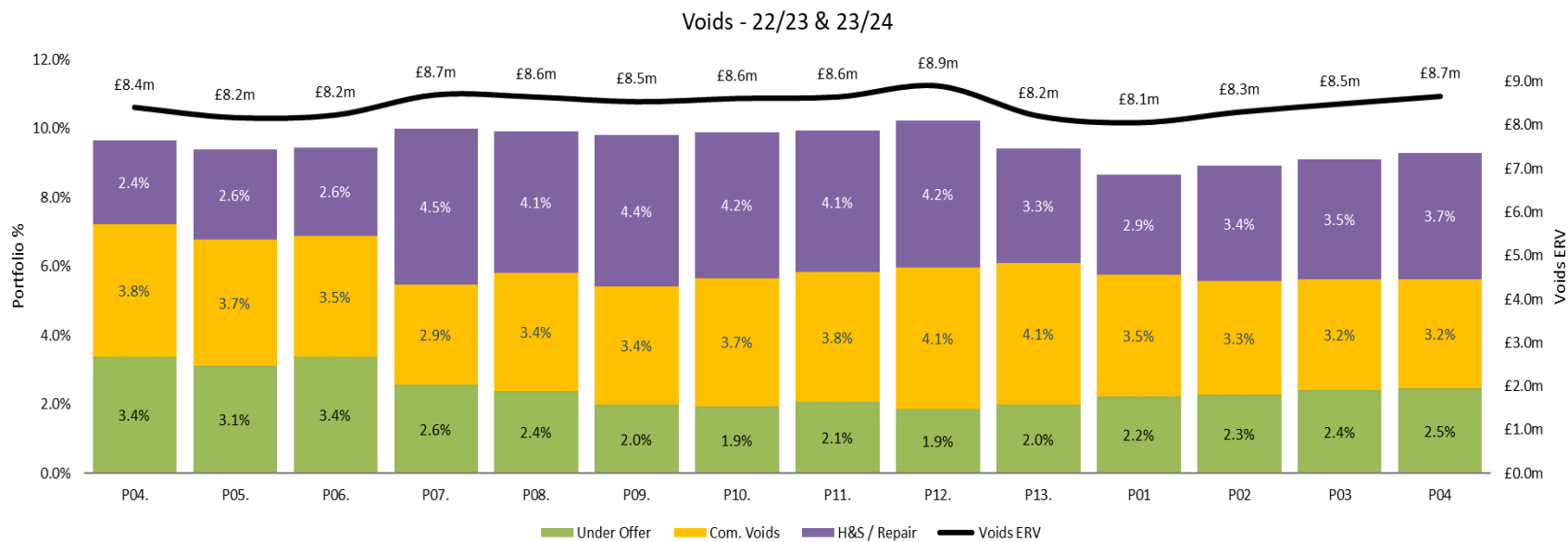
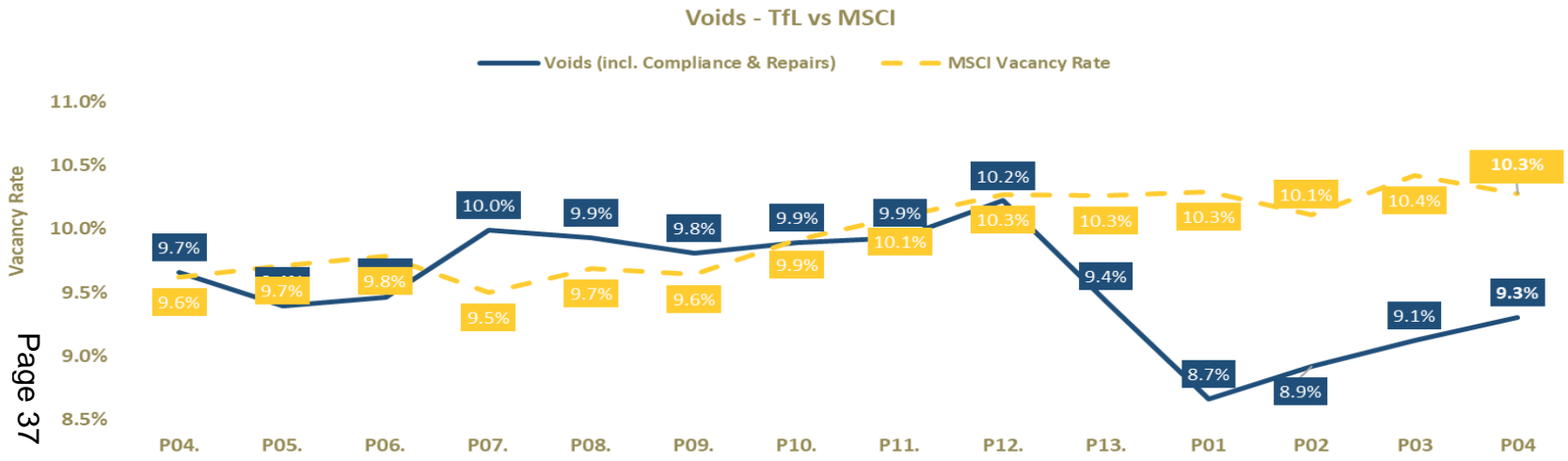


Buns at Home in Sloane Square station

# Operational Performance

**Daniel Lovatt**  
Director of Asset Management

# Year-on-Year void rate improved from 9.7 per cent to 9.3 per cent



- Our commercial void rate is 9.3 per cent which compares favourably to the MSCI market benchmark. This includes premises being prepared for market, on the market and under offer.
- A steady increase of voids going Under Offer indicates that whilst the market is challenging our locations continue to attract interest.
- 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 the business plans of prospective tenants.
- Places for London is continuing to review opportunities for various uses across the portfolio to improve occupancy, mitigate rates and reduce holding costs.

MSCI Comparison: Measures vacant premises ready to relet against market average.





Shepherd's Bush Arches is home to United City Motors

# Financial Performance

**Joanna Hawkes**  
Interim Chief Finance Officer

# Operating Account at Period 4

Income Statement (£m)	Year To Date		Full Year
	Actuals	var to Budget	Budget
<b>Core Trading</b>			
Retail	12.4	1.4	38.0
Arches	3.4	0.0	11.3
Offices	1.1	0.3	3.0
Residential	0.4	0.1	1.3
Car Parks	5.7	0.6	16.9
Industrial	0.4	0.4	-
Bus Garages	2.3	2.3	-
Infrastructure	1.9	(1.0)	9.4
Contract revenue & central income	0.1	(0.4)	3.1
JV Dividends - Build to Rent	-	-	-
<b>Gross Property Income</b>	<b>27.8</b>	<b>3.9</b>	<b>82.9</b>
Direct Property Costs	2.9	9.4	(19.8)
<b>Net Property Income</b>	<b>30.7</b>	<b>13.3</b>	<b>63.0</b>
<b>Margin (%)</b>	<b>110%</b>		<b>76%</b>
Central Operating Costs	(11.4)	2.0	(44.2)
<b>Core Trading Surplus</b>	<b>19.3</b>	<b>15.3</b>	<b>18.9</b>
Project Income (inc JV Dividends - Build to Sell)	3.1	2.1	2.3
Project Costs	(2.0)	(0.8)	(6.0)
<b>Net Operating Surplus</b>	<b>20.4</b>	<b>16.6</b>	<b>15.2</b>
<b>Margin (%)</b>	<b>66%</b>		<b>18%</b>

## 3

## Financial Performance

- Year to date Net Operating Surplus continues to be strong, outperforming budget by £16.6m.
- Property income of £27.8m is £3.9m higher than budget. Retail strong performance is driven by back-dated and turnover rent on a number of properties. Car Park outperformance is due to some site closures for development being delayed. Bus Garages performance relates to back-dated rent and utilities charges.
- Direct Property costs are £9.4m lower than budget driven by the release of bad debt provision due to the settlement of a long-running dispute with a tenant, resulting in them paying their overdue invoices going back 3 years.
- Central Operating Costs are £2m lower than budget due to timing delays in recruitment and consultancy support activity.
- Project Income is higher than budget due to the receipt of an unbudgeted joint venture dividend of £2.4m from Liberty / Landmark Court.
- Project Costs are higher than budget due to unbudgeted payments in relation to Seven Sisters Market plus increased feasibility work to ascertain project viability.



# Capital Account at Period 4

Capital Account (£m)	Period 4		Year To Date		Full Year
	Actuals	var to Budget	Actuals	var to Budget	Budget
<b>Income</b>					
Asset Disposals	-	(5.7)	3.3	(2.4)	39.4
Build to Rent	-	-	-	-	2.4
Residential	-	(0.3)	-	(0.3)	16.9
Commercial	-	(0.0)	3.6	2.5	1.1
Other	1.0	1.0	1.0	1.0	0.3
<b>Total Capital Income</b>	<b>1.0</b>	<b>(5.1)</b>	<b>7.8</b>	<b>0.7</b>	<b>60.1</b>
<b>Expenditure</b>					
Asset Investment	(1.3)	2.6	(5.4)	6.6	(34.1)
Asset Disposal costs	(0.0)	0.0	(0.1)	0.2	(5.9)
Build to Rent	(0.1)	6.4	(1.4)	10.9	(45.4)
Residential	(1.8)	5.0	(2.4)	10.7	(37.1)
Commercial	(0.5)	0.4	(24.0)	(20.0)	(12.3)
Other	0.0	0.3	(0.3)	0.5	(4.3)
<b>Total Expenditure</b>	<b>(3.7)</b>	<b>14.7</b>	<b>(33.4)</b>	<b>8.9</b>	<b>(139.2)</b>
<b>Net Capital</b>					
Asset Investment	(1.3)	2.6	(5.4)	6.6	(34.1)
Asset Disposals	(0.0)	(5.7)	3.2	(2.3)	33.5
Build to Rent	(0.1)	6.4	(1.4)	10.9	(43.0)
Residential	(1.8)	4.7	(2.4)	10.3	(20.2)
Commercial	(0.5)	0.4	(20.4)	(17.5)	(11.2)
Other	1.0	1.3	0.7	1.5	(4.1)
<b>Total Net Capital</b>	<b>(2.7)</b>	<b>9.6</b>	<b>(25.6)</b>	<b>9.6</b>	<b>(79.1)</b>

- Year to date Net Capital of £(25.6)m is £9.6m lower than budget.
- Asset Investment focuses on improvement to the existing estate. This is underspent pending property conditional surveys outcomes to guide work programmes throughout the year.
- Asset Disposals are running behind budget due to current market conditions and a number of sites have now been removed or deferred into later years. This is not expected to have a material impact on Places for London's liquidity.
- Costs for Build to Rent development, Bollo Lane (£3.2m) and Earls Court (£7.5m) have been refiled to future periods.
- Commercial activity includes a land swap to facilitate development for Southwark over station development. 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.

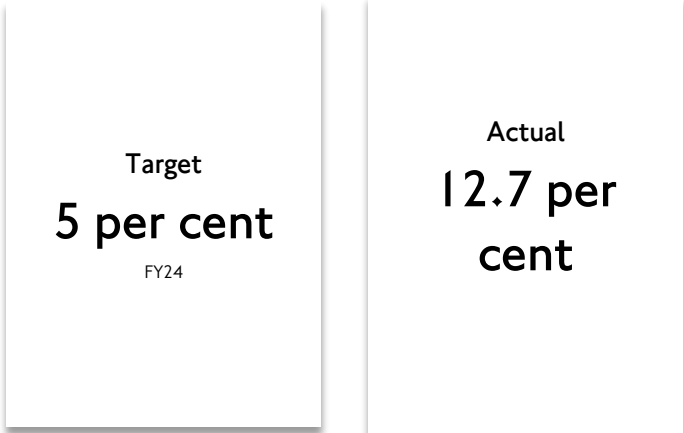


# Places for London is making progress towards its targets on collections and arrears

## Arrears

## Collections

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- At Period, 4 our total Places for London arrears were £7.7m. This includes £0.82m which is currently on a payment plan.
- Debt includes circa £1m owed by a single account and £1.5m which was billed in relation to historic utilities costs. Excluding these cases, which we are focused on resolving as soon as possible, we have arrears of £5.1m (which is circa 8.4 per cent against a target of 5 per cent by year end).
- Our June quarter collections were 80.1 per cent of rent collected (£11.5m demanded), increasing to 88 per cent excluding the single account. Notably 4 out of the 8 sectors have achieved 90+ per cent recovered.
- March quarter is also indicating strong performance, currently at 92.6 per cent (97.8 per cent excluding the utilities debt).





Started building 454 homes at Wembley Park, including 40 per cent affordable homes, alongside Barratt Homes

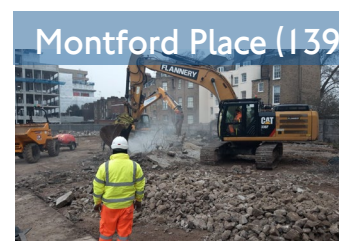
# New Homes Updates

**Lester Hampson**  
Director of Property Development



# Places for London has 3,366 homes currently under construction

4,182 homes completed or under construction



- 816 homes have completed on site to date, with a further 442 homes anticipated this year at Woodside Park, Kidbrooke (Phase 1), and small sites Aylesbury Street and Albany Road.
- 3,366 homes are currently under construction. As well as the locations pictured, work is also underway at Bollo Lane (Phases 1&2 - 664 homes) and Barking London Road (196 homes).
- Barkingside Builders Yard is due to start on site next month (98 homes).
- Places for London is actively managing a number of risks to our programme, including the impact of new fire safety regulations for buildings over 18m. Impacted projects are either being paused for further clarity or, where viability permits, redesigned .

