



**Agenda  
Land and Property Committee  
Wednesday 3 July 2024**

**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 11 March 2024  
(Pages 1 - 8)**

General Counsel

**The Committee is asked to approve the minutes of the meeting of the Committee held on 11 March 2024 and authorise the Chair to sign them.**

**4 Matters Arising and Actions List (Pages 9 - 16)**

General Counsel

**The Committee is asked to note the updated actions list.**

**5 Use of Delegated Authority (Pages 17 - 20)**

General Counsel

**The Committee is asked to note the use of authority delegated by the Board.**

**6 Chief Executive's Update (Pages 21 - 30)**

Director and Chief Executive, Places for London

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

**7 Finance Report - 2023/24 Full Year** (Pages 31 - 40)

Chief Finance Officer, Places for London

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

**8 Places for London Quarterly Performance Report** (Pages 41 - 68)

Director and Chief Executive, Places for London

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

**9 Places for London Assurance Update** (Pages 69 - 78)

Director of Risk and Assurance

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

**10 Places for London Delivery Portfolios** (Pages 79 - 92)

Director and Chief Executive, Places for London

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

**11 Places for London End of Year Valuation Results** (Pages 93 - 94)

Director of Asset Management, Places for London

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

**12 Enterprise Risk Update - Financial Sustainability (Places L0-3)**  
(Pages 95 - 98)

Chief Finance Officer, Places for London

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

**13 Enterprise Risk Update - Environment including Climate Adaption (Places L0-5) (Pages 99 - 102)**

Director of Strategy and Planning, Places for London

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

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

General Counsel

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

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

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

**16 Date of Next Meeting**

Tuesday 1 October 2024 at 2pm.

**17 Exclusion of Press and Public**

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

## **Part 2 Agenda**

**18 Places for London Quarterly Performance Report** (Pages 107 - 116)

Exempt supplementary information relating to the item on Part 1.

**19 Places for London Assurance Update** (Pages 117 - 122)

Exempt supplementary information relating to the item on Part 1.

**20 Places for London End of Year Valuation Results** (Pages 123 - 124)

Exempt supplementary information relating to the item on Part 1.

**21 Enterprise Risk Update - Financial Sustainability (Places L0-3)**  
(Pages 125 - 130)

Exempt supplementary information relating to the item on Part 1.

**22 Enterprise Risk Update - Environment including Climate Adaption  
(Places L0-5)** (Pages 131 - 136)

Exempt supplementary information relating to the item on Part 1.

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## Transport for London

### Minutes of the Land and Property Committee

**Paddington Room, 11th Floor, Palestra,  
197 Blackfriars Road, London, SE1 8NJ  
10.30am, Monday 11 March 2024**

#### **Members**

Professor Greg Clark CBE (Chair)  
Dr Nina Skorupska CBE (Vice Chair)  
Seb Dance  
Anurag Gupta  
Anne McMeel (until Minute 11/03/24)  
Marie Pye

#### **Executive Committee**

Andrea Clarke            Interim General Counsel  
Alex Williams            Chief Customer and Strategy Officer

#### **Places for London Limited Leadership Team**

Graeme Craig            Director and Chief Executive Officer  
Mark Farrow            Director of Strategy and Planning  
Lester Hampson        Property Development Director  
Daniel Lovatt            Director of Asset Management  
Digby Nicklin            Chief Finance Officer  
Lisa-Jane Risk            Head of Operations

#### **Staff**

Karen Bain              Project Assurance Review Manager  
Justine Curry            Interim Director of Legal  
Ben Lyon                Governance Lead, Places for London  
Lorraine Humphrey     Director of Risk and Assurance  
Sue Riley                Secretariat Officer

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

Ray Christopher        Chair, IIPAG Places for London Sub-Group  
Peter Cornforth        Member, Places for London Sub-Group  
Joanne White            Member, Places for London Sub-Group

#### **Special Advisors to the Places for London Leadership Team**

Sherin Aminossehe  
Peter Vernon

### **01/03/24    Apologies for Absence and Chair's Announcements**

There were no apologies for absence from Members. Anne McMeel had advised that she would need to leave before the scheduled end of the meeting. The meeting was quorate.

An apology for absence had been received from the Greater London Authority observer Lyn Garner, Chief Executive Officer, London Legacy Development Corporation. Patrick Doig, statutory Chief Finance Officer and Group Finance Director was also unable to attend the meeting.

The Chair welcomed everyone to the meeting. The meeting was broadcast live to TfL's YouTube channel, except for the discussion of the information on Part 2 of the agenda, which was exempt from publication, to ensure the public and press could observe the proceedings and decision making.

The Chair advised the Committee that Joanne White was stepping down from the Independent Investment Programme Advisory Group at the end of March 2024, a role she has held since November 2018. The Chair thanked Joanne on behalf of the Committee for the valuable contribution she had made and wished her well in the future.

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 the appropriate member of the Executive Committee after the meeting.

## **02/03/24    Declarations of Interests**

Members confirmed 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.

## **03/03/24    Minutes of the Meeting of the Committee held on 20 December 2023**

**The minutes of the meeting of the Committee held on 20 December 2023 were approved as a correct record, and the Chair was authorised to sign them.**

## **04/03/24    Matters Arising and Actions List**

Andrea Clarke introduced the item, which set out progress against actions agreed at previous meetings of the Committee.

**The Committee noted the updated actions list.**

## **05/03/24    Use of Delegated Authority**

Andrea Clarke introduced the item. Since the meeting of the Committee on 20 December 2023, there had been one approval of Financial Authority and Land Authority by the Chief Finance Officer for the Woolwich Over Station Development (East) disposal.



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

**The Committee noted the paper.**

## **06/03/24 Chief Executive's Report**

Graeme Craig introduced the report, which provided an overview on major issues and developments since the meeting of the Committee on 20 December 2023.

The Committee congratulated Places for London on the projected milestone of over 1,000 homes completed by the end of March 2024, with a further 3,296 homes under construction.

On 31 January 2024, the search for a new development partner in east London was launched. The partnership would deliver homes at the Limmo Peninsula site in the London Borough of Newham, with the potential for other sites to be added in the future across east London.

The West London Partnership was progressing well. Places for London had worked with Barratt London to identify 10 sites to bring forward over the next 10 years.

On 12 December 2023, it was confirmed that Places for London and the joint venture partner, Native Land, had won the appeal for development plans at South Kensington. This would unlock a range of improvements to both the area and the station itself, including step-free access, a new museum depot at Acton Town, development of TfL operational accommodation and improvements in walking and cycling infrastructure.

It was noted that Places for London/TfL were more successful than joint partners in planning applications and the added value this created.

On 15 February 2024, it was announced that, following a competitive process, Construction Youth Trust had been selected as the Educational Engagement Programme delivery partner. The newest Skills Centre would open by summer 2024 on Station Road in Edgware, providing a base for local people seeking to embark on a range of rewarding and varied careers in construction and the built environment.

Further progress needed to be made to improve female representation in the construction training schemes, as well as re-training of traditional trades to meet the needs of the green economy.

The Committee had previously been updated on the Operating Model Review. An Invitation to Tender had now been issued to the 19 organisations that had expressed an interest in becoming the delivery partner, with an announcement expected in April 2024.

Places for London was now considered an important and influential part of London's commercial property and real estate market and was included in Great Estates and the New London Agenda.