## Upcoming 23/24 milestones:

- Sep-23 Woodside Park practical completion (86 homes)
- Nov-23 Limmo procurement launch (1,300 homes)
- Jan-24 Kidbrooke – practical completion of Block B (343 homes) and Energy Centre



In-Station have collaborated with Art on the Underground to install a [sound exhibition at Finsbury Park station](#)

# Understanding our impact

**Mark Farrow**  
Director of Strategy and Planning

# Our performance in Periods 1-4

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2023/24 TTLP Scorecard - Period 04										
	Measure	Actual	YTD			Forecast	Full Year		Weighting	YE Prediction
			Target	Floor Target			Target	Floor Target		
Safety & Risk	Inspections Completed vs Planned	101.7%	95%	90%		101.7%	95%	90%	10%	10%
	Killed or Seriously Injured (KSI)	0	0	0		0	0	0	10%	10%
Colleague	Total Engagement	-	-	-			64%	61%	10%	10%
	All Staff Representativeness									
	Gender	47.8%	45.3%	45.0%		47.8%	45.3%	45.0%	1.25%	1.25%
	Ethnicity (BAME)	27.7%	27.9%	25.1%		27.7%	27.9%	25.1%	1.25%	1.23%
	Disability	7.2%	9.4%	8.9%		7.2%	9.4%	8.9%	1.25%	0.00%
	Minority Faith / Belief (not Christian, Agnostic or Atheist)	13.7%	15.8%	13.8%		13.7%	15.8%	13.8%	1.25%	0.00%
Homes	% Affordable Start on Sites	47%	47%	47%		47%	47%	47%	10%	10%
	Start on Sites (Cumulative)	4,182	4,164	4,164		4,339	4,407	4,314	10%	3%
	Housing Completions (Cumulative)	816				1,258	1,258	915	N/A	N/A
ESG	Complete carbon literacy training (Band 4 and above)	16%	30%	23%		100%	100%	75%	5%	5%
	Customer Satisfaction Survey	-	-	-		-	70%	65%	5%	5%
	Achieve ESG Milestones	5/5 On Track	5/5	3/5		5/5	5/5	3/5	5%	5%
	Complete EPCs by Mar 24	82%	100%	100%		100%	100%	100%	1.00%	1.00%
	Attain GRESB 5* Rating	-	-	-		31/03/2024	31/03/2024	31/03/2024	1.00%	1.00%
	Publication of BBP compliant NZC roadmap	-	-	-		31/12/2023	31/12/2023	31/12/2023	1.00%	1.00%
	TCFD Report	Achieved				Achieved	30/08/2023	30/08/2023	1.00%	1.00%
	EV Hubs Tender Sent Out	-	-	-		30/09/2023	30/09/2023	30/09/2023	1.00%	1.00%
Finance	Total Revenue	£27.8m	£23.9m	£21.5m		£82.9m	£82.9m	£74.6m	10%	10%
	Operating Surplus	£22.6m	£6.5m	£5.8m		£24.3m	£24.3m	£21.9m	10%	10%
	Asset Disposals	£7.8m	£7.1m	£5.7m		£23.5m	£23.5m	£18.8m	5%	5%
	Asset Investment	£(5.4)m	£(12.3)m	£(9.8)m		£(40.0)m	£(40.0)m	£(32.0)m	5%	5%
	Dividend						£9.4m		N/A	N/A

## 6

## Understanding Our Impact

The majority of metrics are on target for the year, but there are risks around the following:

- Starts on site - are affected by the requirement of 18m threshold on staircases and we await clear guidance from the Department for Levelling Up, Housing, and Communities on redesign options. Impacted homes projects are either being paused for further clarity or, where viability permits, redesigned in line with London Fire Brigade requirements.
- Diversity – Only about 80% of Places for London’s employees have disclosed whether they have a disability or are a member of a minority faith group. We will encourage everyone to revisit their declarations and monitor its impact on these metrics.
- Carbon Literacy – The P4 position is behind target due to the popularity of the course across TfL. Performance will improve in September, with confirmed B4+ bookings driving a forecast 80% completion rate overall for the P7 scorecard.
  - Asset investment spend is behind budget awaiting property condition surveys to the existing estate, in order to target activity.



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## Land and Property Committee



**Date:** 21 September 2023

**Item:** TTL Properties Limited Assurance Update

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### **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 2 of 2023/24 (25 June to 16 September 2023) (Q2).
- 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 Q2, Governance and the Vacant Possession Plan for Lillie Bridge Depot. The governance review identified areas within TTLP, and where TTLP interacts with TfL, where governance arrangements could be strengthened. The Lillie Bridge Depot review found that there was good interaction between TTLP and TfL in the development of the vacant possession plan but highlighted the need for better documentation of key scope decisions, roles and responsibilities and governance arrangements. Details of Lillie Bridge Depot procurement activity was still emerging at the time of the review and will be considered separately.
- 4.3 Alongside IIPAG-TTLP, PA is undertaking continuous assurance on the Limmo development, with a focus on the procurement approach, and the electric vehicle charging hubs programme. The PA team still remains concerned about the lack of first line assurance, and the time being taken to produce a detailed improvement plan. We are working closely with the TTLP team and commenting on first line assurance proposals, such as the introduction of a Programme Management Office, as they emerge.
- 4.4 We have had excellent engagement from the TTLP team in all continuous assurance activities which is appreciated.
- 4.5 More detail of assurance activities are contained in Appendix 1 and 2 and further targeted reviews will be undertaken as required to support investment decisions. There are currently no overdue recommendations from previous TARs.

## **5 Line 3 (Internal Audit) Assurance**

- 5.1 Two audits completed fieldwork and were in reporting at the end of Q2. These are Revenue Collection and Debt Management, and the Due Diligence Process (new tenants). Findings will be presented to the December 2023 Committee meeting. An audit of Voids Management is due to start in Quarter 3 of 2023/24 (17 September to 9 December 2023) (Q3). More detail of audit activities is contained in Appendix 1 and 2. There are currently no overdue actions from previous audits.

## **6 Line 3 (IIPAG-TTLP) Assurance**

- 6.1 IIPAG-TTLP work for Q2 and Q3 is set out in Appendix 1 and 2. Q2 activity focussed on delivery confidence in residential sector targets and Joint Venture structuring and management. Both reviews are now complete and findings set out below.
- 6.2 IIPAG-TTLP's assessment of the residential sector is that the target, to have started on sites that will deliver 20,000 homes, is capable of being met but stress that there are a number of challenges to doing so. It also highlights the challenges of delivering 50 per cent affordable homes at more complex sites. Recommendations include the development of a top-down residential strategy and a strategic plan for affordable home delivery.

- 6.3 IIPAG-TTLP considers there to be considerable good practice in the creation, structuring and management of Joint Ventures and identified some areas where existing good practice could be improved. This includes the need for an increased focus on harnessing the benefits of TTLP strategies including environmental, social and governance and strengthening some of the support functions.
- 6.4 A review of the Capital Receipts Programme, focussing on asset disposals, is underway and findings will be presented to the December 2023 Committee meeting.
- 6.5 IIPAG-TTLP continue to build a detailed understanding of the business and the investment pipeline. There are currently no overdue recommendations from the previous IIPAG-TTLP assurance reviews.

## **7 Enterprise Risk Management**

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

### **List of Appendices:**

Appendix 1: TTLP Integrated Assurance and Audit Schedule – Work in Progress  
Appendix 2: TTLP Integrated Assurance and Audit Schedule – Forward Plan  
Appendix 3: TTLP Level 0 Enterprise Risks

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

Contact Officer: Lorraine Humphrey, Director of Risk and Assurance  
Email: [lorraine.humphrey@tube.tfl.gov.uk](mailto:lorraine.humphrey@tube.tfl.gov.uk)

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Priority	Topic	Evidence of Need	Type	Who	When	Objectives
1	Governance	<ul style="list-style-type: none"> <li>• Governance arrangements are changing – links into wider TfL Executive Committee are not fully defined.</li> <li>• Governance can be complex where there is an operational interface.</li> </ul>	Targeted	Project Assurance (PA)	Complete	<ul style="list-style-type: none"> <li>• To consider appropriateness of existing governance arrangements and any proposals to improve governance.</li> </ul>
2	Lillie Bridge – vacant possession of site for development	<ul style="list-style-type: none"> <li>• High value/complex project with significant operational interfaces and a large number of stakeholders.</li> <li>• Governance arrangements developing but not yet finalised.</li> <li>• Opportunities to deliver operational efficiencies have been identified – governance/funding route needs to be confirmed.</li> </ul>	Targeted	PA/ Independent Investment Programme Advisory Group (IIPAG)	Complete	<ul style="list-style-type: none"> <li>• To establish whether requirements are clear and reflect the needs of the development and the operational business.</li> <li>• To consider whether the proposed governance structure and delivery model is appropriate.</li> </ul>
3	Residential sector	<ul style="list-style-type: none"> <li>• Target doubled from 10,000 to 20,000 units.</li> <li>• Delivery is challenging – often taking longer than expected.</li> <li>• Impact of external market influences including inflation.</li> </ul>	Targeted	IIPAG	Complete	<ul style="list-style-type: none"> <li>• To consider appropriateness of residential strategy.</li> <li>• To assess delivery confidence and understanding/mitigation of key risks.</li> </ul>

Priority	Topic	Evidence of Need	Type	Who	When	Objectives
		<ul style="list-style-type: none"> <li>Affordable housing requirement will impact viability.</li> </ul>				
4	Joint Venture (JV) structuring and management	<ul style="list-style-type: none"> <li>High reliance on JV partners to deliver residential targets.</li> <li>IIPAG review from August 2020 recommended introduction delivery metrics, change control, risk management, progress reporting for JV.</li> </ul>	Targeted	IIPAG	Complete	<ul style="list-style-type: none"> <li>To assess rationale for JV creation.</li> <li>To consider the process for ensuring maximum value for TTLP when developing JVs.</li> <li>To assess governance and management arrangements for existing and proposed JVs.</li> </ul>
5	Revenue collection/debt management	<ul style="list-style-type: none"> <li>Debt recovery activities are an important part of managing the revenue stream.</li> <li>There has been increasing levels of arrears in recent years.</li> </ul>	Audit	Internal Audit (IA)	Underway	<ul style="list-style-type: none"> <li>To provide assurance over the effectiveness and adequacy of the debt collection process.</li> </ul>
6	Due diligence process (new tenants)	<ul style="list-style-type: none"> <li>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.</li> <li>A new vetting process was introduced over a year ago and has yet to be tested for effectiveness.</li> </ul>	Audit	IA	Underway	<ul style="list-style-type: none"> <li>To provide assurance on the adequacy and effectiveness of the due diligence process for bringing new tenants on board.</li> </ul>

Priority	Topic	Evidence of Need	Type	Who	When	Objectives
7	Property disposal strategy	<ul style="list-style-type: none"> <li>Disposals are a significant part of generating funds to support the capital investment programme.</li> <li>Disposal activities have not been progressing as forecast.</li> </ul>	Targeted	IIPAG	Underway	<ul style="list-style-type: none"> <li>To assess the impact on the capital investment programme.</li> <li>To provide assurance over the effectiveness and adequacy of the process for identifying and executing disposals.</li> </ul>
8	Project financial hurdles	<ul style="list-style-type: none"> <li>Large projects and investments are appraised using financial hurdles.</li> <li>Some hurdles are being considered as unnecessary as investment decisions are made.</li> </ul>	Targeted	IIPAG	Underway	<ul style="list-style-type: none"> <li>To consider the application and governance regarding exemptions.</li> </ul>
9	Electric vehicle charging hubs	<ul style="list-style-type: none"> <li>Programme is preparing to procure a delivery partner.</li> </ul>	Continuous	PA/ IIPAG	Underway	<ul style="list-style-type: none"> <li>To assess key decisions including business model and investment appraisal.</li> <li>To consider readiness to go to market.</li> </ul>
10	Limmo development	<ul style="list-style-type: none"> <li>Complex site with significant constraints.</li> <li>Programme is preparing a procurement strategy.</li> </ul>	Continuous	IIPAG	Underway	<ul style="list-style-type: none"> <li>To provide assurance on the procurement strategy.</li> </ul>
11	Continuous assurance activities	<ul style="list-style-type: none"> <li>A number of functions and strategies are emerging, such as first line assurance.</li> <li>There are a number of large, complex development programmes and sites.</li> </ul>	Continuous	PA	Ongoing	<ul style="list-style-type: none"> <li>To increase understanding of the TTLP business.</li> <li>To highlight areas for targeted assurance.</li> </ul>

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TTL Properties Limited (TTLP) Integrated Assurance and Audit Schedule – Forward Plan

Appendix 2

Priority	Topic	Evidence of Need	Type	Who	When	Objectives
1	First line assurance	<ul style="list-style-type: none"> <li>Proposals for first line assurance are being developed, including the introduction of a Programme Management Office.</li> </ul>	Targeted	Project Assurance (PA)	2023/24 Q3	<ul style="list-style-type: none"> <li>To assess the appropriateness of the proposed improvements to first line assurance.</li> </ul>
2	Southwark Over Station Development (OSD) – Operational scope	<ul style="list-style-type: none"> <li>Any delay to works to relocate/remove operational infrastructure could delay the OSD.</li> </ul>	Targeted	PA	2023/24 Q3	<ul style="list-style-type: none"> <li>To assess potential risk to the OSD programme.</li> </ul>
3	Void management	<ul style="list-style-type: none"> <li>Commercial and residential properties should be occupied at all times to maximise income. There needs to be an effective process in place to minimise the period of time that properties are empty between tenants.</li> </ul>	Audit	Internal Audit (IA)	2023/24 Q3	<ul style="list-style-type: none"> <li>To provide assurance on the adequacy and effectiveness of controls to manage property voids.</li> </ul>
4	Pipeline development and delivery strategy	<ul style="list-style-type: none"> <li>Robust development/delivery pipeline and prioritisation process is essential for successful delivery of residential targets.</li> </ul>	Targeted	PA	2023/24 Q3	<ul style="list-style-type: none"> <li>To consider the appropriateness of pipeline development and delivery strategy.</li> <li>To assess the robustness of the prioritisation process.</li> </ul>

Quarter 1 of 2023/24 (1 April to 24 June 2023) (Q1); Quarter 2 (25 June to 16 September 2023) (Q2); Quarter 3 (17 September to 9 December 2023) (Q3); and Quarter 4 (10 December 2023 to 31 March 2024) (Q4)

Priority	Topic	Evidence of Need	Type	Who	When	Objectives
5	Key investment decisions	<ul style="list-style-type: none"> <li>• Second and third line assurance as required to support authority requests/ investment decisions.</li> </ul>	Targeted	PA/ Independent Investment Programme Advisory Group	Ongoing	<ul style="list-style-type: none"> <li>• To provide a recommendation on key decisions and investment requests to support decision makers.</li> </ul>

Quarter 1 of 2023/24 (1 April to 24 June 2023) (Q1); Quarter 2 (25 June to 16 September 2023) (Q2); Quarter 3 (17 September to 9 December 2023) (Q3); and Quarter 4 (10 December 2023 to 31 March 2024) (Q4)

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

<b>Risk</b>	<b>Risk Title</b>
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: 21 September 2023**

**Item: Establishment of a Programme Management Office**

### **This paper will be considered in public**

## **1 Summary**

- 1.1 This paper describes the work to review current processes, systems and resources within Places for London for control and first line assurance of our projects and, identifies how Places for London can better manage and assure delivery risk across its extensive portfolio. The paper recommends the establishment of a dedicated Programme Management Office (PMO) within Places for London.
- 1.2 It is proposed that the new Places for London PMO would replicate the existing TfL PMO model, utilising a centralised resource approach, with a dedicated team embedded within Places for London, but drawing on resources, systems and ways of working from the central TfL PMO.

## **2 Recommendation**

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

## **3 Background**

- 3.1 Places for London has had a PMO capability within our Property Development (PD) team since 2016. In 2020, Independent Investment Programme Advisory Group (IIPAG) reviewed the governance and assurance framework for our development programmes. Their report identified the need to improve management of delivery risk and assurance of project delivery, a requirement for more robust project and programme management and a more standardised approach to data management and reporting.
- 3.2 Following the IIPAG review, we made a number of improvements to the way in which our PMO operated.
- 3.3 The existing team has historically only covered our portfolio of development projects. While project delivery is largely through joint venture arrangements, these require a significant amount of early work ahead of contracting with our chosen joint venture partners. This early phase work is managed in house by the PD team.
- 3.4 However, the establishment of TTL Properties (TTLP) (now Places for London) commercial financing arrangements, has also enabled us to move forward with our plans to invest in our existing commercial estate. We have created the Asset Management Delivery team (AMD) within our Asset Management (AM)

directorate to realise these plans. In conjunction with our sector leads, the team has developed a three-year pipeline of projects valued at some £100m.

- 3.5 These include works necessary for safety, investment to bring units back into lettable condition and projects which add value to our asset base. We recognised the need for more robust programme controls and project assurance for these projects. Work has begun to create these, supported by TfL's central PMO team.
- 3.6 For both AM and PD, much of the early work, including feasibility assessment, is undertaken in house, and we recognise the need for robust controls and assurance for this aspect of our projects as well as for delivery.
- 3.7 In March 2023, we approved the establishment of a single, central PMO within Places for London. It was agreed that all PMO activity within Places for London should be brought together within one team, with a PMO lead at Band 4 level, reporting to the Head of Operations.
- 3.8 It was also agreed that a single central PMO team should be created within Places for London, to oversee and assure delivery of our 20,000 homes and commercial development programmes, as well our extensive pipeline of projects on our existing estate and our programme of initiatives, aimed at the continuing development of Places for London as a commercial property company. These latter initiatives include delivery of our people and digital strategies as well as our plans under our Environmental, Social and Governance strategy.
- 3.9 The team's role would be to apply best practice systems and processes across the whole portfolio and adopt a consistent approach towards risk management, project controls, data management and reporting.

## **4 Review of Current Arrangements**

- 4.1 In order to understand how best to develop and implement this approach, we worked with an experienced Programme Controls Manager, from TfL's central PMO, to review our current governance, processes, systems and resources. The review considered the large and diverse nature of the portfolio of projects undertaken across Places for London, their delivery mechanisms, values and risk profiles and recognised that a one size fits all approach, may not always be most appropriate or achieve the desired outcomes.
- 4.2 Within PD, project management of the early stages of a project are managed 'in house' with project delivery generally carried out by the joint venture rather than directly by Places for London. Within AM, project management is headed up by a Project and Programme Delivery Manager, leading a team of sector level Senior Project Managers and project level Project Managers (PMs). The review found that a consistent level of project management skills, knowledge and experience is being demonstrated across both PD and AM.
- 4.3 The review found that whilst many of the required controls are in place, they are applied differently by PD and AM and do not always reflect the way TfL central PMO operates or use the systems TfL uses. For example, AM and PD are each using localised tools for data capture and reporting.

- 4.4 There are a range of approaches towards resourcing, with staff directly employed by Places for London in PD, an embedded consultant within AM recruited via the TfL central PMO framework and resources provided directly by the central PMO across both PD and AM. The review found that there are some gaps in resourcing for specialist skills, especially cost and risk management, planning and forecasting.
- 4.5 The review concluded that the Places for London Investment Group (IG) provides appropriate oversight and assurance but noted there is no delegation of financial authority, below IG. This echoes the findings of the recent governance review undertaken by the TfL Risk and Assurance team, which the Places for London leadership team are addressing.
- 4.6 The review also identified other areas where the approach taken can be improved, for example adoption of TfL's document management system for archiving project information and application of Pathway to a wider range of projects, than is currently the case.

## **5 Actions Taken to Date**

- 5.1 In response to these findings and as part of our ongoing work to improve project assurance, we have already taken the following actions, again working closely with TfL's central PMO.
- 5.2 The central PMO is currently working with the AMD team to implement a consistent project performance dashboard.
- 5.3 The Project and Programme Manager within the AMD team is working with central PMO to develop and implement Pathway consistently across AMD.
- 5.4 The central PMO is currently working with the AMD Senior Project and Programme Manager to implement a consistent approach to risk management that aligns to the TfL Risk Handbook, for projects with a value less than £15m. We are introducing a SharePoint based risk register from Period 6, across AMD projects.
- 5.5 PD has recently implemented a single whole life stage Cost Breakdown Structure (CBS). The AMD team has now developed a new CBS for implementation that allows some lifecycle cost management (Initiation, Design /Delivery, Handover / Completion).
- 5.6 ASITE, TfL's preferred document management system, is currently being piloted within AMD. We have recruited a Resourcing Manager who will focus on resource planning and forecasting for all Places for London teams. The central TfL PMO also offers a resource planning service. We plan to keep this capability within Places for London as we establish, but may in the future, draw on the central PMO team to provide this.

## **6 Establishment of a Places for London Programme Management Office team**

- 6.1 In the light of these findings, we have considered different options for establishing PMO capability within Places for London. These are;
- (a) continue with a locally led PMO with some utilisation of central PMO resource; create a separate PMO within Places for London with limited links to central TfL PMO; and
  - (b) create embedded TfL PMO team dedicated to Places for London.
- 6.2 Our preferred option, and that of TfL central PMO, is to draw on the central expertise and create a dedicated, ring-fenced, core PMO team, led by a Band 4 Programme Controls Manager (PCM) accountable to the Places for London, Head of Operations but resourced from the TfL PMO with additional specialist support also provided by the TfL PMO as required. The existing Places for London team will be retained and strengthened.
- 6.3 The PCM would lead on the implementation of the establishment of the team, and embedding new processes and systems where required. The principal benefits of this option over, for example, creating a new team from scratch within Places for London, are speed, and being able to draw on existing expertise. This option will enable a quicker establishment (up to nine months) than other options, targeting business as usual from April 2024 supporting both the Directors of AM and PD and their teams with a range of essential services and effective first line assurance.
- 6.4 Initially the new PMO function will focus on:
- (a) establishing first line assurance, by embedding the most appropriate and scalable application of Pathway, and developing and implementing progress reporting and change control rhythms aligned to the broader TfL assurance model;
  - (b) optimising existing project, sector and business unit performance reporting to provide early warning, escalation and resolution of issues arising, as well as identifying risks and opportunities that could impact the bottom line and agreeing active mitigation;
  - (c) characterising the work into a consistent Project, Programme and Portfolio delivery hierarchy, fit for integration with TfL systems; and
  - (d) developing a complete, accurate and consistent picture that will inform decisions regarding the management, quality and control of projects.
- 6.5 Once the core team has been established, Places for London will be able to draw on the wider services that the central TfL offers, for example, value management, process and guidance and dedicated quality teams. We will also have access to central benchmarking and lessons learnt data.
- 6.6 The central TfL PMO is currently leading an Our TfL Programme initiative of bringing Pathway PMs together into a community for agile deployment to create

better, efficient use of resources, whilst focusing on the capability and career development of colleagues. PMs within Places for London will become part of the Project Management Network, where there will remain dedicated to Places for London but be able to access training or events for PMs to continue their professional development. The PMs do not form part of this PMO proposal.

**List of appendices to this report**

None.

**List of Background Papers:**

None

Contact Officer: Lisa-Jane Risk, Head of Operations, Places for London Limited  
Email: [lisajanerisk@tfl.gov.uk](mailto:lisajanerisk@tfl.gov.uk)

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## Land and Property Committee



**Date: 21 September 2023**

**Item: Enterprise Risk Update – Attraction and Retention of our Employees (Places for London-L0-2)**

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### **This paper will be considered in public**

#### **1 Summary**

- 1.1 This paper provides an overview of Places for London Limited's Level 0 Enterprise Risk "Attraction and retention of employees". (ER L0-2).
- 1.2 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.
- 1.3 The risk is defined as "where significant challenges to attracting and retaining people with critical skills may affect the ability of Places for London to achieve its business plan, deliver homes for Londoners and generate value for both its customers and TfL".
- 1.4 Failure to attract and retain suitably skilled employees could result in business underperformance, failure to deliver against shareholder milestones, reductions in income from tenants or development schemes, missed housing targets, negative impacts on safety and a deterioration in the reputation of Places for London.
- 1.5 We have seen a ongoing pattern of experienced people leaving and being replaced with non-permanent employees. Currently this risk is assessed as High. While some controls for this risk are already in place, further controls are under development. As such, the current management status of this risk is assessed as "requires improvement".
- 1.6 We have identified a number of key controls and actions to improve control of this risk, with action owners and outline timescales assigned. These actions include the introduction of a resourcing strategy alongside creating and articulating an effective development and career progression framework for employees at all stages of their career. These will allow us to 'grow our own' talent. The procurement of proposed Strategy Partner and Delivery Partner (see agenda item 12) will be a parallel approach to ensure we maintain the required pace of delivery.

1.7 Whilst some new actions are being proposed here, others are already underway with all due to be completed within the next twelve months. Progress against these actions will be reviewed in twelve months' time.

1.8 This risk is assessed as medium once the identified actions are completed.

## 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 Places for London arising from an inability to recruit and retain individuals with the skills, knowledge and experience that Places for London needs to deliver on its objectives. These could be failure to meet income and homes targets, a reduction in service to our customers, risks to safety, deterioration in the reputation of Places for London or an inability to realise a shareholder return to TfL. We are currently facing significant challenges to our ability to attract and retain critical skills and need to reassess how we continue to recruit and retain a workforce with the skills and knowledge we need to achieve our business plan, deliver homes and make a financial return to TfL.

3.2 The key causes of this risk were agreed by the Places for London Executive Team and colleagues in TfL's Risk and Assurance Directorate and are described in the Part 2 paper. The principal ones are :

- (a) **dynamic employment market** – we are competing for specialist talent in a relatively dynamic employment market. Although the current economic climate has seen some developers put schemes on hold, with the result that more property development specialists are available, once the development market recovers, we will struggle both to recruit new staff and retain existing talent in this area. There also continues to be a shortage of property asset management specialists, especially at senior levels;
- (b) **pay and other benefits out of step with the market** – benchmarking shows that several years of pay constraint have seen our levels of pay fall behind market median, especially for senior roles with our pay structure out of step with the market for specialist skills. Responses to the most recent staff engagement Viewpoint survey (September 2022) revealed a further decrease in the number of employees reporting they feel their pay is fair considering the work they do;
- (c) **rising cost of living** – inflation and rising energy bills may lead to increased salary expectations. The combination of cost-of-living pressures, and a volatile employment market may mean salary level becomes a primary factor in decisions to join, or leave the organisation over the next 12 months;
- (d) **our employment offer becoming less attractive** – other elements of our package may also become less attractive. With hybrid working more common, our travel benefits may be perceived as less valuable. We do not



currently have a Places for London 'employee value proposition' that articulates what prospective employees can expect from a career here; and

- (e) **uncertainty over development and progression** – we do not provide colleagues with clear career paths, based on development and progression within their grade and through promotion. We do not have effective succession plans in place for some critical roles, risking overreliance on non-permanent/consultant labour, especially given the importance of maintaining pace on the programme.

## 4 Controls and Mitigations

- 4.1 Places for London has identified 17 controls to manage this risk, consisting of 14 preventative controls and three corrective controls detailed in Part 2. These reflect that Places for London is still 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.
- 4.2 Four of the controls – trade union engagement, use of secondments, our graduate and apprentice scheme and the use of our employee engagement survey, Viewpoint, have been assessed as currently effective in both design and operations. Work is required to ensure the remaining thirteen controls are effective in both design and operation.
- 4.3 The following controls and high priority actions are considered to be the ones that will have the greatest impact. All actions will ensure that the controls are effective in both design and operation, and all have all been assigned an owner and will be completed within the next 12 months.
  - (a) **a robust resourcing strategy** – one which identifies the resources we will need to deliver our key objectives and how we will access these, whether that is through our own employees or via delivery partners. We will develop a resourcing strategy which will identify what resources are required and which roles may be hard to fill. We will adapt our operating model accordingly and develop solutions to meet these resource challenges. Our proposed procurement of both a Strategy Partner and a Delivery Partner will be an important mitigation, but we recognise there are certain functions core to our business, that will always need in-house capability;
  - (b) **reward management** – whilst remaining within existing TfL and Greater London Authority (GLA) policies, we are keen to examine options to create a more direct link between long-term business performance / shareholder value, and reward. We will work on this with TfL Reward;
  - (c) **clear routes for career progression** – whilst we cannot compete with salaries at the top of the market, having a clear employee offer will be vital to being able to continue to attract and retain people with the skills and talent we need, as will understanding what individuals are looking for from their role and career. We will develop a framework where career progression is linked to the achievement of milestones and performance management focuses on setting clear objectives and giving consistent feedback. We will

establish robust succession plans that are future focused, diverse, inclusive, and transparent, as an important mitigation to our ability to respond to the loss of key individuals;

- (d) **growing our own talent** – developing people to be the best they can be at work is an important part of how we make our employee offer attractive, recruit a more diverse workforce, and meet our future skills requirements. Growing our own is also a mitigation against not being able to offer reward packages in line with market levels. We have to date been relatively successful in recruiting and developing those at the outset of their careers, including graduates and apprentices. We currently have eight graduates and 13 apprentices working towards a professional built environment qualification. We also have another 14 colleagues who were formerly either graduates or apprentices. We will produce a fully funded learning and development plan focusing on real estate disciplines for colleagues at all stages of their careers. We will also prioritise work and training to develop our people leaders and establish a consistent standard of what it means to be a leader of people at Places for London;
- (e) **recruiting and retaining a more diverse workforce** – we must broaden our reach when recruiting to improve the diversity of our workforce especially at senior level. Providing a positive experience when starting employment will help retain people in the organisation. We will also create a more inclusive workplace by embedding Action on Inclusion to help achieve our vision for a more inclusive, diverse, equal organisation. We will seek to develop our junior staff, who tends to be more diverse, for senior roles;
- (f) **collaborating with real estate teams across the GLA** – we will continue to work with the GLA, London Legacy Development Corporation, Old Oak Common and Park Royal Development Corporation and others to develop a joint talent pool, which can be deployed more flexibly across the organisations, according to demand.