Committee Members would be invited to attend the Standdown for Safety, Health and Wellbeing event at Places for London scheduled for 25 April 2024.

**[Action: Lisa Jane-Risk]**

**The Committee noted the report.**

## **07/03/24 Places for London Business Plan**

Graeme Craig introduced the plan, which set out the plans and investment priorities until 2033.

A number of changes were suggested by Members including: acknowledgment of the range of social and economic challenges ahead and scenario testing and prioritisation; setting accessibility and environmental standards above industry standards; highlighting the inter-dependencies on external partners to achieve deliverables; and a clearer focus on sustainability issues. **[Action: Graeme Craig]**

A marketing strategy report would be submitted to the next meeting.

**[Action: Graeme Craig]**

**The Committee noted the paper and:**

- 1 approved the draft Places for London Business Plan, subject to the changes requested during the meeting, which would be shared with available Committee Members; and**
- 2 authorised the Director and Chief Executive of Places for London to make minor alterations to the Business Plan before its publication as the final version on the TfL website.**

## **08/03/24 Places for London Scorecard**

Mark Farrow introduced the proposed scorecard for the financial year 2024/25.

The scorecard was aligned with TfL, as set out in Appendix 1 to the paper, and focused on 10 key milestones.

The Committee highlighted the need to ensure fixed milestones did not result in perverse incentives and the milestones would be reviewed on that basis. The Places for London Environmental, Social and Governance Milestones (Appendix 4 to the paper) would be amended to read “EV charging preferred bidder decision”.

**[Action: Mark Farrow]**

It was agreed that the strategic scorecard should be linked to Mayoral strategies.

**[Action: Graeme Craig/Alex Williams]**

A footnote would be added to the Places for London Scorecard to explain why the protected characteristics of senior leadership at Places for London meant that only gender could be set as a scorecard target, due to the requirements of anonymity and

dependency on self-declaration, but that the intention was to increase representation of all protected characteristics. **[Action: Mark Farrow]**

It was noted that voids would continue to be reported to the Committee. The specific development sites/schemes would be added to the scorecard.

**[Action: Lester Hampson/Mark Farrow]**

**The Committee noted the paper and approved the proposed 2024/25 Places for London scorecard, subject to the changes requested during the meeting and finalisation of targets that were dependent on the conclusion of the end of year position for 2023/24 and authorised the Chair of the Committee to endorse the finalisation of those targets, in consultation with available Members of the Committee.**

## **09/03/24 Places for London Quarterly Performance Report**

Graeme Craig, Lisa-Jane Risk, Digby Nicklin, Daniel Lovatt, Lester Hampson and Mark Farrow introduced the report, which provided an update on market context, health and safety, financial performance, operational performance, project updates and understanding of Places for London's impact.

The successful approach in health and safety engagement, combined with a data led and risk based approach, would be developed as a model for adoption with future joint venture partners.

It was agreed that a representative from Places for London would attend future meetings of the Safety, Sustainability and Human Resources Panel.

**[Action: Lisa Jane-Risk]**

Due to the challenging property market, a number of direct property sales and lettings had been deferred, which had led to a higher-than-expected end of year dividend. It was agreed that any increases in operating surplus, due to delayed decisions, would be clearly reflected in future reports. **[Action: Daniel Lovatt]**

An update on car parking charges would be submitted to the next meeting.

**[Action: Daniel Lovatt]**

The recently confirmed Head of Retail appointment would be in post by May 2024.

Arrears reduction and collection targets continued on an upward trends and lettings and voids were also better than industry benchmarks.

The Customer Survey Results reflected positive engagement with tenants in relation to maintenance, repairs and help and support.

A section on representation and declarations of protected characteristics would be included in future reports. **[Action: Mark Farrow]**

Staff would confirm whether the Net Present Value and Internal Rates of Return rates were correct as set out in the report. **[Action: Digby Nicklin]**

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

### **10/03/24 Places for London Assurance Update**

Lorraine Humphrey introduced the item, which provided an update on progress with assurance activity during Quarter 4 of 2023/24 (10 December 2023 to 31 March 2024) and updates on the status of all open assurance recommendations at the end of Period 11 (3 February 2024). Ray Christopher presented the Independent Investment Programme Advisory Group reports.

Continuous improvements had been made and there were no overdue recommendations.

Staff would review whether the Pipeline Development and Delivery Strategy and the Investment Appraisal and Project Financial Hurdles, as set out in the Assurance Forward Plan, could be combined. **[Action: Lorraine Humphrey/Ray Christopher]**

Concerns remained about the ability to find a digital partner with sufficient property experience to be able to capture efficiencies and data-led decision making opportunities, such as smart asset management solutions.

An updated would be provided to Members on the provision of student accommodation. **[Action: Secretariat]**

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

(Anne McMeel left the meeting at this point.)

### **11/03/24 Members' Suggestions for Future Discussion Items**

Andrea Clarke introduced the item. No additional suggestions were raised for future discussion items on the forward plan or for informal briefings, other than those already noted during the meeting.

**The Committee noted the forward plan.**

### **12/03/24 Any Other Business the Chair Considers Urgent**

There was no other urgent business to discuss.

### **13/03/24 Date of Next Meeting**

The next scheduled meeting of the Committee would be held on Wednesday 3 July 2024 at 10.30am.

## 14/03/24 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: Places for London Quarterly Performance Report; and Places for London Assurance Update.

The meeting closed at 1.05pm.

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

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

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## Land and Property Committee

Date: 3 July 2024

Item: Matters Arising and Actions List

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**This paper will be considered in public**

### **1 Summary**

1.1 This paper informs the Committee of progress against actions agreed at previous meetings.

### **2 Recommendation**

2.1 **The Committee is asked to note the Actions List.**

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

Appendix 1: Actions List

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

Minutes of previous meetings of the Land and Property Committee.

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## Land and Property Committee Actions List (to be reported to the meeting on 3 July 2024)

## Actions from the meeting held on 11 March 2024

Minute No.	Item/Description	Action By	Target Date	Status/Note
06/03/24	<b>Chief Executive's Report</b> Committee Members to be invited to attend the Standdown for Safety, Health and Well Being event at Places for London scheduled for 25 April 2024.	Secretariat	March 2024	<b>Completed.</b> The invitation was sent on 15 March 2024 and Members will be invited to any future events.
07/03/24 (1)	<b>Places for London Business Plan</b> Various suggested changes by Members to be made to the Business Plan.	Graeme Craig	July 2024	<b>Completed.</b> The changes have been made and the Business Plan will be published after this meeting.
07/03/24 (2)	<b>Places for London Business Plan</b> A marketing strategy report to be submitted to the next meeting.	Graeme Craig	July 2024	<b>Completed.</b> An update is included in the Chief Executive's Report on the agenda for this meeting.
08/03/24 (1)	<b>Places for London Scorecard</b> The Environmental, Social and Governance Milestones to be amended to read 'EV charging preferred bidder decision'.	Mark Farrow	July 2024	<b>Completed.</b> The amendment has been made to the Places for London Scorecard.
08/03/24 (2)	<b>Places for London Scorecard</b> The strategic scorecard to be linked to Mayoral strategies.	Graeme Craig/ Alex Williams	October 2024	An update will be provided in the Chief Executive's Report to the October 2024 meeting.