## 5 Conclusion

- 5.1 Places for London has some controls in place that help mitigate the impact of an inability to recruit or retain individuals with key skills. Set out above are additional actions that Places for London has identified which will improve controls and create some additional ones. The actions to deliver these are now embedded within Places for London's plans.
- 5.2 It is of course not possible to fully mitigate or control the demand and supply of suitably skilled property professionals, however, we are confident that with these controls and activities in place, we will be better able to manage the impact of this risk.

### 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

Contact Officer: Lisa-Jane Risk, Head of Operations, Places for London Limited  
Email: [lisajanerisk@tfl.gov.uk](mailto:lisajanerisk@tfl.gov.uk)

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## Land and Property Committee



Date: 21 September 2023

Item: Places for London Limited Scorecard 2023/24

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### This paper will be considered in public

#### 1 Summary

- 1.1 This paper requests approval of the annual Places for London scorecard for the financial year 2023/24.
- 1.2 At its meeting on 28 June 2023, the Committee agreed the broad outline of the scorecard submitted but asked us to consider adding some further metrics. We propose to address this by incorporating new metrics in the annual scorecard and developing a longer-term “strategic” scorecard to be put in place alongside the annual version. This new product will contain metrics that enable us to more effectively assess and report against the long-term value we are delivering for London, including benefits to the transport network and our wider economic and social impact.

#### 2 Recommendation

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






#### 3 2023/24 Scorecard

- 3.1 The Committee reviewed the previous iteration of this year’s scorecard at its meeting on 28 June and suggested that it should be broadened to more accurately reflect and measure performance across the business. In line with this feedback, we have updated the scorecard in section 3.6 to this paper with two additional metrics.
- 3.2 **Dividend Payable to TfL** – target set at £9.4m is set out in the Budget and agreed with TfL. Calculated from the Annual Operating Surplus, less any build to sell dividends received in year, financing costs and tax. We will work towards a single target at year end with no formal periodic reporting, though the full year forecast may be updated in year if there are any formal budget reforecasts.
- 3.3 **Cumulative Housing Completions** – a measure of delivery towards our Mayoral and Government targets for new homes. “Completion” in this context means that the housing is ready for use and a public announcement of completion has been made. Places aims to reach 1,258 cumulative homes completed by the end of 2023-24, with 442 completions in year.
- 3.4 As we are adding the two new metrics after the beginning of the financial year, both are zero-weighted. Our performance against them will therefore not count

towards the overall scorecard outturn this year, but they will be included and weighted in future years.

3.5 We have also set out the individual events and deadlines which make up the Environment, Social and Governance milestones. We will provide a report on progress at the Committee meeting on 20 December 2023, though we can confirm that the August 2023 milestone to complete the Task Force on Climate Related Financial Disclosures disclosure was achieved.

3.6 The amended scorecard is as follows:

	Measure	Target	Floor Target	Weighting
Safety & Risk 	Inspections Completed vs Planned	95%	90%	10%
	Killed or Seriously Injured (KSI)	0	0	10%
Colleague 	Total Engagement	64%	61%	10%
	All Staff Representativeness			
	Gender	45.3%	45.0%	1.25%
	Ethnicity (BAME)	27.9%	25.1%	1.25%
	Disability	9.4%	8.9%	1.25%
	Minority Faith / Belief (not Christian, Agnostic or Atheist)	15.8%	13.8%	1.25%
Homes 	% Affordable Start on Sites	47%	47%	10%
	Start on Sites (Cumulative)	4,407	4,314	10%
	Housing Completions (Cumulative)	1,258	915	0%
ESG 	Complete carbon literacy training (Band 4 and above)	100%	75%	5%
	Customer Satisfaction Survey	70%	65%	5%
	Achieve ESG Milestones	5/5	3/5	
	Complete EPCs by Mar 24	100%	100%	1%
	Attain GRESB 5* Rating	31/03/2024	31/03/2024	1%
	Publication of BBP compliant NZC roadmap	31/12/2023	31/12/2023	1%
	TCFD Report	30/08/2023	30/08/2023	1%
EV Hubs Tender Sent Out	30/09/2023	30/09/2023	1%	
Finance 	Total Revenue	£82.9m	£74.6m	10%
	Operating Surplus	£24.3m	£21.9m	10%
	Asset Disposals	£23.5m	£18.8m	5%
	Asset Investment	£(40.0)m	£(32.0)m	5%
	Dividend	£9.4m		0%

## 4 Long Term Strategic Scorecard

4.1 Places for London will be a feature of the London real estate sector for decades to come. We therefore need to complement our current focus on meeting annual targets with a way of tracking the value that is delivered over time to customers, communities, and our shareholder.

4.2 The benefits of a strategic scorecard will include:

- (a) enabling consistent focus on the direction of the business as set out in our strategies and plans and being able to clearly demonstrate progress to our shareholder, the market and London stakeholders;
  - (b) better strategic decision-making and reduced risk of short-termism at the expense of the long-term health of the business; and
  - (c) improved employee engagement, boosting productivity, retention and attraction as set out in our People Strategy.
- 4.3 Our initial thinking is that the scorecard should cover a four-year period between 2024 and 2028, which matches the next Mayoral term. Among the metrics we will consider for inclusion are:
- (a) Killed or Seriously Injured – evidencing a long-term commitment to the safety and security of all those who work for Places for London or come onto our estate;
  - (b) Employee Engagement – targeting consistent, year-on-year improvement linked to the delivery of the plan sitting beneath our People Strategy;
  - (c) Representativeness – tracking progress towards our People Strategy commitment to have a workforce that reflects the diversity of London’s economically active population;
  - (d) Customer Satisfaction – so we can understand the long-term impact of measures we put in place to improve our customers’ experience;
  - (e) Brand Recognition – initially likely to be a measure of direct engagement with the company in the months following our launch but over time we aim to track awareness and understanding of the impact of our work;
  - (f) Housing Starts on Site, Completions and Percentage Affordable Housing – longer-term targets will give a better reflection of progress towards meeting our commitments to the Mayor and Government;
  - (g) Sustainability – to be refined as we develop our Net Zero Carbon Roadmap, options include metrics on carbon intensity, energy use from renewable sources and asset performance;
  - (h) Transport Benefits – in partnership with TfL we will explore the most appropriate metrics and how they could be measured and attributed, including passenger demand, mode shift and increases in customer satisfaction arising from Places for London schemes; and
  - (i) Economic and Social Impact – we aim to have a robust measure of jobs created and the economic value created by our tenant businesses.
- 4.4 The strategic scorecard will reflect the substance and focus of the emerging Business Plan as well as being closely aligned to our Strategic Impact Framework, which will set out in detail how and where we aspire to deliver social,

environmental and economic value through our work. We will strike a balance between metrics for which we have or can easily collate data to report, and those for which longer-term work is needed to achieve the maturity required.

- 4.5 Working with the TfL Human Resources team, we will explore the feasibility of creating a scheme which uses the outputs from the strategic scorecard to link reward to the longer-term success of the business, including increased shareholder value.

**List of appendices to this report:**

Appendix 1: Key to Environment Social Governance (ESG) Milestone Acronyms

**List of Background Papers:**

None.

Contact Officer: Graeme Craig, Director and Chief Executive, Places for London  
Email: [graemecraig@tfl.gov.uk](mailto:graemecraig@tfl.gov.uk)



## Appendix 1 – Key to Environment Social Governance (ESG) Milestone Acronyms

EPC	Energy Performance Certificate
GRESB	An independent organisation providing validated ESG performance data and peer benchmarks for investors and managers to improve business intelligence, industry engagement and decision-making
BBP	Building Better Partnerships is a collaboration of leading property owners who are working together to improve the sustainability of commercial buildings
NZC	Net Zero Carbon
EV	Electric Vehicle
TCFD	Task Force on Climate Related Financial Disclosures

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**tfl**Land and Property Committee

**Date:** 21 September 2023

**Item:** Electric Vehicle Charging Hubs

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## **This paper will be considered in public**

### **1 Summary**

- 1.1 The paper sets out Places for London's proposal to form a Joint Venture to design, build, fund, operate and maintain Electric Vehicle Charging Hubs (EVCH) and associated facilities on five initial sites on our estate.
- 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.
- 1.3 We have a significant appetite to expand our offering, so the joint venture will be formed with the intention that further properties from our portfolio could be added in the future.
- 1.4 The paper outlines how the EVCH Programme aligns with Mayoral and Transport for London (TfL) policy and provides further detail on how the joint venture delivery model has been selected in the context of existing examples and current market players.
- 1.5 The paper provides the overarching rationale for participation in this market, supported with financial analysis in the paper on Part 2 of the agenda.

### **2 Recommendation**

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

### **3 Mayoral and TfL Policy**

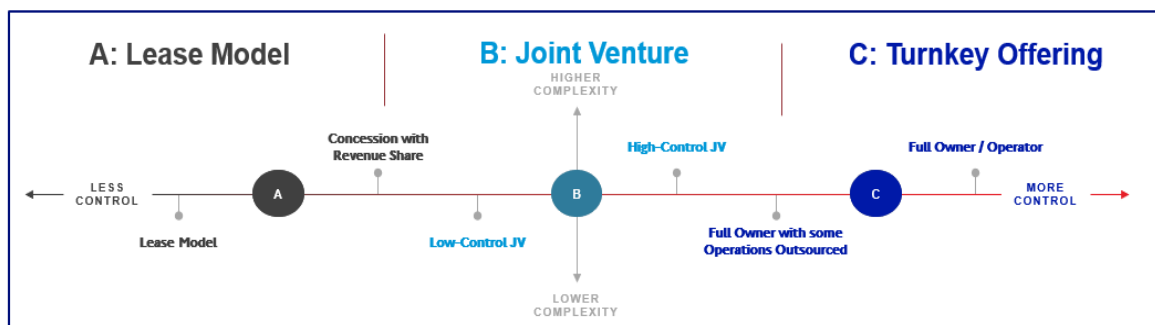
- 3.1 The Mayor's Transport Strategy (MTS) commits TfL to work with Government and stakeholders across London *"to ensure that sufficient and appropriate charging and refuelling infrastructure is put in place to support the transition to Ultra Low Emission Vehicles"*.
- 3.2 Since 2017, TfL has played an important role in Electric Vehicle (EV) infrastructure deployment in London with the delivery of the 'Go Ultra-Low City Scheme' and the 'Rapids Programme'.

- 3.3 TfL has also been responsible for defining overarching infrastructure delivery strategies for London, drafting the Mayoral EV Infrastructure Delivery Plan (EVIDP) in 2019 and the updated Mayoral EV Infrastructure Strategy (EVIS) in 2021. Both strategy papers identify high-speed charging as a priority for infrastructure provision in London, with a specific focus on a hub delivery model.
- 3.4 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 3.0 per cent in 2021 to 4.2 per cent in 2022) as does the take-up of electric vans, which is essential for the hubs' fleet utilisation. Alongside electric taxis and private hire vehicles, electric commercial vehicles are expected to be a majority of the customer share across the EVCH portfolio.
- 3.5 To support this growth, EVIS forecasts suggest that by 2030 London could require up to 4,000 rapid charge points. Of all the rapid charge points forecast to be needed by 2025, EVIS estimates that 20 to 30 per cent could be hosted, or delivered, by public bodies. The Mayor has committed to “*unlock GLA land*” for public charging infrastructure, with an initial focus on leveraging TfL landholdings.
- 3.6 The expectation of the number of hubs that will be needed varies – internal analysis has been conducted on a range from 85 to 350. Whatever the estimate, the current number of just 25 is far short of what is needed.
- 3.7 Two projects are on-going within TfL to facilitate EV charging deployment:
- (a) **EV Infrastructure Delivery (EVID)** – run by Investment Delivery Planning and funded by the Greater London Authority (GLA) to deploy single and double rapid charge points along the TfL Road Network; and
  - (b) **EV Charging Hubs (EVCH) Programme** – run and funded by Places for London to deploy ultra-rapid charging hubs on our estate, with a commercial focus.
- 3.8 TfL's City Planning, EVID and EVCH programme teams collaborate regularly 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 that there is an integrated, city-wide strategy for EV charging.

## 4 Delivery Methods

- 4.1 Places for London's land portfolio includes many sites which have interfaces with, or run alongside, transport nodes in London. These sites have been identified as attractive for EV charging and the growth of Places for London's business into a new market sector.
- 4.2 Investment in EV charging will support the primary objective to generate sustainable and growing income. It will also contribute to the principles of Places for London's Investment Strategy to enhance our existing estate and grow into new market sectors to diversify the investment and asset portfolio.

- 4.3 Places for London will focus on providing high-quality, high-speed accessible charging within hubs, in line with EVIDP recommendations. This delivery approach will generate growing revenues, whilst also providing social value to customers by addressing market underperformance associated with charging reliability, safety, accessibility and inclusivity. Hubs will also provide sustainability improvements and / or curated retail units.
- 4.4 Throughout 2022, with support from external consultants, Places for London undertook optioneering on the business model approach for market participation. This resulted in the identification of six possible approaches (see below), ranging in complexity and control, from a simple lease to a joint venture and turnkey offering.



- 4.5 To narrow down options, we undertook a capability assessment with personnel across the organisation to identify areas of, or gaps in, knowledge and experience. This highlighted the need for a partner to provide expertise in the delivery chain related to charge point installation, operation, maintenance and customer management.
- 4.6 In parallel, the high-level risk profiles and financial benefits of each option were assessed against Programme objectives. Outputs from analysis recommended that we proceed with a joint venture approach based on a 49 per cent: 51 per cent ownership structure, with Places for London owning and providing capital for the minority 49 per cent of the business.
- 4.7 The joint venture approach was selected as it was deemed to secure the highest risk-weighted return to the business, including:
- (a) a higher quantum of income, with relatively small initial capital requirements and short payback periods (c. nine to ten years) in comparison to other sector areas in the business;
  - (b) a long-term delivery strategy which ensures our influence and control in the current and future EV charging proposition whilst opening up opportunities for collaboration with Places for London's other joint ventures and strategic delivery partners;
  - (c) a more flexible approach to allow the EV proposition to develop over time in line with our requirements, the EV charging market and technological developments;

- (d) an ability to play a dynamic, leading role in driving up standards of accessibility and inclusivity, customer experience and performance within the sector;
  - (e) a faster route for delivery of the pipeline, allowing Places for London to maximise its opportunity in a market estimated to be worth between £136m and £560m in annual revenues by 2030; and
  - (f) the option, subject to a full analysis of TfL's statutory powers, to bring third-party land into the joint venture to optimise public sector participation.
- 4.8 Whilst it is acknowledged that the risk profile and capital contribution in the joint venture is higher than its alternatives, such as a concession, it is important to stress that the flexibility and control Places for London will have over the EV charging proposition over the next 30 years will help limit risk exposure over time. It will also maximise the opportunities and innovation available to us in the market, facilitating quick scale up through our site pipeline to meet increasing market demands.
- 4.9 Places for London is also uniquely positioned to potentially mitigate some of the risk it would otherwise expect to adopt in a joint venture structure. For example, we may be able to supply the joint venture with electricity sourced through TfL's bulk supply contract as a means of reducing exposure to energy market volatility. In addition, we will ensure that the joint venture puts in place strict sub-contracts to reduce risk exposure relating to operations and maintenance. This should ensure each EVCH operates to a high standard, maximising the customer experience and revenue potential of each site.
- 4.10 To maximise the opportunity available, we will launch the joint venture procurement in autumn 2023, with contract award anticipated in autumn 2024.

## **5 Potential Partners and Places for London Alignment**

- 5.1 The London market has nine current operators with active charge point offerings, and many more wishing to enter the market. Lack of land ownership and competing priorities with existing business areas (for example, fossil fuel retailing) are expected to restrict the number of players in the market and hinder development speed in the near and medium term.
- 5.2 Places for London will procure a joint venture partner to design, fund, build, operate and maintain EV charging infrastructure, and associated facilities, on our estate. In the procurement process, we will seek a partner that is skilled and experienced in the EV charging sector and with an excellent reputation for operating a reliable EV charge point network. Such a partner may be a single entity or a consortium of companies, for example, funders; Charge Point Operators (CPOs); Original Equipment Manufacturers; and Advisory Firms.
- 5.3 The evaluation team will place great importance on business model and organisational alignment with both TfL and Places for London's objectives.. Alongside the experience and capability outlined above, bidder submissions to the tender will also be evaluated on collaboration and partnerships with the public

sector, company Environmental, Social and Governance (ESG) and Net Zero ambitions, skills and apprenticeship schemes, and social value and community benefit. This aims to ensure that we secure a long-term strategic partner who can deliver significant social, as well as financial, value; and potentially work within our growing ecosystem of joint venture partners.

## 6 Benchmarking and Market Testing

6.1 In addition to business model analysis, a specialist consultancy supported Places for London in a benchmarking exercise. The table below outlines rapid and ultra-rapid charging hub schemes, on a national scale, which have involved a public entity either funding or providing land for EV infrastructure provision.

	Be.EV network in Greater Manchester	Go Ultra Low Nottingham (D2N2 network)	Mid Devon	West of England Revive network	Oxford Super Charger
Type of charging infrastructure	Rapid	Rapid and fast charge points	Rapid chargers	Rapid and fast charge points	Ultra Rapid
CPO Owner	Iduna TTGM	BP Pulse BP	Instavolt Zouk Capital	GeniePoint Engie	Pivot Power EDF
Partners	Octopus Swarco 10 x LAs	4 x LAs	ChargePoint	Yunex Traffic 5 x LAs	Oxford City Council Fastned Tesla
Type of contract	Concessions agreement	Concessions agreement	Supplier fully funded and owned installation	Own and operate model	Unknown
Contract length	Framework: 7+3+3 years	5 + 5 years	20-year lease agreement	5 years	Unknown
Funding source	Government grant-funded	Government grant-funded. Supplier to provide any additional funds required and additional rapid charge points.	Private investment	Government grant-funded	Private investment
Responsibility for maintenance, repair and risk liabilities (for example, unexpected costs)	Determined on a case-by-case basis	ChargePoint supplier	ChargePoint supplier	LAs through maintenance contract with ChargePoint supplier Yunex Traffic. All risk and liabilities with the local authority	ChargePoint supplier
Revenue arrangements	All revenue will go to Transport for Greater Manchester for grant funded installations. Up to 20% revenue share for CPO owned installations	Unknown	Local authority receives small rental income as landowner	All revenue goes to the local authorities. Consortium of 7 partners to upgrade and replace the old West network borough.	Unknown

6.2 New examples and business model approaches are arising regularly in the market. The West Midlands Combined Authority (WMCA) is currently the closest comparison to our proposed approach within the UK. WMCA is investigating the creation of a joint venture company with a private investor to acquire land and grid network reinforcements to support the deployment of ten ultra-rapid EV charging hubs. Sites and grid connection will then be provided to a CPO, who will work with an operating company to deploy and operate infrastructure. In return, the joint venture receives a regular rental and revenue share payments.

6.3 Whilst the joint venture approach is similar to our proposal, WMCA is having to take capital risk on the land, and hence is seeking to reduce risk and expenditure on the EV charging business itself. As we already hold the land, the business is in a privileged position to leverage annual site revenues to support investment and take a larger stake in the risk and reward of the sector.

6.4 Places for London has also tested the EV charging proposition extensively with the market via three engagement exercises in:

- (a) **April 2022** – A Market Sounding Questionnaire was issued to confirm market player capabilities, explore market appetite in working with us to deliver hubs, and obtain market opinions on contracting and financing models. Responses from the market were very positive, with 104

Expressions of Interest noted and 50 submissions received. This exercise confirmed a joint venture approach was the preferred route to market.

- (b) **December 2022** – An additional engagement exercise was run that tested our strategy for procuring a long-term joint venture partner. Responses from 22 market players and extensive interviews with six organisations confirmed the joint venture approach and provided insights into delivery, site development, design and branding, commercial and financial considerations and scale-up expectations.
- (c) **May 2023** – We released a Prior Information Notice to stress test the development of the joint venture proposal, target land typologies, mechanisms for land transfer and operational standards and the procurement process. Over 20 responses from across the market were received, and these provided further clarity on joint venture structure, expectations of the future pipeline, site design and typical service and performance levels.

6.5 We continue to monitor the market to ensure that notable trends and lessons learnt from previous or on-going deployment projects are considered. The joint venture approach is continuously assessed for practical application and key players are also kept up to date with progress via formal procurement channels.

## **7 Financial Implications**

7.1 Places for London, with the support of external financial advisors, has developed a detailed model to enhance business model optioneering and site-specific analysis on charging demand, revenue and cost. The modelling approach is thorough, using clear principles to establish demand and resulting revenue at the hub sites.

7.2 Recently, the programme team has been working on refining model inputs for the joint venture, including testing commercial assumptions and business sensitivities. Outputs indicate that the joint venture continues to meet or exceed our corporate, strategic and investment metrics. Detailed analysis is included within Part 2 of this paper.

## **8 Counterfactuals and Liabilities**

8.1 If we were not to proceed with the EVCH programme, it is expected that EVIS forecasts for charge point delivery are less likely to be met, especially given the lack of available and affordable land in London.

8.2 Failure to invest in the proposition would also remove a significant forecast income line.

### **List of appendices to this report:**

Supplementary information on Part 2 of the agenda.



**List of Background Papers:**

Land and Property Committee paper, 1 June 2023, Electric Vehicle Charging Hubs

Contact Officer: Mark Farrow, Director of Strategy and Planning, Places for London Limited

Email: [markfarrow@tfl.gov.uk](mailto:markfarrow@tfl.gov.uk)

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## Land and Property Committee



**Date:** 21 September 2023

**Item:** Commercial Partnerships

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### **This paper will be considered in public**

## **1 Summary**

- 1.1 To deliver Places for London Limited's programme, the company will need to grow its capacity to deliver, and over the past year has put in place an organisational structure which has improved our capacity to deliver what London needs. However, neither the scale of the opportunity nor the required pace of response can be achieved by growing the organisation by conventional means.
- 1.2 Instead, building on the established practice of partnership working in the real estate sector and our own experience, we are seeking to form long-term partnerships with best-in-class organisations to augment and improve delivery capacity and capability. This paper updates the Committee on work to date on both Strategy Partner and Delivery Partner.

## **2 Recommendation**

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

## **3 Background**

- 3.1 The TTLP Procurement and Commercial Strategy presented to the Committee at its meeting on 18 January 2023 sets out an ambition to broaden the delivery routes available to the organisation, as well as a desire to move towards long-term, portfolio-wide partnerships based around the alignment of objectives and shared values.
- 3.2 In addition, Places for London has the opportunity to do more than was envisaged when TTLP was established. Opportunities emerging from the Collaboration Agreement with Network Rail, the potential for development above and around some of London's bus garages in support of the decarbonisation of the bus fleet, and wider opportunities for land assembly and infrastructure delivery all point to a need to approach resourcing differently.
- 3.3 A partnering approach (which will not involve forming a formal partnership in the legal sense of the term) will enable us to alleviate these sorts of capacity concerns in the short term and give us space to continue to strengthen our core business. Other benefits will include:
  - (a) enabling internal teams to better focus on core business;
  - (b) introduction of world class, expert capability where and when it is most needed, supporting better outcomes;

- (c) improved scalability unlocking rate and cost reductions;
  - (d) shorter times to market supporting greater pace in delivery;
  - (e) greater flexibility and efficiency in the deployment of resources; and
  - (f) mutual benefits from joint working and employee interchange possibilities.
- 3.4 While partnering arrangements have the potential to add enormous value to the business, there are certain functions core to our business that in-house capability will always exist to do and will need no augmentation from a partner. These include corporate strategy and direction setting, management of our relationship with and accountability to our shareholder, and the delivery of any function or service which involves direct contact with our tenants and customers.
- 3.5 Conversely, there are many other activities important to the company's success that will benefit from leveraging external perspective and expertise in support of improvements in how the business operates. These include elements of portfolio strategy and management, certain investment and divestment activities and how best we can monitor and manage the performance of the business, including with Key Performance Indicators.
- 3.6 In considering our approach in this area, we have completed early research into some existing public and private sector partnering arrangements. We have taken much from how other organisations have approached framing their arrangements but aim to put in place something that is unique to us. We expect them to be based on a shared commitment to shaping the London of the future with sustainability, diversity and inclusion and a commitment to people and communities at their heart.

## **4 Strategy Partner**

- 4.1 Places for London currently works with a number of strategic consultants and as our business develops our need for world-class external advice and expertise will become more pronounced. Spend is currently spread across the organisation and is incurred through multiple arrangements with a range of companies. The level of in-house effort expended on coordinating and managing consultants' outputs is therefore disproportionate to the overall benefit to our business – although many of the individual arrangements do support and enhance delivery capability.
- 4.2 We are seeking a single organisation to engage as the Places for London strategy partner for an initial period of three years through an existing Crown Commercial Services framework. They will provide strategic minds and real estate expertise and be expected to apply their knowledge and skills flexibly in a range of contexts across the breadth of the business. The arrangement will support and augment teams across the company in the ongoing development of strategy and plans and the delivery of strategic projects at corporate, portfolio and property levels.
- 4.3 We plan to begin formal market engagement in early October with a view to having the partner in place later in the autumn. While the bulk of strategic support will be provided by the partner, the arrangement will be non-exclusive and give us the option to appoint specialists where business need requires it.

4.4 The partner will be expected to contribute to the achievement of the following outcomes:

- (a) a best-in-class strategic framework, building on our existing purpose, objective and strategies which ensures line of sight for everyone in the company;
- (b) market-leading insight to inform portfolio and sector strategies and supporting our ability to translate strategy into delivery across the business – identifying best practice across sectors and drive innovative thinking and ways of working across the company;
- (c) advisory support across the business, advising on strategic data-led decision-making alongside the Places for London senior leadership group – supporting initiatives to drive value within the investment portfolio and help drive business performance and income;
- (d) facilitate our Environment, Social and Governance (ESG) ambitions by supporting the ongoing development and operation of our ESG strategy and its associated roadmaps and delivery plans – enabling the delivery of specific environmental and social initiatives in conjunction with existing teams; and
- (e) capability and capacity to enable the development of a digital roadmap, drawing together in-flight initiatives and proposing new work in support of our ambition to become a digital and data-led organisation.

4.5 The specification which will guide the partner’s focus and activities also includes a series of specific deliverables we will expect them to achieve in the first months of the arrangement. We will also work with the partner to shape the longer-term future of the arrangement. Central to its success will be a “one team” ethos, a commitment to teams working in an integrated way towards shared goals in the short and longer term.

## **5 Delivery Partner**

5.1 In parallel with our work to identify a strategy partner, we are also progressing our thinking on a separate delivery partner arrangement. Many organisations, including Bristol City Council, The Crown Estate and the Government Property Agency, have for some time contracted out the provision of technical support to their projects, both to single partners and consortiums. Our research into these arrangements has indicated that they can both speed up delivery and drive efficiencies in how projects are delivered.

5.2 Places for London currently uses a number of organisations for technical advice and services to support the delivery of projects within its Asset Management and Property Development functions. This figure is forecast to double in line with our ambitious capital plans.

5.3 We currently use a range of existing frameworks to provide the services this proposed partnership will cover. While there are many examples of these legacy arrangements supporting successful delivery, it is also the case that they do not give adequate control over the pace and quality of work, nor confidence that our

requirements can be met in all cases. Our initial calculations suggest that a bespoke partnering arrangement could realise significant financial benefits.