Minute No.	Item/Description	Action By	Target Date	Status/Note
08/03/24 (3)	<p><b>Places for London Scorecard</b> A footnote to be added to the Places for London Scorecard to explain why the protected characteristics of senior leadership at Places for London meant that only gender could be set as a scorecard target, due to the requirements of anonymity and dependency on self-declaration, but that the intention was to increase representation of all protected characteristics.</p>	Mark Farrow	July 2024	<p><b>Completed.</b> The footnote has been added to the Places for London Scorecard.</p> <p>Activity is being undertaken to increase representation of all protected characteristics at this level and the Committee will be kept updated on this as part of future updates in the Places for London Scorecard.</p>
08/03/24 (4)	<p><b>Places for London Scorecard</b> Voids would continue to be reported to the Committee. Specific development sites/ schemes would be added to the scorecard.</p>	Lester Hampson/ Mark Farrow	July 2024	<p><b>Completed.</b> Information is included in the Quarterly Performance Report on the agenda for this meeting.</p>
09/03/24 (1)	<p><b>Places for London Quarterly Performance Report</b> A representative from Places for London to attend future meetings of the Safety, Sustainability and Human Resources Panel.</p>	Lisa-Jane Risk	July 2024	<p><b>Completed.</b> The Panel dates have been shared with Lisa-Jane Risk and the Panel Chair advised.</p>
09/03/24 (2)	<p><b>Places for London Quarterly Performance Report</b> Any increases in operating surplus, due to delayed decisions, to be clearly reflected in future reports.</p>	Daniel Lovatt	Ongoing	<p>These will be reflected in future reports and will be captured in the Finance Report.</p>

Minute No.	Item/Description	Action By	Target Date	Status/Note
09/03/24 (3)	<b>Places for London Quarterly Performance Report</b> An update on car parking charges to be submitted to a future meeting.	Daniel Lovatt	December 2024	An update will be provided in the Quarterly Performance Report to the December 2024 meeting.
09/03/24 (4)	<b>Places for London Quarterly Performance Report</b> A section on representation and declarations of protected characteristics to be included in future reports.	Mark Farrow	October 2024	All staff representativeness is reported on the Places for London Scorecard and further detail will be incorporated into future Quarterly Performance Reports.
09/03/24 (5)	<b>Places for London Quarterly Performance Report</b> Staff to confirm whether the Net Present Value and Internal Rates of Return rates were correct as set out in the report.	Digby Nicklin	July 2024	<b>Completed.</b> Rates for all projects where there had been an update were correctly reported.
10/03/24 (1)	<b>Places for London Assurance Update</b> Staff to review whether the Pipeline Development and Delivery Strategy and the Investment Appraisal and Project Financial Hurdles, as set out in the Assurance Forward Plan, could be combined.	Lorraine Humphrey/ Ray Christopher	July 2024	<b>Completed.</b> An update is provided in the Assurance Update paper on the agenda for this meeting.
10/03/24 (2)	<b>Places for London Assurance Update</b> An update would be provided to Members on the provision of student accommodation.	Secretariat	July 2024	<b>Completed.</b> An update is provided in the Chief Executive's Report on the agenda for this meeting.

**Actions from previous meetings:**

<b>Minute No.</b>	<b>Item/Description</b>	<b>Action By</b>	<b>Target Date</b>	<b>Status/Note</b>
71/12/23	<b>Places for London Quarterly Performance Report: Industrial income</b> Further information to be provided on the industrial income category.	Daniel Lovatt Digby Nicklin	July 2024	<b>Completed.</b> The Places for London Quarterly Performance Report has been refined. A separate Finance Report has been created as a standing item on the agenda and will be continuously improved to provide the right level of insight.
72/12/23	<b>Places for London Assurance Update: Temporary accommodation</b> The subject of residential assets and options for providing temporary accommodation for London boroughs to be discussed at a future briefing.	Daniel Lovatt / Lester Hampson	To be scheduled	In progress.
76/12/23 (1) / 36/06/23 (3)	<b>Skills and Education Programme: Build East Site Visit</b> A site visit to Build East training centre to be arranged.	Secretariat	To be scheduled	In progress.
55/09/23	<b>Electric Vehicle Charging Hubs: Leverage</b> A detailed note on TfL's buying power and leverage to be provided to Members.	Alex Gilbert	October / December 2024	An item is included on the forward plan.
41/06/23 (1)	<b>Members' Suggestions for Future Discussion Items: Site Visits</b> Site visits to be arranged to Places for London development sites.	Secretariat	To be scheduled	In progress. Site visits are being arranged to align with key updates and milestones.

Minute No.	Item/Description	Action By	Target Date	Status/Note
41/06/23 (2)	<b>Members' Suggestions for Future Discussion Items: Housing and Energy</b> Issues around housing development and energy, including District Heating Networks, were suggested for future discussion.	Secretariat	To be scheduled	In progress. Updates will be scheduled during the 2024/25 financial year.

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## **tLand and Property Committee**

**Date:** 3 July 2024



**Item:** 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.
- 1.2 Since the meeting of the Committee on 11 March 2024, there has been:
  - (a) no use of Chair's Action;
  - (b) one approval of Financial Authority or Land Authority by the Commissioner for the Fenwick South development, Clapham, Lambeth;
  - (c) no approval of Financial Authority or Land Authority by the Chief Finance Officer; and
  - (d) no Mayoral Direction within the Committee's remit.
- 1.3 Similar papers are submitted to the Finance Committee and Programmes and Investment Committee in respect of the use of Chair's Action or Programme and Project Authority and Procurement Authority granted by the Commissioner and the Chief Financial 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 specific authority delegated by the Board since the last meeting.

## 4 Use of Chair's Action

- 4.1 Under Standing Order 112, in situations of urgency, the Board delegates to each of the Chair and the Chairs of any Committee or Panel the exercise of any functions of TfL on its behalf, including the appointment of Members to Committees and Panels. Any use of Chair's Action is reported to the next ordinary meeting.
- 4.2 There has been no use of Chair's Action since the last meeting.

## 5 Financial and Land Authority Approvals

- 5.1 Financial Authority is the authority to spend money, receive income, incur a financial liability or redistribute funds to relevant third parties in respect of their respective allocated budgets. Financial authority is automatically granted to the extent that an activity or Programme or Project is 'budgeted'. This paper reports on any use of unbudgeted Financial Authority.
- 5.2 Land Authority is the authority to engage in a Land Transaction or to dispose of any assets.
- 5.3 Since the last meeting, the following use of delegated authority has been approved by the Commissioner:
  - (a) **Fenwick South development, Clapham, Lambeth:** approved increased Land Authority for additional project costs. Lambeth Council has agreed to increase its financial contribution to cover these additional project costs.

## 6 Mayoral Directions to TfL

- 6.1 The Greater London Authority (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 Mayoral decision papers inviting the Mayor to issue a direction set out the financial and other implications. If those implications change over time, that will be reported to the GLA 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 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 or commercial development activities within the remit of this Committee 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:**

None.

**List of Background Papers:**

Greater London Authority Decision Making Database.

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## Land and Property Committee



Date: 3 July 2024

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 previous meeting of the Committee.