- 5.4 We are currently developing a strategic business case which will provide the basis for work to identify a delivery partner or partners to provide a “one stop shop” for most technical support needed in the business. We expect to begin the formal commercial process and market engagement shortly, with a view to having the partnership in place by spring 2024.
- 5.5 As with the strategy partner, this arrangement will complement in-house capability and add capacity to enable the delivery of our Business Plan. The arrangement will cover multiple services and resource needs, to include:
- (a) property management: including building information management and market appraisals;
  - (b) professional building services: including architectural design, engineering design, building surveying;
  - (c) engineering assurance: including the provision of property engineer resource as needed;
  - (d) project and cost management: including providing project managers, surveyors and commercial managers;
  - (e) elements of health, safety and environmental compliance: including expertise in Construction and Design Management Regulations; and
  - (f) wider professional building services.
- 5.6 The partnering arrangement will be designed and managed in a way which optimises efficiency and productivity for our business and for London. Work under it will be commissioned on a work package or project deliverable basis, as well as through day resource allocation. In common with the approach to Strategy partner, the arrangement will operate on a “one team” basis, with an expectation that Partner resource will be embedded with teams throughout the partnership.
- 5.7 To maximise the benefit to us and the partner, our working assumption is that the arrangement will be a lengthy one. This will also enable us to be confident of securing the partner resources we need. A longer arrangement will mean that the total contract value will be significant and will be of great interest to the market. We are currently developing a comprehensive financial case to form part of the final business case.

## **6 Managing the Partnering Arrangements**

- 6.1 We will put in place comprehensive governance to ensure that the anticipated benefits of the partnerships are realised for both our business and our partners, to monitor delivery against shared objectives and to ensure value for money. Each partnership will have a Partnership Group, chaired by a Places for London Executive Leadership Group member and including senior representatives from both the partner organisation and relevant internal business areas. The Group will:

- (a) own the overall strategy for the partnering arrangement and monitor progress against agreed objectives and outcomes;
- (b) have oversight of all new work instigated within the partnership; and
- (c) ensure the relevant commercial approvals processes are always followed.

6.2 The Places for London Commercial team will act as the primary intelligent client, as well as delivering day to day supplier and contract management, project commissioning and value for money assurance for each partnering arrangement. In support of this, we will appoint a partner manager who will have primary responsibility for managing and monitoring the delivery of business outcomes under the arrangement, as well as acting as a working level contact for the partners. This role will also take oversight of both partnering arrangements, manage the links between them and ensure alignment in the work they deliver.

**List of Appendices to this Report:**

None.

**List of Background Papers:**

None.

Contact Officer: Mark Farrow, Director or Strategy and Planning/Joanna Hawkes, Corporate Finance Director, Places for London.

Email: [markfarrow@tfl.gov.uk](mailto:markfarrow@tfl.gov.uk)/[JoannaHawkes@tfl.gov.uk](mailto:JoannaHawkes@tfl.gov.uk)

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## Land and Property Committee



**Date:** 21 September 2023

**Item:** Business Plan Update

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### This paper will be considered in public

## 1 Summary

- 1.1 In common with Transport for London (TfL), Places for London has been working in recent months to develop a long-term Business Plan, setting out how we will deliver on our purpose: to move London forward with thriving, connected places. We are following TfL's business planning programme and process, and consistent with this will present the final plan to the Committee at its meeting on 20 December 2023.
- 1.2 This paper summarises our work to date. It also includes updates on the development of our value framework and progress on our Environment, Social and Governance (ESG) workstream.

## 2 Recommendation

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

## 3 Background

- 3.1 The Business Plan in preparation will, when approved by the Board as a component of the wider TfL Business Plan, supersede Places for London's first comprehensive Business Plan, which accompanied our application to the banks for our initial three-year Revolving Credit Facility and was presented to the Committee at its meeting on 30 June 2022. That original plan set out an ambition to grow recurring income from £81m to £162m per annum and a growth in asset value from £2.1bn to £4.0bn.
- 3.2 Over the course of the past year, Places for London has established a clear direction of travel underpinned by three core objectives for the business which provide the basis for the planning process:
  - (a) generate sustainable growing net income and shareholder growth;
  - (b) deliver new homes, neighbourhoods and communities; and
  - (c) future-proof our portfolio to achieve Net Zero Carbon.

- 3.3 The new plan will set out how we will achieve these objectives in the period from 2024 to 2034 and will describe the projects and ongoing activity we will prioritise. The plan will be predicated on long-term growth driven by strategic asset investment and a strong delivery pipeline that starts with committed projects currently underway. It grows to a longer-term programme to meet the needs of London and the people who live, work and visit our city.
- 3.4 Our work to develop the new plan has taken into consideration a series of external factors that have made delivering the current plan significantly more challenging. These include the economy (increasing interest rates and inflation), construction cost increases and challenges around planning particularly uncertainty in future building safety requirements.
- 3.5 In addition, the process of transforming the Places for London business into one that can make the most of our opportunity has driven additional cost into the plan. As part of the business planning process, we will analyse the relative strength of these factors and the effect they have on our business.
- 3.6 We have adopted a three stage approach where we consider a number of categories of work which cumulatively would enable us to achieve our company objectives during the period of the Business Plan that is being drafted. We have approached this as follows:
- 3.7 First, we consider our core activities, the areas we believe we must invest in to deliver our purpose. These include:
- (a) health, safety and compliance – ensuring our estate is safe and accessible to all, with a proactive approach to legal and regulatory compliance across our portfolio;
  - (b) homes delivery – ensuring we have a clear plan and delivery mechanisms in place to deliver on our 20,000 homes promise; and
  - (c) a deep commitment to environmental sustainability, social value and inclusivity – as well as how we prioritise the delivery of transport benefits alongside our capital schemes.
- 3.8 Second, we consider the options that will underpin and enable how we deliver our purpose, and which we can flex up and down across the plan depending both on our ambition and the financial envelope. These options are intrinsically linked to each other and to our non-negotiables and include:
- (a) digital and data – putting in place the systems and processes to optimise speed and efficiency across our business;
  - (b) asset disposals – de-risking our investment portfolio and rebalancing our sectors and asset holdings, with capital receipts reinvested into our business; and
  - (c) organisational change and structure – ensuring we have an organisation with sufficient capacity, capability and commitment to our core purpose and values to support the delivery of our core activities.

- 3.9 Third, we consider investment in asset management and the emerging options. The former looks at pro-active investment to drive income growth and the second,, the activity areas that have not featured prominently in previous plans but which we are considering for inclusion given their contribution to meeting London's challenges. Prominent among these is our nascent green energy work with electric vehicle charging at its heart, which will contribute directly to meeting the air quality improvement goals set out in the Mayors Transport Strategy.
- 3.10 We have developed three indicative scenarios setting out how different variations and combinations of these options could come together as packages: Base Plan, Target Plan and Ambition Plan. All were looked at through a lens of long-term affordability, sustainability and growth for our shareholder.
- 3.11 The Base Plan is predicated on our existing business structure and capabilities, ensuring our core outcomes are met and consistent business growth is supported by investment elsewhere. The Target Plan is deliverable within our existing business structures but would need to be accompanied by significant change and growth activity to improve the efficiency of the organisation. As its name suggests, the Ambition Plan is more aspirational. This third scenario would require us to add delivery capability over what currently exists, and this would include significant external support and expertise.
- 3.12 The three plans have been evaluated through our financial model, which shows us that we can comfortably deliver a Base Plan within our current affordability envelope. However, the other plans will require us to significantly streamline, rephase and prioritise our operating costs and rephase our capital spend
- 3.13 In all three modelled scenarios, the financial year ending 2026 is the most challenging because of a combination of increased costs (both operational and investment) and delay in generating associated income and returns caused by the current market conditions. In addition, the increased cost of debt means that the longer-term ambition plan is less affordable than the June 2022 plan.
- 3.14 Nonetheless, we are confident that we can address this in the next stages of the plan's development, including by rephasing and control of costs. In doing so, we will generate a long-term plan which meets our shareholder and company objectives in an affordable way.

## **4 Investment Metrics**

- 4.1 Underpinning the successful delivery of our Business Plan will be a set of financial metrics guiding investment decision making and risk appetite. The current levels were set in June 2022 when TTLP became financially independent and are being used to evaluate investment decisions today
- 4.2 TfL recently confirmed to Places for London that it is seeking a long-term equity return target of 7.5 per cent per annum. This broadly reflects four per cent cost of funding for TfL and a 3.5 per cent premium. This target will be reviewed against market comparators over the next year.

- 4.3 The confirmation of the equity return target has allowed us to create a corporate Weighted Average Cost of Capital (WACC) metric. This will be a function of both the 7.5 per cent required return on equity and our cost of debt. We will review our WACC annually to ensure our cost of capital remains reflective of market conditions.
- 4.4 We will use WACC to establish a revised methodology around project hurdle rates that will enable us to properly evaluate the varying risks we face in different aspects of our business (including build risk, new market risk, regulatory risk delivery, growth risk, structure risk) and set them against benefits (delivery of strategic objectives, social value or transport benefits). This will help us to more effectively evaluate and prioritise our investment projects in a constrained capital environment.
- 4.5 We are reviewing our existing suite of investment metrics and will report back to the Committee in December setting out how the metrics and any changes to them align with and support our long-term goals.

## 5 Our Impact – Strategic Impact Framework

- 5.1 The scale of our investment portfolio and development programme provides a unique opportunity to set the standard for how the private and public sector can work in partnership to deliver societal, environmental, economic and transport benefits across London. It is important we can measure and monitor our impact in a meaningful way that encompasses more than financial return. As such, we have progressed work to put in place an impact framework rooted in our strategies and the emerging Business Plan, and which will inform the development of our strategic scorecard.
- 5.2 In doing so, we have analysed our key activities, asset pipeline and a range of data generated in our business. This has enabled us to develop the series of candidate output, impact and key performance metrics which are the starting point for us being able to present a picture of our productivity, business health, contribution to TfL’s operations, and impact on London.

Places Theme	Focus Areas	Candidate Impact Metrics
Partnerships	Business, community benefits	<ul style="list-style-type: none"> <li>Economic value of tenant base</li> <li>Commercial space improvements</li> <li>Community</li> </ul>
People	Jobs, skills, education	<ul style="list-style-type: none"> <li>Jobs/skills outcomes</li> <li>London Living Wage jobs/coverage</li> <li>Education interventions</li> </ul>
Planet	Net Zero, sustainability	<ul style="list-style-type: none"> <li>CO<sub>2</sub>/greenhouse gas reductions</li> <li>Biodiversity net gain</li> </ul>

<b>Places Theme</b>	<b>Focus Areas</b>	<b>Candidate Impact Metrics</b>
Place	Housing, place-making	<ul style="list-style-type: none"> <li>• Homes delivered (including affordable homes)</li> <li>• Public realm improvements</li> </ul>
Productivity	Operations, transport	<ul style="list-style-type: none"> <li>• Transport investment</li> <li>• Mode shift</li> <li>• Ridership, revenue, accessibility</li> </ul>

- 5.3 Places for London will deliver benefits that directly support the goals of TfL and the Mayor’s Transport Strategy. Our investment programme will deliver improvements to the customer experience and transport choices that will drive mode shift towards public transport supporting active, sustainable travel. These direct investments improve the public transport experience for all, including making more step-free accessible journeys possible.
- 5.4 We are using these inputs to develop a more detailed impact framework which will enable us to track and measure progress towards our strategy, Business Plan outcomes and scorecard targets. Our next steps will include:
- (a) further analysis of best practice in real estate and the wider commercial and public sectors;
  - (b) work to ascertain gross and net benefit – what can we legitimately claim to have directly and indirectly delivered or influenced;
  - (c) identification and mapping of target groups and beneficiaries;
  - (d) framing measurement methodologies, including an assessment of data availability and mechanisms for capture through our corporate processes; and
  - (e) understanding and utilisation of established TfL impact methodologies and establishing mechanisms for alignment of investment and operational priorities.
- 5.5 Our strategic impact framework will also be central to the ongoing development of our ESG strategy and plans, and the function that will ensure their delivery. This will include using the framework to understand the contribution projects make to our ESG and corporate priorities and applying this at the investment allocation stage.

## **6 Environment, Social and Governance Update**

- 6.1 Creating thriving places sits at the heart of our vision for London. As one of London’s largest landowners we can lead the way in delivering a greener, more sustainable city through our people, places and properties. ESG is at the heart of our programme, and while we will focus on the path to Net Zero Carbon (NZC), we will also reflect our wider investment in our physical assets to future proof our portfolio and operations, underpinning long-term sustainable revenue and value growth.

- 6.2 The investment in better environmental outcomes will be captured in updates to our ESG and other strategies in the coming months. Delivery of these strategies will be supported by increases in both capacity and capability in this area. Alongside, we will be progressing activity in key workstreams as set out below.

#### Task Force on Carbon-Related Financial Disclosures (TCFD)

- 6.3 TCFD is about how we enshrine ESG in Places for London's business and ways of working. We've worked across our organisation to complete our first comprehensive TCFD report which sets out our maturity against the core elements of the TCFD framework: governance, strategy, risk management, and metrics and targets. In each of these areas we are making good progress but have identified a range of actions we will put in place to further improve our performance against the framework.
- (a) **Governance** – to strengthen our focus on ESG and improve our ability to drive forward activity across the business, we will establish an ESG Group, reporting directly to our Executive Leadership Group;
  - (b) **Strategy** – to inform our ESG strategy, we will undertake an initial materiality assessment covering the impact of climate-related physical and transition risks and opportunities on our business, strategy and financial planning;
  - (c) **Risk Management** – we will put in place processes for identifying, assessing, and managing climate-related risks and integrate them into Places for London's overall risk management approach; and
  - (d) **Metrics & Targets** – in support of the development of our NZC roadmap, we will work to get better data on Scopes 1, 2 and 3<sup>1</sup>, with a view to including NZC targets in next year's TCFD return, as well as the strategic scorecard.
- 6.4 Completion of the TCFD report means we have met the first of the ESG milestones in our 2023/24 scorecard.

#### Climate Adaptation

- 6.5 We have worked with the TfL Safety, Health and Environment (SHE) team to understand common risks and areas for focus. This collaborative work has included a contribution to the voluntary response to Government's request for climate risk assessments in relation to the Adaptation Reporting Power (ARP3). As part of this work, utilising qualitative information, we identified 33 asset, people and services risks across our business.

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<sup>1</sup> The greenhouse gas (GHG) Protocol established comprehensive global standardised frameworks to measure and manage greenhouse gas emissions. These specify Scope 1 covers direct emissions from owned or controlled sources; Scope 2 covers indirect emissions from the purchase and use of electricity, steam, heating and cooling (by using the energy, an organisation is indirectly responsible for the release of these GHG emissions); and Scope 3 includes all other indirect emissions that occur in the upstream and downstream activities of an organisation. In Places for London's case, Scope 3 would include e.g. the emissions from our commercial tenants.

6.6 Looking ahead, building on the TCFD report, we will carry out a high-level assessment to understand which of our assets are in most need of adaptation. This will be used to inform investment decisions. We will also continue working with TfL SHE on the response to the next Adaptation Reporting Power (ARP4 – due in late 2024), which will provide greater pan-TfL understanding of how to protect its estate and the links and dependencies with other sectors.

#### Net Zero Carbon (NZC) Roadmap

6.7 As a member of the Better Buildings Partnership, we are committed to regularly updating and publishing a NZC Roadmap. We are currently working on an update that takes account of the Mayor's commitment to 2030 and which is consistent with the wider TfL approach in this area, including its recent commitment to setting science-based targets for carbon emissions.

6.8 The update will also reflect the progress we have made as a business, including the ongoing development of a robust, data-led baseline which we continue to work to improve.

6.9 At this stage, we expect our commitments will include:

- (a) achieving NZC for Scopes 1 and 2 by 2030 in line with TfL and Mayoral goals;
- (b) a target date for achieving alignment with a 1.5-degree Celsius target across the portfolio;
- (c) operational energy limits and upfront embodied carbon limits for our property development pipeline; and
- (d) minimum reductions in carbon emissions and energy consumption for our existing estate.

6.10 For most businesses and public bodies, the majority of their greenhouse gas emissions are outside their own operations. This is also the case in Places for London. Some 95 per cent of our 2021 baseline emissions were Scope 3, so increasing engagement across our supply chain will be essential.

6.11 In addition, our ESG strategy will set out our aspiration to play a wider role in supporting a "just" transition for London, for example by providing support and training for small and medium enterprise occupiers across our existing estate.

6.12 To inform the development of our NZC roadmap, we will deliver a series of sustainable retrofit demonstrator projects, and introduce Green Lease clauses for future lettings, focused on energy data sharing.

6.13 We will keep the Committee informed of the progress we are making ahead of a comprehensive ESG update at the 19 March 2024 meeting.

**List of Appendices:**

None.

**List of Background Papers:**

Mayor's Transport Strategy.

Contact Officer: Graeme Craig, Director and Chief Executive, Places for London  
Email: [GraemeCraig@tfl.gov.uk](mailto:GraemeCraig@tfl.gov.uk)



## Land and Property Committee



**Date:** 21 September 2023

**Item:** Purpose and Branding

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### **This paper will be considered in public**

#### **1 Summary**

- 1.1 On 28 June 2023, the Committee was updated on the progress TTL Properties Limited (TTLP), as it was called at the time, had made to develop its brand and visual identity in line with the purpose and principles established at previous committee meetings. Committee Members have previously taken part in a workshop to help develop the brand strategy and shared their perspective as the workstream has progressed.
- 1.2 This paper provides an update on that activity.
- 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 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 supplementary information on part 2 of the agenda.**

#### **3 Programme background**

- 3.1 The need to review the TTLP name and brand was established when the organisation was established. Since then, interviews and workshops have taken place to determine how closely aligned the new company brand should be to Transport for London (TfL) and the Greater London Authority (GLA).
- 3.2 The core team running the programme is made up of members of the TTLP Communications and Marketing team and representatives from TfL's central Customer and Insights team, supported directly by the TfL Head of Design.
- 3.3 The workstream had two significant components. The first was to develop a new name for TTLP, and the second was to develop the Brand Strategy, including visual guidelines before introducing the brand in September 2023.

## 4 Name

- 4.1 Following extensive research, which included internal and external workshops, focus groups with Londoners, existing small business customers and potential businesses we would like to attract to the estate, alongside engagement with our people and this Committee, a new name was identified.
- 4.2 In March 2023, the name was considered further, including at a session with Committee members, leading to the decision that an endorsement line should be included. The endorsement line is the roundel and 'The TfL Property Company'.
- 4.3 The name *Places for London* has been selected as the preferred name. It is a name and a mission which creates a clear link to our purpose to move London forward with thriving, connected places. It also maintains close links to the parent company name of Transport for London.
- 4.4 On 3 July 2023, the company name was successfully changed at Companies House to *Places for London Limited*, and we have notified relevant parties of the change.
- 4.5 Website Uniform Resource Locators (URLs) have been purchased, and legal colleagues instructed to register word marks and trademarks with the Intellectual Property Office and European Union Intellectual Property Office.

## 5 Brand Strategy

- 5.1 Interviews and workshops have taken place with our teams, TfL Executive Committee and GLA colleagues to inform the brand position. The core approach is that TfL provides Places for London with credibility and therefore the brand should have some close alignment, whilst also creating a distinct identity.
- 5.2 The Brand Strategy consists of a brand position, tone of voice and verbal identity, and visual identity and is supported by a set of brand values we want to demonstrate when we present Places for London.
- 5.3 The brand position helps guide decisions when building the brand further. The brand position, confirmed at the previous Committee in June 2023 is:
  - (a) Places for London 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) we are an organisation that is both public-spirited and sustainable, while we are also agile, ambitious and commercial;
  - (c) our approach is focused on partnership, diversity and inclusion and localness; and
  - (d) defining characteristics are scale, being next to transport, a company that both develops and manages property, and that takes the role of a long-term steward.

5.4 The key messages are:

- (a) Places for London is here for every part of London and every kind of Londoner;
- (b) We are moving from being one of London's biggest landowners to one of its most impactful place-makers; and
- (c) We are a commercial company, with a public spirit – we reinvest our profits to enable a future London that is decentralised, decarbonised and accessible to all.

## **6 Visual Identity**

6.1 Following agreement by this Committee, TfL and the GLA, a sole visual concept was agreed in summer 2023. The Places for London logo is endorsed by the roundel alongside the words "The TfL Property Company".

6.2 Further work has been conducted to refine the design, including the colour palette, typography, guidelines and iconography.

6.3 A full suite of brand guidelines and branded documents is being prepared ahead the formal launch later this month.

## **7 Launch and Activation**

7.1 We have also been 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 from September onwards.

7.2 The official launch of Places for London into the market will be at the London Real Estate Forum (LREF) on 27 September 2023, where we are hosting a breakfast briefing. We will have a display at LREF, and Places for London representatives will attend the event, with colleagues speaking on panels throughout the day to showcase the new brand, who we are and what we do.

7.3 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 plans to support development schemes, the retail and arch estates, and recruitment. This will provide us with platforms to continuously promote Places for London services and help to embed the new brand.

7.4 Marketing plans will be drawn up annually thereafter and we will continue to monitor brand awareness and reputational trackers to refine and adapt plans as needed. These will be shared with the Committee.

**List of appendices to this report:**

Supplementary information on part 2 of the agenda.

**List of Background Papers:**

Previous meetings of the Committee.

**Contact Officer:** Graeme Craig, Director and Chief Executive, Places for London Limited

**Email:** [graemecraig@tfl.gov.uk](mailto:graemecraig@tfl.gov.uk)

Date: 21 September 2023

Item: Business Update: Car Park Portfolio

**This paper will be considered in public**

**1 Summary**

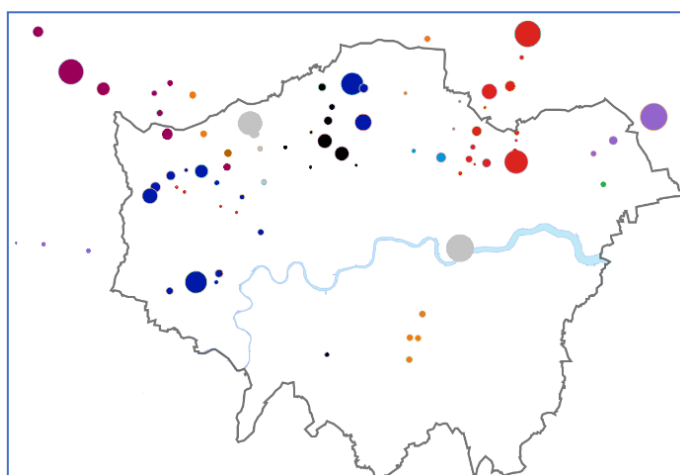
- 1.1 This paper provides an overview of Places for London’s Car Park Portfolio.
- 1.2 A paper is included on the Part 2 agenda which contains supplementary information that is exempt from publication by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972 in that it contains information 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 supplementary information on Part 2 of the agenda.**

**3 Context**

- 3.1 Places for London’s car park portfolio consists of 77<sup>1</sup> car parks, ranging in size from 7 parking bays to over 500, providing daily parking capacity for over 10,000 vehicles. The car parks are located by stations, with 57 being at London Underground, 11 at London Overground and nine at Elizabeth line



Legend	Central Line	Northern Line
	District Line	Piccadilly Line
	Jubilee Line	Elizabeth Line
	Metropolitan Line	London Overground

<sup>1</sup> 7 of the 77 car parks are currently in the process of being transferred from TfL to Places for London

stations.<sup>2</sup>

- 3.2 Most sites are in outer London, with some outside the Greater London boundary. The plan over page illustrates the geographical spread and the relative size of each site and operating line. The location, size and distribution of sites support a range of Mayoral priorities, with several programmes already established and delivering benefits, including housing, expansion of Electric Vehicle (EV) charging, logistics and sustainability.
- 3.3 Dedicated bays for Blue Badge holders are provided in all car parks, and the use of these bays is non-chargeable, with a provision of 336 bays in total.
- 3.4 In January 2023, Saba Parking was awarded the contract to manage and maintain the estate on behalf of Places for London. PayByPhone was awarded the contract to provide the digital payment platform.
- 3.5 Places for London's car park portfolio is valued at £122m and is forecast to generate £16.2m of gross property income in 2023/24, up from £15.9m in 2022/23. The car park portfolio constitutes over 8.1 per cent of Places for London's investment portfolio value and 19 per cent of forecast gross property income for 2023/24.

## 4 Housing Delivery

- 4.1 The car parking portfolio has been identified as an opportunity to deliver a significant number of homes as part of Places for London's wider housing delivery programme.
- 4.2 The table below shows the current housing projects being or planned to be delivered on car park sites.

Site	Total Number of Homes	Affordable Homes	Project Status
Blackhorse Road	350	50%	Completed
Wembley Park	454	40%	Build Phase
Arnos Grove	162	40%	Enabling Works
Cockfosters	351	40%	Planning

- 4.3 The impact of the above developments will be to reduce the car park portfolio by 963 spaces and reduce annual income by £1.5m.

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<sup>2</sup> This paper references the operational car parking portfolio managed by third party Saba only. Places for London has an additional 7 land parcels that are currently used as car parks and leased to third parties.

## **5 Market Context**

- 5.1 The parking sector has remained relatively unchanged over the last decade, with a limited number of operating models.
- 5.2 The pandemic had a devastating impact on the parking sector, not only impacting revenues but also amplifying the flaws in legacy business models and unsustainable contractual agreements.
- 5.3 Unlike Place for London's sites that benefit from strong network demand, some operators and landlords such as retail and leisure and on-street, have not experienced the same recovery. This has led to consolidation, business restructures, a greater focus on operating efficiencies, cost reduction, new revenue streams through diversification along with asset disposal.
- 5.4 To address the inherent limitations of the traditional car park operating model, Places for London redesigned a new framework, separating the manage and maintain element from technology and innovation, which is now fully embedded.

## **6 Strategy and Vision**

- 6.1 Places for London's Car Parking sector strategy is:

*To diversify our portfolio in response to changing market and environmental demands to grow sustainable parking and non-parking revenue, enhance customer experience, reduce operating expenditure through asset investment and technology, and deliver wider environmental and socio-economic benefits.*

- 6.2 The Car Park Portfolio has the following key objectives:

- 6.3 In the immediate term:

- (a) deliver sustainable parking revenue growth through aligning tariffs to local market conditions; and
- (b) improve the asset base through a targeted improvement programme and rolling maintenance schedule.

- 6.4 In the medium to long-term:

- (a) grow non-parking revenue through the repositioning of sites with low occupancy;
- (b) enhance customer experience through capital investment, further roll out of technology and improved insights to better understand customer trends and needs, with a view to introducing new parking products and services;
- (c) reduce operating expenditure through an asset infrastructure renewals programme and wider use of technology;

- (d) align with and support the delivery of Places' Environmental, Social and Governance (ESG) strategy through the diversification of the portfolio; and
  - (e) and support the delivery of Mayoral priorities, including on housing, air quality and freight.
- 6.5 Our customer approach is to provide a simple offer, focusing on getting hygiene factors right and making parking easier for customers, all underpinned by our core principles to:
- (a) ensure a safe, secure and clean place to park – sites are well lit, kept clean and tidy and have adequate security for customers to be confident they and their vehicles are being protected;
  - (b) provide easy access to the right support – essential information clearly accessible and customers can quickly obtain any further support they may need;
  - (c) quick and simple payments – with transactions completed digitally or automatically, allowing customers to park quickly and with minimal touchpoints; and
  - (d) understanding and engaging with customers – to inform the service offering.
- 6.6 Places for London's car parking portfolio also offers opportunities to deliver ESG benefits, notably the delivery of housing including affordable, supporting the shift to electric vehicles through charging infrastructure, enabling improvements to London's logistics network and providing opportunities for biodiversity gain and climate adaptation measures.
- 6.7 Examples of current workstreams include a recent high-level audit of the energy consumption of each car park that has identified opportunities to deliver annual operating cost savings of over £500k coupled with an annual CO<sub>2</sub> reduction of 550 tonnes through the conversion of legacy light heads to efficient light-emitting diode (LED) lighting. This will deliver immediate financial, sustainability and customer benefits, as well as longer term maintenance savings.
- 6.8 To support the Mayor's Healthy Streets approach and the Freight Action Plan, 78 Click and Collect Lockers – through two operators – have been installed in 52 car parks. In addition to the rental income generated, thousands of km of van journeys and tonnes of CO<sub>2</sub> emissions will be eliminated per annum. Deployment plans are in development to expand the installation of lockers in all car parks and across the wider estate.
- 6.9 Other opportunities are currently being explored in collaboration with Saba and PayByPhone including energy generation and storage, solar car ports, micro logistics hubs, wider EV charging, secure cycle storage, emission



absorbing signage, sustainable drainage and increasing the green estate and biodiversity.