#### 2 Recommendation

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

#### 3 Health and Safety

- 3.1 I am pleased to report that there were no serious injuries in the year 2023/24, nor have there been any in the first three months of this year.
- 3.2 Our annual inspections scorecard measure was also achieved, with the new risk-based compliance regime contributing to an improved risk profile of our tenant-managed estate. The proportion of severe and high compliance risk-rated properties dropped from 10.1 per cent to 6.6 per cent.
- 3.3 The first two periods this financial year (1 April – 25 May 2024) has seen the proportion of severe and high compliance risk-rated properties has drop further to 4.5 per cent. This improvement is reflected in the enforcement notices issued. In the last three months there were no severe warning notices issued. In the same period last year, nine severe warning notices were issued.
- 3.4 The Quarterly Performance Report elsewhere on the agenda highlights the significant progress made in health and safety over the past year. It was fitting therefore that on 25 April 2024 – timed to mark United Nations' World Day for Safety and Health at Work – we had our inaugural Standdown for Health, Safety and Wellbeing in Places for London. All meetings were cancelled, and all colleagues were encouraged to focus on health, safety and wellbeing. There was a full programme of events throughout the day, with internal and external speakers, workshops, panels, stalls, health and wellbeing checks, and training opportunities. The day was a resounding success and cemented the importance of health, safety and wellbeing for our colleagues, customers, partners and city.

## 4 Resourcing

- 4.1 As I have previously set out to the Committee, the single most important role for us to recruit this year was the Head of Retail. I am delighted therefore to confirm that Samantha Bain-Mollison joined Places for London in May 2024, and she is now running our £600m retail estate with properties in stations and on high streets across the capital. Samantha joined Places for London after more than a decade at Shaftesbury where she was Retail Director. Samantha brings her invaluable knowledge of the sector and placemaking, and she will lead the shaping of our retail estate at this important time.
- 4.2 We have previously updated the Committee on our Operating Model Review. Following a competitive procurement exercise undertaken jointly with TfL's Human Resources function, we appointed Bain & Company to undertake the review. The review began in late April 2024 and is expected to take 13 weeks.
- 4.3 The prompt for this review was that:
- (a) Places for London's current operating model was initially designed to fit with TfL's value chain, and there is an opportunity to evolve this to a real estate capability-led structure, re-enforced with greater clarity on roles and activities;
  - (b) there is an opportunity to define the capabilities required for Places for London to play a role as a 'convenor', that is, helping to bring together TfL and adjacent public land to unlock greater value (commercial, social and environmental);
  - (c) there is a need to streamline processes and decision making, ensuring accountabilities are clear across all functions and with external stakeholders, including TfL and the Greater London Authority (GLA);
  - (d) there is a desire within Places for London to clarify the level of resourcing in different areas, ensuring that Places for London can act as an 'intelligent client' and that in-house capabilities are best in class; and
  - (e) we need to ensure we have a compelling employee value proposition which attracts and retains talent, with a proposition encompassing a strong culture, differentiating social mission, and attractive development pathways.
- 4.4 We are grateful for the input of the Senior Advisors as well as colleagues from across Places for London, TfL and the GLA. Bain & Company are making good progress, and we will share the report when it is concluded.
- 4.5 Following a further procurement exercise, Savills has been appointed as Places for London's Real Estate Partner. While we will continue to work with a range of property advisors, we will work with Savills on a strategic basis, with a Savills team increasingly embedded within Places for London. The partnership offers significant additional capacity and capability. One initial activity for Savills is reviewing the current Places for London housing programme with the aim of maximising the number of homes that can be delivered and optimising the pace of delivery.

## **5 Property Development**

- 5.1 We had initially forecast to have achieved 1,000 completions by the end of March 2024 with the delivery of the first blocks at Kidbrooke, comprising 190 homes. We did complete on 44 affordable homes in March 2024. However there has been a delay in achieving other completions, and these are now forecast for August 2024. We therefore remain on 946 completions, which we expect to rise to 1,136 in August 2024 and 1,436 by the end of the year.
- 5.2 While, at 490, the number of new home completions due this year is relatively low, this year is one of the most important years for our housing delivery programme. We will shortly be submitting planning applications for two of the largest development sites in London, at Earls Court (4,000 homes) and Edgware (3,365 homes). Later this year, we will also be selecting a partner to develop Limmo Peninsula, next to Canning Town station (1,200 homes), with that location identified as a seed site for our East London Partnership that has the potential to bring forward thousands more homes over the next decade.
- 5.3 We are making good progress at a number of existing development sites. Less than a year on from a ground-breaking at Wembley Park attended by the Commissioner and Tom Copley, the Deputy Mayor for Housing and Residential Development, on 3 May 2024 we toured the site with members of the Mayor's Homes for Londoners Board. Board members were impressed with the quality and pace of construction and the very encouraging sales results.
- 5.4 The first affordable housing block should reach practical completion this November 2024, enabling Metropolitan Thames Valley Housing to start moving in tenants. The new train crew accommodation should be ready for London Underground to take possession in April 2025. The whole site is forecast to reach practical completion in early 2027.
- 5.5 On 17 May 2024, we welcomed Wes Streeting, the Shadow Secretary of State for Health and Social Care, and Tom Copley to Barkingside where we are building 98 homes for social rent in partnership with Vistry and Peabody. The site, on a former builder's yard, highlights the impact we can have in providing high-affordable, mid-density, low-carbon development immediately next to the transport network.
- 5.6 Earlier, on 24 April 2024, Palmerston Crescent received planning approval from the London Borough of Enfield. This site will provide 31 homes (50 per cent affordable). The next step at Palmerston Crescent is to work with the developer and Council to finalise the section 106 agreement with start on site forecast for 2025.

## **6 The Living Sector**

- 6.1 Our housing programme currently focuses on traditional housing typologies, specifically private for sale, build to rent and affordable housing. We have recently begun consideration of broadening the housing typologies we deliver to help meet the wider needs of London.

- 6.2 The Private for Sale sub-sector is currently the majority of our pipeline, with a mix of small and medium-size developments, as well as large-scale major regeneration projects. Although at a difficult moment in the real estate cycle, we are well positioned to deliver this sub-sector with best-in-class partnership delivery vehicles to support new home delivery in London. In 2024/25 we are expecting to complete a cumulative total of 1,436 homes, which builds on the 946 homes completed in 2023/24.
- 6.3 Many of the existing rental homes in London are owned by private landlords who own very few properties on individual basis, leading to a market of mixed accommodation and management quality. With purpose-built rental homes managed professionally and on-site, Build to Rent offers not only a solution to the supply of rental homes, but also better standards and quality for the rental sector and Londoners. As the Committee is aware, Places for London has an existing multi-site joint venture (Connected Living London) with the UK's largest landlord, Grainger PLC.
- 6.4 Places for London has previously considered the option of student housing only as part of its major mixed-use developments at Earls Court and Edgware. There are 93,700 purpose-built student accommodation (PBSA) beds in Greater London, with 2.5 students per PBSA bed in London. The shortfall is made up by students living at home or in private rental accommodation – and the latter reduces space available for the wider housing market. There have been 10,768 PBSA beds built between 2019 and 2024. In that time, student numbers have continued to grow at 9,000 to 10,000 per year, with this growth expected to continue to exceed new supply.
- 6.5 Our delivery pipeline and significant landholdings in London offer opportunities to provide PBSA. We believe there is potential for a PBSA scheme at Southwark (see below). Alongside this location, we will review this sub-sector to assess the opportunity elsewhere in London. In doing so, we will consider options for relationships and partnerships, including with London universities.
- 6.6 Later Living is the catch all term used for the types of accommodation available to those in later life. In the UK this is still an emerging sub-sector. Meeting this housing need will become increasingly important for London given that the ageing population is predicted to grow by over 170 per cent by 2040. We have no existing involvement in this sub-sector, but there are opportunities to consider it across our landholdings. We propose to review this sub-sector, though there is work to do to determine a clear proposition for Places for London.
- 6.7 Co-living offers a room or small apartment within a communal property benefitting from shared amenities and facilities. The existing co-living market is relatively small, with 2,820 co-living beds in London, accounting for 82 per cent of the total UK market. It is not currently deemed a core element of our proposition, but we will continue to monitor the sub-sector as it evolves.

## **7 Southwark Over Station Development**

- 7.1 Southwark Over Station Development (OSD) is a development site in which Places for London owns a leasehold interest. As one of the three seed sites in the

Platinum Portfolio joint venture, Southwark OSD has planning permission for the development of best-in-class, sustainable commercial offices.

- 7.2 Based on its remit to maximise both shareholder and social value, Helical, as appointed development manager together with the consultant team, has reviewed the development options. Helical recommends that the joint venture consider progressing a mixed use PBSA and affordable housing scheme.
- 7.3 The joint venture remains committed to developing office-led schemes, including at 10 King William Street (formerly Bank OSD) and at Paddington Triangle OSD. The joint venture is also considering other office-led development opportunities in the Places for London estate.
- 7.4 The characteristics and key benefits associated with a mixed-used use PBSA and affordable housing development at Southwark OSD are presented below. The benefits are based on the current design and may change as the design is progressed.
- (a) a new PBSA building comprising 429 self-contained student rooms above the station;
  - (b) a separate building comprising 40 new affordable homes in a second, standalone building adjacent to the station – these homes would replace the London Borough of Southwark’s previous proposal to develop 25 homes immediately adjacent to the OSD site;
  - (c) the delivery of affordable housing and PBSA will help to alleviate pressure on housing in London through creation of additional homes and diverting demand for student accommodation away from private housing;
  - (d) the buildings’ massing, configuration of uses and design will complement the adjacent Styles House apartment block and Southwark station;
  - (e) enhanced pedestrian experience of a more generous public realm, including its surrounding streets, Isabella Street, The Cut, and Joan Street, which will be retained instead of stopped-up and developed; and
  - (f) enhancement works to the existing Southwark station, including operational improvements and rationalisation of space, and enhanced Santander Cycle stand provision.
- 7.5 The joint venture will continue to assess the implications of a PBSA scheme at Southwark OSD. Subject to discussions, once the joint venture has issued a revised business plan for shareholder approval, we will assess the required changes to the agreements authorised by the previous approval and new approvals will be sought as required, in accordance with TfL Standing Orders.

## **8 Sustainability and Inclusivity Strategy**

- 8.1 We have previously shared with the Committee the centrality of Environment, Social and Governance to how we will achieve our core objectives on housing

delivery and revenue growth – as well as the critical importance to Places for London of the social elements of the agenda.

- 8.2 We are about to publish our first Sustainability and Inclusivity Strategy. The Strategy provides a new framework that will enable us to drive better environmental, social and economic outcomes for the city between now and 2030, building on the progress we have made to date.
- 8.3 We have developed our approach in conjunction with our shareholder, and the Strategy fully supports the ambitions set out in TfL’s Corporate Environment Plan and its other environmental and social commitments. We have also engaged broadly within the property sector, so our intentions draw on best practice in comparable organisations.
- 8.4 The Strategy is based around three interconnected, ambitious goals for 2030:

<b>Pillar</b>	<b>2030 Goal</b>	<b>Why this is important</b>
Promoting vibrant and diverse communities	Provide 40,000 Londoners with affordable housing, workspaces and support.	Engaging our local communities to provide dynamic, inclusive and accessible places that make a positive contribution to neighbourhoods.
Creating healthy places for people and planet	Achieve Net Zero Carbon across our operations and head office and set ambitious targets for all new developments.	Reducing our impact on the environment and adapting to climate change by providing healthier spaces, embracing nature and reducing energy costs to ensure a portfolio that is fit for the future.
Supporting and developing local economies	Increase our contribution to London’s economy by 20 per cent.	This plan will help drive inclusive growth through economic opportunity, bringing neighbourhood investment and jobs and skills for communities in partnership with our customers and supply chain.

- 8.5 Our immediate priorities are set out in the Places for London 2024-25 scorecard approved by the Committee at its last meeting, and progress will be reported to the Committee.
- 8.6 Work to devise, develop, and embed the Strategy and all interventions in the current financial year are funded from existing budgets. We have allocations in the new Places for London Business Plan for investment in the existing portfolio, including works to achieve the net zero carbon transition and other outcomes to deliver social and economic benefits. Work is underway to ensure that all development activity covered by the Strategy is included in the financial plan that



will inform the updated Business Plan to be shared with the Committee in the autumn.

- 8.7 A link to the new Sustainability and Inclusivity Strategy will be sent to all Committee Members.

## **9 Branding and Marketing**

- 9.1 In April 2024, Places for London and our design partner Pentagram won two awards at the European Transform Awards. Transform is the only global magazine specialising in rebranding and brand development, and the magazine recognises the most innovative, creative and successful brand work in the world. Our new brand won the Gold prize for Best Visual Identity in both the Public Sector and the Property, Construction and Facilities Management Sector.
- 9.2 Also in April 2024, our new brand video won a Bronze award at the New York Festivals TV and Film Awards under the Best Writing category for Places for London and Rakaya Fetuga, the writer and star of the brand video who lives and works in the capital. The video showcases our tenants and the role that we play in reflecting and shaping London.
- 9.3 The brand and the video are central components of our Marketing Strategy which sets out our plans and priorities to drive brand awareness, build reputation and develop campaigns, content and thought leadership. Our aim is to establish Places for London as a socially minded, commercially focused property company that is helping deliver the homes and infrastructure urgently needed in the capital.
- 9.4 The Strategy sets out a high-level, five-year roadmap that describes the journey from the creation of the brand and the successful launch of Places for London in September 2023 to the development of a fully mature marketing approach.
- 9.5 Digital plays a major part in our strategy. Our website will provide an exceptional experience for users and clearly articulate our purpose, vision and values. Later this year, we will start promoting lettings opportunities across our estate via an integrated lettings website.
- 9.6 Our social media presence also plays a key role. We will continue to grow our following and engagement on LinkedIn and our recently launched presence on X (formerly Twitter). We will introduce YouTube and Instagram channels by the end of 2024. A content calendar sits underneath all our channels to deliver engaging and rich content to specific audiences across relevant platforms.
- 9.7 Through our approach to thought leadership, we will raise awareness amongst key audiences of Places for London being one of London's most significant and sustainable developers and landlords, delivering high levels of affordable housing. We aim to generate excitement about the scale and importance of our work and help support future recruitment and skills growth.
- 9.8 We will work closely with the TfL media team to get the greatest return on investment on all campaign and thought leadership activities, sharing case studies and marketing collateral and ensuring our annual and quarterly plans are fully aligned.

- 9.9 Marketing is an external facing function but a large part of embedding and strengthening a brand comes from building internal advocacy. To build advocacy and support our team in talking about the organisation, we are providing in-house brand training and regularly sharing engaging content.
- 9.10 Across all our marketing activity, we will monitor and measure performance, benchmarking against industry standards. We are also developing measurable key performance indicators for each channel or platform to track progress. We will provide an annual report to the Committee with updates, including marketing and brand performance.