## **7 Estate Management**

- 7.1 Saba Parking's operating model is a flexible hybrid model, comprising a proactive planned maintenance programme, ensuring each site is fit for purpose while reducing potential future issues coupled with a reactive maintenance programme to respond immediately to any issues.
- 7.2 The approach is supported through the use of monitoring software recording details of all assets, providing valuable insights to identifying trends and targeting potential issues before they materialise.
- 7.3 Asset management under the legacy operating model and managed service contract applied a reactive maintenance approach. In addition to new lower cost operating model, an asset investment approach is being adopted, recently securing funding to improve the condition at a number of sites, installing speed restriction measures and improved lighting to enhance customer and staff safety.
- 7.4 A longer-term asset investment plan is in development which will further improve site conditions, reduce future operating costs along and enhance the overall amenity and value of each site.

### **List of appendices to this report:**

Supplementary information on Part 2 of the agenda.

### **List of Background Papers:**

None

Contact Officer: Dan Lovatt, Director Asset Management, Places for London Limited

Email: [Danlovatt@Tfl.gov.uk](mailto:Danlovatt@Tfl.gov.uk)

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## Land and Property Committee

**Date:** 21 September 2023

**Item:** Business Update: Arches Portfolio

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### This paper will be considered in public

#### 1 Summary

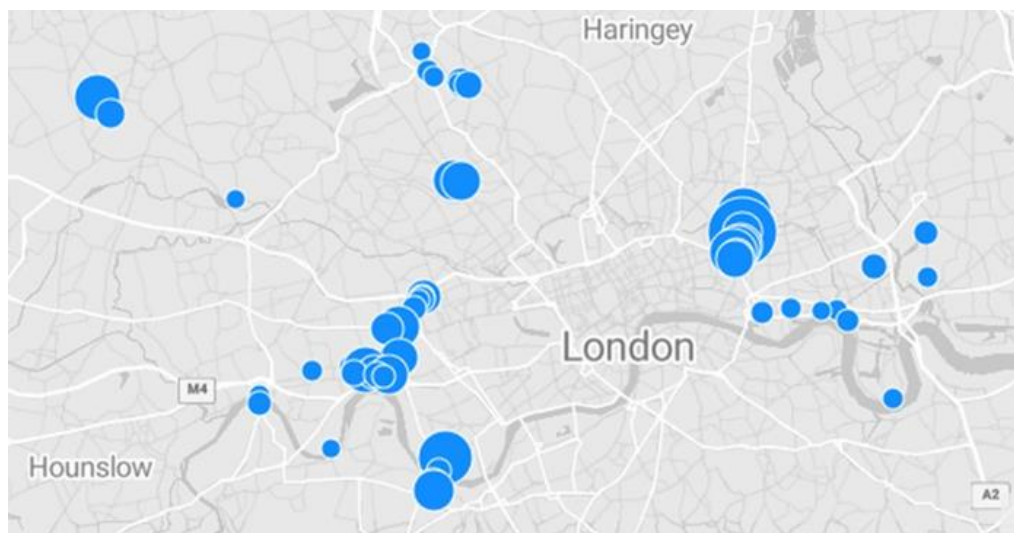
- 1.1 As the first in a series of business updates that will be shared with the Committee over the next 12 months, this paper provides an overview of Places for London's Arches Portfolio.

#### 2 Recommendation

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

#### 3 Context

- 3.1 Places for London's arches portfolio consists of 850 arch units across 21 arch runs, located beneath Jubilee, District, Piccadilly, Overground and DLR lines



(see indicative location plan below).

- 3.2 The railway arches, once solely utilised for supporting the railway tracks, have been creatively repurposed into valuable, well-located commercial real estate spaces. Places for London took ownership of the arch assets through a phased approach, with the first transaction taking place in 2019.

- 3.3 Places for London currently manage over 350 diverse tenants across unique and characterful arches. A number of tenants are in lease across multiple units on the Places for London estate. The arches are home to restaurants, cafés, gyms, and maker spaces. The arch estate is distributed across London, with the highest rental income estates located in Shoreditch in the east and Shepherd's Bush in west London.
- 3.4 Places for London's arches portfolio is valued at £151m and is forecast to generate £11.4m of gross property income in 2023/24. The arches portfolio constitutes over 10 per cent of Places for London's investment portfolio value and 13 per cent of forecast gross property income for 2023/24.
- 3.5 Historically, the arch estate's tenant base was predominantly industrial and automotive industries. In the past decade, a more diverse range of businesses has been attracted to the estate. Increasingly important categories include food and beverage enterprises, leisure, creative studios and event spaces as well as start-up ventures.
- 3.6 Our arch estate has always been home to small and independent businesses with 99 per cent of tenants being small and medium-sized enterprises (SMEs).
- 3.7 Places for London has a deep understanding of the operational challenges entailed in overseeing properties within railway arches, owing to their unique nature, age, and proximity to rail infrastructure.
- 3.8 The Arches is a legacy estate and holds a pivotal role in our asset management focus. Our aim is to foster enduring growth whilst modernising and improving the condition of the estate to unlock long-term value.
- 3.9 Whilst future-proofing the estate, we will look to incorporate environmental and social factors to tackle the pressing decarbonisation challenge and aim to create more efficient spaces for tenants to occupy.

## **4 Market Context**

- 4.1 Key themes are emerging for real estate in 2023 and beyond, which will impact and influence our arches portfolio including:
  - (a) Net zero carbon – with a growing focus on reducing environmental impact, low or net-zero carbon properties are gaining prominence in the market. As a result, sustainability is a crucial factor at the core of Places' asset strategies and is being considered from the outset. As existing properties, inherent to London's public transport network, our productive use of our arch portfolio optimises embodied carbon and embraces reuse;
  - (b) Delivering social impact – market-leading property companies believe that positively impacting communities can lead to increased success and resilience in their businesses. By engaging with customers who share their ethos, Places for London can achieve both commercial and social impact, enhancing value in both elements;

- (c) Current economic climate – this has put pressure on the real estate market with a shortage of available capital expenditure, limiting investment and development. At the same time, the market is increasingly demanding ‘turn-key’ spaces, as businesses seek ready-to-use solutions that minimise upfront costs and streamline operations;
- (d) The majority of arches are located in the outer zones of London, with a blend of uses and operator type. This depth of occupier helps provide sustainable revenue. There is now a real focus on shopping locally, with consumer demand for convenience and immediacy leading to a shift in locations sought by independent retailers – a trend that the arches are well placed to meet; and
- (e) The light-Industrial sector is experiencing heightened demand for industrial space in the capital, especially in craft and artisan workshops, bakeries, microbreweries and distilleries, and the rapidly expanding e-commerce industry. This demand has become more pronounced than ever and presents opportunities towards a greener and cleaner London.

## 5 Strategy and Vision

### 5.1 Places for London’s Arch sector strategy is:

*To be the true small business powerhouse of London, a powerful force for the small business community of London while being commercially astute and socially useful.*

- 5.2 Through increased investment in our Arch portfolio and operations, we have a significant opportunity to contribute more to their local settings, and to the people that live, work, play and move in and around them. Through our acknowledgement of the locally led social value contributed by small businesses, we will continue to attract and bolster small businesses and create an ecosystem that encourages entrepreneurialism.
- 5.3 Businesses are increasingly focused on the values and vision of those they choose to work with, including their landlord. Through taking a customer-centric approach and providing clear and simple terms of business, we can attract and retain the right customers to support our vision and to move London forward with thriving, connected places.
- 5.4 We will continue to promote a blended customer base. Our strategy focuses on understanding demographics and needs for vibrant tenant mixes. We will work with our tenants, local planning authorities and local communities to promote a genuine mix of uses that will generate more sustainable revenue and create places people are proud to live, work and grow safely, inclusively, and sustainably.
- 5.5 We will enhance the positive contribution the assets have on the wider neighbourhood in a meaningful way, building on the existing character of the

location. We will always look beyond the 'red-line' of our sites to understand how they can fit into, and contribute to, the ever-evolving area that surrounds them.

- 5.6 In the short-term, our focus will be on addressing the historical underspend on maintenance through significant capital investment to modernise and improve the estate.
- 5.7 Our approach to curation will be research-led with a focus on creating spaces, where communities can collaborate, make, socialise, entertain, and educate. There will be a specific place-shaping masterplan with a high-level vision and design code for each arch location. This will enable a more detailed design for each of the arch runs as well as the design possibilities for individual arches
- 5.8 A medium-term aspiration is provision of incubator space within the portfolio with a focus on growing our own customers, alongside enhanced customer support and training. We will take a strategic approach for arches determining how we balance priorities and commercial returns across the portfolio
- 5.9 Our customer strategy plays a core role in our arches sector. We are continuing to invest in our voice of customer programme and the training and business improvement in our teams to embed a customer centric culture.
  - (a) We consistently involve our customers in how we make decisions and change, including through our surveys and customer advisory groups;
  - (b) We are clear on our terms of business and what we should expect from our tenants and what they can expect from us;
  - (c) We have a service model that underpins growing mutual value for us and our tenants, removing friction where we can and adding value where we can have most impact; and
  - (d) We look to 'grow our own', both helping our existing customer base and attracting and supporting new businesses on to our estate through incubator space and services.
- 5.10 Due to the historic under investment in and the nature of our arches estate, there is a strong emphasis on conducting property condition surveys across all assets through our compliance team. This is a vital step in ensuring the health and safety of our estate remains the highest importance, which is fundamental to our business.

## **6 Property Management**

- 6.1 The arches sector is at the forefront of Places for London's sector-specific policies, they are available on application.
- 6.2 The Arches Design Guide outlines a design-focused strategy for the future renovation, maintenance, and modification of the arch estate, benefiting internal teams, design teams, and tenants. Its purpose is to optimise the

arches' impact on their neighbourhoods and communities, acknowledging that each estate will have a unique character while being connected by common design elements and rules. The Guide adopts the principles of our Sustainable Development Framework (SDF) and includes specific indicators from the SDF that are particularly relevant to the arches portfolio.

- 6.3 The Places for London Customer Partnership Statement encompasses core commitments to foster collaboration, transparency, equitable growth and support for businesses on the estate.
- 6.4 The Places for London Small Business Policy aims to nurture small businesses, sharing responsibilities, supporting success, and aligning with local businesses. Transparent reporting, surveys, and customer research ensure effective performance.
- 6.5 The Places for London Lettings Policy establishes lasting partnerships through suitable spaces, equitable rent, and transparent management.
- 6.6 The Places for London Rent Policy prioritises understanding customers, collaboration, and value creation for London communities, emphasising relationships over rent, with sustainable levels and fairness in customer approach.
- 6.7 The Places for London Customer Handbook ensures our customer's understanding of the key information relating to their tenancy and Places for London's estate.

## **7 Resource**

- 7.1 Places for London has moved towards a sector-led organisational structure, with a Head of Arches sector role implemented in August 2023.
- 7.2 The Arches team is a team of eight and benefits from all being qualified chartered surveyors, with support from a commercial property apprentice. The roles within the team are largely split across the Property Management and Asset Management functions. The team draws upon expertise from other teams within the wider organisation, with access to legal, planning, engineering, project management and internal architectural advice playing an important role in the team's day to day work.

## **8 Example Projects**

- 8.1 Places for London has begun (and in some cases completed) several exciting projects across the arches portfolio building on our vision and aspiration for the portfolio, as set out above.
- 8.2 At Kilburn, we are undertaking a major refurbishment project to repair and modernise eleven arches and the surrounding mews area to enhance the public realm and create a centre for community and cultural diversity. A new mews will be integrated with Kilburn High Road to improve visibility, creating a more welcoming and connected space close to the Underground station.

- 8.3 At Kingsland (Shoreditch), we are developing two levels of office space at the former Shoreditch station building and five adjoining arches, whilst also delivering works to the rear external area. The development will enhance the relationship between the buildings which occupy a prominent corner location, the arches, and the surrounding area to create a coherent space across the assets. The scheme also provides a new active public realm space on Kingsland Road, taking into consideration the active cultural, creative, and night-time economy in the area.
- 8.4 At Lockton Street (Kensington) we are refurbishing eleven arches with the aspiration for these to be Places for London's first multi-use incubator hub. This "grow our own" partnership is designed to accommodate "maker spaces" uses, with the target market being local SMEs within the Royal Borough of Kensington and Chelsea.

**List of appendices to this report:**

None

**List of Background Papers:**

Arches Design Guide  
Places for London Rent Policy  
Places for London Lettings Policy  
Places for London Small Businesses Policy  
Places for London Customer Handbook  
Places for London Customer Partnership Statement

Contact Officer: Dan Lovatt, Director Asset Management, Places for London Limited  
Email: [Danlovatt@Tfl.gov.uk](mailto:Danlovatt@Tfl.gov.uk)



## Land and Property Committee



**Date:** 21 September 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

Contact Officer: Howard Carter, General Counsel  
Email: [HowardCarter@tfl.gov.uk](mailto:HowardCarter@tfl.gov.uk)

**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, Marie Pye and Ben Story. GLA Observer: Lyn Garner

**Abbreviations:** PFL (Places for London Limited); DCE PFL (Director and Chief Executive of Places for London Limited)

<b>Standing Items</b>		
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.
Places for London Limited Performance Report	DCE PFL	Quarterly update on PFL performance.
TTL Properties Limited Assurance Update	Director of Risk and Assurance	Quarterly update on assurance matters.
Scorecard	DCE PFL	Annual.
Places for London Limited Valuation Results and Capital Receipts Programme Update	DCE PFL	Bi- annual.
Chief Executive’s Report	DCE PFL	Quarterly update.
Business Updates	Director of Asset Management	Quarterly updates.

**20 December 2023**

Mid-year Valuation	DCE PFL	Update
Construction Skills and Education Programmes	DCE PLF	Update
Health and Safety and Tenant Compliance	DCE PFL	Update
Data and Technology Update	DCE PFL	Update
Treasury Strategy	CFO	Annual Update
Places for London Valuation Results and Capital Receipts Programme Update	DCE PFL	Bi-annual

**20 March 2024**

Corporate Strategy Update	DCE PFL	Update
Investment Strategy Update	DCE PFL	Update
Investment Management Strategy 2023/24 – Non-Financial Assets	CFO	Annual (and also to the Finance Committee)
Environmental, Social and Governance Strategy Update	DCE PFL	Update
People Plan Update	DCE PFL	Update
Progress towards Net Zero	DCE PFL	Update

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

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