## **10 Skills Academy**

- 10.1 Places for London has been at the forefront of implementing practical solutions to the barriers Londoners face in entering the built environment sector. To expand our programme and our reach, we are now in the process of establishing the Places for London Skills Academy.
- 10.2 The Academy will bring together our education, skills and employment initiatives under one banner. It will be a network of specialist training providers, business partners, charities and referral organisations, aligned to connect Londoners to jobs in the built environment. In doing so, it will bring together stakeholders and also offer opportunities for partnership funding to enhance the delivery of the programme.
- 10.3 First, the Academy will help develop our approach to construction skills. We already have a network of three Construction Skills Hubs. This will evolve to a 'hub and spoke' approach. Investing in our existing assets and leveraging partner facilities will increase training from 1,000 to 2,000 learners a year by 2029/30. We also aim to increase the learners going into sustainable employment from 40 to 55 per cent. We will enable this by offering a more flexible training offer and increasing the provision of ongoing mentoring and job-coaching.
- 10.4 We will create bespoke programmes aimed at new skills development, underrepresented groups and Londoners furthest from the job market –including disabled people, neurodivergent people, homeless people and young people who need enhanced support.
- 10.5 Second, the Skills Academy will also support our customers or tenants to recruit and upskill their workforce. In our most recent customer survey, 27 per cent said they were interested in us offering responsible business skills development and 26 per cent said they were interested in development of 'core' business skills including finance and business planning.
- 10.6 We are already piloting an initiative with our Heart of the City programme, which is engaging 40 of our tenants with a business support programme. We are exploring how future programmes could be delivered in close partnership with Grow London Local (part of London & Partners – the business and destination agency for London that is supported by the Mayor of London) and other providers.

- 10.7 Third, the Academy will help increase our engagement with young people. We plan to grow our programme from 3,050 young people engaged (with 150 helped into education or employment in the built environment) in 2025/26 to 6,250 (and 430 helped) by 2029/30. The programme budget will rise from £271k to £600k, while Places for London's contribution will taper down from £150k to £50k as more partners are involved.
- 10.8 The Academy will contribute to the aims set out in our Sustainability and Inclusivity Strategy, including providing 40,000 Londoners with support, while increasing Places for London's contribution to London's economy by 20 per cent.

**List of appendices to this report:**

None.

**List of Background Papers:**

None.

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## Land and Property Committee



**Date:** 3 July 2024

**Item:** Finance Report – 2023/24 Full Year

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

#### **1 Summary**

1.1 The Finance Report presentation sets out Places for London's results to the end of Quarter 4, 2023/24 (the financial year ending 31 March 2024).

#### **2 Recommendation**

2.1 **The Committee is asked to note the Finance Report.**

#### **3 Background**

3.1 The Finance Report presentation at Appendix 1 provides a summary of the full-year financial performance against the Budget and last year.

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

Appendix 1: Finance Report Presentation.

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

None

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 The TfL Property Company

# Finance Report – Appendix 1

**2023/24 – full year**

Our results for 2023/24 show a strong operational performance despite a difficult property market which has led to disappointing capital spend. On-going market pricing corrections have driven a fall in year end values impacting the total shareholder return. Places remains highly liquid and able to meet its commitments over the next two years.

FY2024



The TTL Property Company

# Places outperformed on the delivery of our dividend by £7.2m.

## Outperformed the Budget Dividend for the year by £7.2m.

- Places budgeted a dividend of £9.4m but will deliver an expected dividend of £16.6m to TfL when paid later this year (plus £5.5m of Operating Surplus on sites not yet transferred to Places paid in period 2)
- Core gross income £7.4m (favourable).
- Direct property costs £4.5m (favourable), of which £12m (Favourable) due to credit control, £7.5m (adverse) property costs from transfers from TfL.
- Central Op Costs £3.0m (favourable)

## Deliver Core Operating Margin of 40 per cent by FY27

The current year margin was 38 per cent, but was flattered by the bad debt recovery of £12m otherwise it would have been 24 per cent.

The Asset Management team is focusing on driving rents by concluding rents reviews and a renewed focus on void reduction. Meanwhile our Target Operating Model review is expected to deliver cost and income efficiencies over the next two years, as is the digital programme which starts in earnest in FY25. These initiatives are expected to help deliver the margin by FY27

## Deliver Capital Investment Spend.

- Our residential delivery programme continued to be delayed by high construction cost, inflation and delays in resolving the second staircase issue.. This was offset in the year by concluding the Southwark land swap which was delayed from last year and will enable the Southwark development in the Platinum portfolio resulting in a net capex underspend of £58.2m.
- In the year, planned property sales totalling £28.2m we pulled to avoid selling in a poor market.

## Maintain adequate liquidity to deliver on development targets

- Cash at year end £61.8m, £66.7m higher than budget. This arose predominantly from delays in the development programme but also stronger than budgeted net operating income.
- Revolving loan of £200m remains undrawn.
- Two year liquidity (cash and undrawn loan facilities) are currently sufficient at:
  - Mar 2024 £262m
  - Mar 2025 £207m
  - Mar 2026 £138m

## Deliver annual compounding shareholder return of 7.5 per cent

- Year end values still being finalised.
- Draft total return (6.1) per cent made up of income 0.9 per cent, Capital (7.0) per cent.
- Yields have moved out further since September resulting in a like for like capital reduction of 3.4 per cent, while development valuations have fallen by 22 per cent.
- Market sentiment suggests we are at the bottom of current cycle. Cautious optimism inflation easing and therefore interest rates and yields will improve.



# Outperformed the Budget Dividend for next year by £7.2m

Income Statement (£m)	Full Year		
	Actuals	Budget	var to Budget
<b>Core Trading</b>			
Retail	39.2	38.0	1.3
Arches	11.3	11.3	0.0
Offices	4.9	3.0	1.9
Residential	1.3	1.3	0.1
Car Parks	20.0	16.9	3.2
Industrial	1.3	-	1.3
Bus Garages	4.2	-	4.2
Infrastructure	6.5	9.4	(2.9)
Contract revenue & central income	1.2	3.1	(1.8)
<b>Gross Property Income</b>	<b>90.1</b>	<b>82.9</b>	<b>7.3</b>
Direct Property Costs	(15.3)	(19.8)	4.5
<b>Net Property Income</b>	<b>74.8</b>	<b>63.0</b>	<b>11.7</b>
<b>Margin (%)</b>	<b>83%</b>	<b>76%</b>	
Non Asset Management Income	0.1	-	0.1
Central Operating Costs	(41.2)	(44.2)	3.0
<b>Core Trading Surplus</b>	<b>33.7</b>	<b>18.9</b>	<b>14.8</b>
<b>Margin (%)</b>	<b>37%</b>	<b>23%</b>	
Project Income (including Joint Venture (JV) Dividends - Build to Sell)	4.0	2.3	1.7
Project Costs	(8.5)	(6.0)	(2.6)
<b>Net Operating Surplus</b>	<b>29.2</b>	<b>15.2</b>	<b>14.0</b>
<b>Margin (%)</b>	<b>31%</b>	<b>18%</b>	
Adjust for Build to Sell Dividend receipts	(3.5)	(0.7)	
Net Surplus of sites still owned by TfL	(5.5)		
Other Statutory adjustments	1.8		
Net Financing Costs	0.1	(1.3)	
Forecast Tax	(5.5)	(3.8)	

Operating Surplus for the year of £29.2m was £14.0m higher than the budget, this is forecast to generate a total return (dividend 16.6m+ cash £5.5m) to TfL. (NB Places for London dividend forecast includes cash collected on behalf of TfL owned assets not yet transferred to Places)

Income was £7.3m better than budget mainly due to better footfall driving higher turnover rents on retail, new ground rents on former Crossrail sites and better car park occupation due to tariffs remaining lower than nearby competing car parks.

Core Trading costs benefitted from c£12m of "One-Off" Bad Debt adjustment during the year. However, this was offset by £7.5m of unbudgeted vacancy costs and maintenance on assets transferred from TfL without cost budgets.

Project activity was £(0.8)m adverse to budget, with additional dividend income from Landmark Court and Blackhorse Rd being offset by unbudgeted project costs in relation to 200 Buckingham Palace Road & Seven Sisters.

# Deliver Core Operating Margin of 40-50 per cent by 2027

Income Statement (Detail) (£m)	Full Year		
	Actuals	Budget	var to Budget
<b>Core Trading</b>			
<b>Total Property Income</b>	<b>90.1</b>	<b>82.9</b>	<b>7.3</b>
<b>Direct Property Costs</b>			
Maintenance	(8.0)	(6.1)	(1.9)
Property Costs	(15.7)	(11.0)	(4.7)
Utilities	(2.5)	(1.8)	(0.8)
Bad Debts	10.8	(1.0)	11.8
<b>Total Direct Property Costs</b>	<b>(15.3)</b>	<b>(19.8)</b>	<b>4.5</b>
<b>Net Property Income</b>	<b>74.8</b>	<b>63.0</b>	<b>11.7</b>
<b>Central Operating Costs</b>			
Staff Costs	(24.7)	(24.4)	(0.3)
Legal, Professional & Consultancy	(7.9)	(7.6)	(0.2)
Security costs	(0.2)	(0.6)	0.4
Other Indirect Costs	(1.3)	(2.5)	1.1
TfL Management Fee	(7.0)	(9.1)	2.1
<b>Total Central Operating Costs</b>	<b>(41.1)</b>	<b>(44.2)</b>	<b>3.1</b>
<b>Core Trading Contribution</b>	<b>33.7</b>	<b>18.9</b>	<b>14.8</b>
<b>Margin (%)</b>	<b>37%</b>	<b>23%</b>	

## Core Operating margin delivered of 37 per cent

- The strategy for improving the margin centres around continuing to grow income by clearing the backlog of rent reviews and refocusing on letting voids to reduce operating costs.
- In addition, the target operating model review underway is expected to drive further efficiency by 2027.
- Offsetting this will be a short-term investment in our digital capability which is expected to drive further efficiency and margin improvement over the next three years.
- Meanwhile, the 200BPR project has now completed and as Seven Sisters Market gets delivered, it is expected costs will remain in budget.
- These initiatives are expected to enable Places to achieve a Core Operating Margin of over 40 per cent by 2027.

# Net Capital Spend of £50.1m

Capital Account (£m)	Full Year		
	Actuals	Budget	var to Budget
<b>Income</b>			
Asset Disposals	4.5	39.4	(34.9)
Build to Rent	-	7.4	(7.4)
Residential	25.9	16.9	8.9
Commercial	3.6	1.1	2.5
Other	3.1	0.3	2.9
<b>Total Capital Income</b>	<b>37.0</b>	<b>65.1</b>	<b>(28.1)</b>
<b>Expenditure</b>			
Asset Investment	(40.6)	(34.1)	(6.4)
Asset Disposal costs	(0.2)	(5.9)	5.7
Build to Rent	(2.3)	(51.7)	49.4
Residential	(13.3)	(37.1)	23.8
Commercial	(29.9)	(12.3)	(17.6)
Other	(0.9)	(4.3)	3.4
<b>Total Expenditure</b>	<b>(87.2)</b>	<b>(145.4)</b>	<b>58.2</b>
<b>Net Capital</b>			
Asset Investment	(40.6)	(34.1)	(6.4)
Asset Disposals	4.3	33.5	(29.2)
Build to Rent	(2.3)	(44.2)	42.0
Residential	12.6	(20.2)	32.8
Commercial	(26.3)	(11.2)	(15.1)
Other	2.2	(4.1)	6.2
<b>Total Net Capital</b>	<b>(50.1)</b>	<b>(80.3)</b>	<b>30.2</b>

Net Capital for the year was £(50.1)m which is £30.2m lower than the budget.

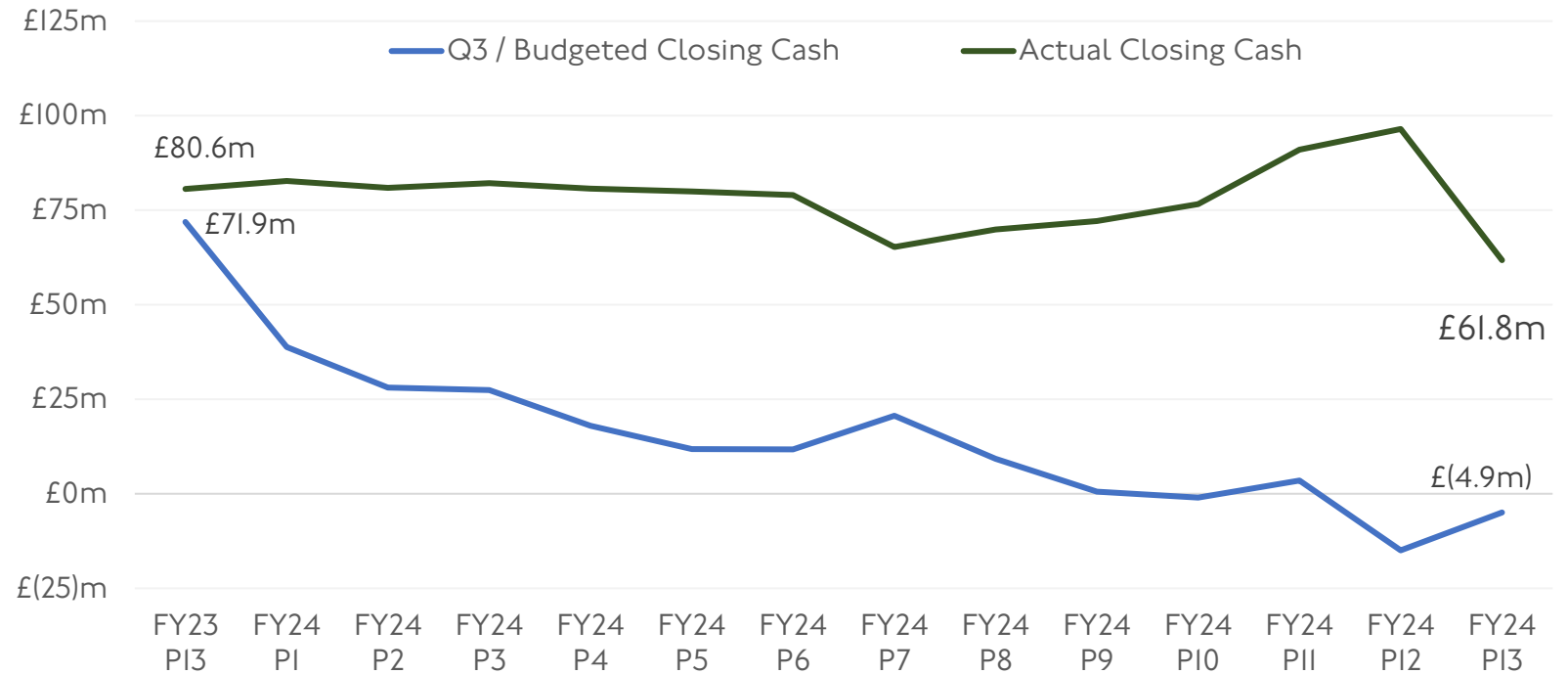
**Capital income** was £(28.1)m lower than budget driven by the deferral of a large number of Asset Management disposals to avoid selling in a poor market.

**Capital Expenditure** was £58.2m lower than budget. The residential portfolio has been delayed while issues around second staircase requirements in buildings over 18m were resolved. Now this has been determined, redesign for revised planning applications are underway, particularly across the Connected London Living (CLL) portfolio.

Asset Management underspend in the sector projects was largely offset by the acquisition of Buck Street Market in Camden.

# Maintain adequate liquidity to deliver on development targets

Places Closing Cash Balances in FY24



## Cash at year end £61.8m, £66.7m higher than budget

Variance driven by –

- Net Capital underspend of £30.2m
- Deferred payment terms on the Land Swap at Southwark Station (included in Commercial Capital Expenditure) c£20.0m
- Settlement of Canary Wharf Group historical debt not in the Budget cashflow £10.7m
- Non settlement of forecast tax liability to TfL c£5.0m.
- Cash and undrawn facilities by Mar 2025 and Mar 2026 are forecast to stand at £207m and £138m respectively ensuring strong liquidity over the next two years.

# Maintain adequate liquidity to deliver on development targets

## Places Budget Cashflow Summary

	FY 2025 £m	FY 2026 £m
<b>Operating Summary</b>		
Total income	118.5	120.4
Total expenditure	(82.2)	(82.3)
Operating Account Working Cap / VAT	(11.7)	(12.9)
<b>Net Operating Cashflow</b>	<b>24.6</b>	<b>25.1</b>
<b>Capital Summary</b>		
Total Capital Receipts	147.7	219.1
Total Capital Expenditure	(168.0)	(291.6)
Capital Account Working Cap / VAT	(6.0)	3.6
<b>Net Capital Cashflow</b>	<b>(26.3)</b>	<b>(68.9)</b>
TfL Management Fees	(8.0)	(8.3)
<b>Net Trading Cashflow</b>	<b>(9.7)</b>	<b>(52.1)</b>
Dividends Paid	(21.0)	(11.0)
Interest & Fees	(1.2)	(1.2)
Tax Forecast	(7.5)	(4.7)
<b>Net Cashflow</b>	<b>(39.3)</b>	<b>(69.1)</b>
<b>Closing Cash Balance (Pre Funding)</b>	<b>6.8</b>	<b>(62.3)</b>

- Over the budget period, capital receipts are forecast to increase. This is partly driven by expected market improvements leading to better values for the income delayed in FY23/24 and largely due to further land sales into JVs as our development programme gathers pace.
- Capital expenditure also increases as development starts with the largest cash requirements from the Platinum programme, residential and asset management projects.
- Dividends are paid a year in arrears so the 2025 dividend includes the FY23/24 debt management out performance which is not expected to repeat in FY24/25.

# Deliver annual compounding shareholder return of 7.5 per cent

	Book	Adjusted
Net Assets at 31 Mar 2023	£1,800m	£1,792m
Net Assets at 31 Mar 2024	£1,698m	£1,667m
Dividend	£16.6m	£16.6m
<b>Total Shareholder Return</b>	<b>(4.75)%</b>	<b>(6.04)%</b>
Income Return	0.92 %	0.93 %
Capital Appreciation/(Depreciation)	(5.67)%	(6.97)%

DRAFT total shareholder return ("TSR") for FY24 is (6.04) per cent on an adjusted basis.

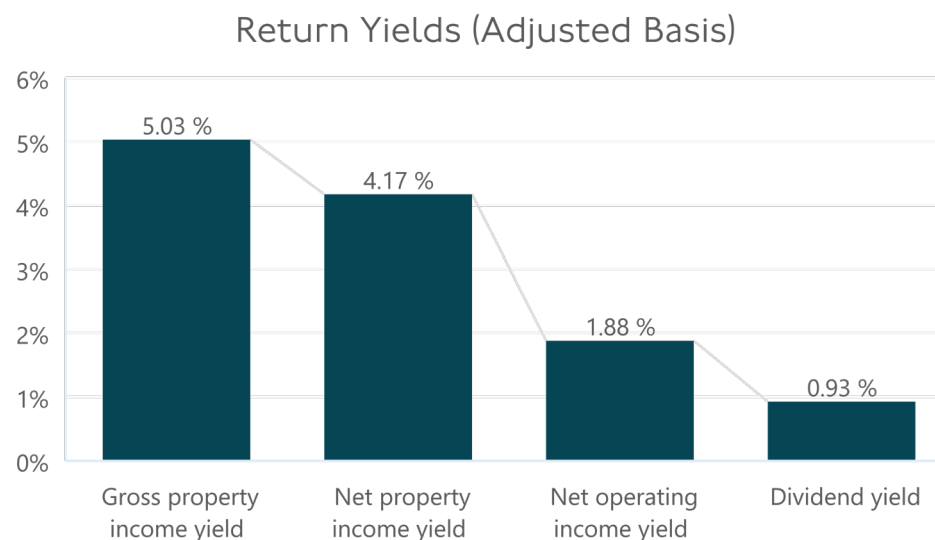
Capital return still draft while auditors review valuations and accounting treatment. The capital return is based on the current CBRE valuation.

TSR reflects the financial return, being; the capital appreciation/(depreciation) and dividend income returns, generated against the equity invested.

TSR is shown on both a book and adjusted basis. The book basis reflects the return before adjusting for assets disposed during the year and assets transferred in from TfL.

The adjusted basis (i.e. like for like) removes the impacts of these items to illustrate the return on assets being actively managed during the year.

When considering the income return, this can be further analysed by reviewing yields at different levels of the financial statement.



**Date:** 3 July 2024

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

---

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

#### **1 Summary**

- 1.1 The Quarterly Performance Report provides an update on market context, health and safety, operational performance, project updates and understanding of Places for London's impact. This report covers the period from 7 January to 31 March 2024 and is set out in Appendix 1.
- 1.2 The structure of this report has been amended, with the finance elements now featuring within the new quarterly Finance Report which is included elsewhere on the agenda.
- 1.3 A paper is included on the Part 2 agenda which contains exempt supplementary information. This information is exempt by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972 in that it contains information relating to the financial and 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.**

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

Appendix 1: Quarterly Performance Report – Quarter 4 2023/24

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

#### **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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 The TfL Property Company

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# Quarterly Performance Report

## Quarter 4 2023/24

### Appendix I

1

Safety, Health and Wellbeing

2

Operational performance

3

Property Development

4

Scorecard

5

Market context

# Safety, health and wellbeing

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**Lisa-Jane Risk**

Head of Operations

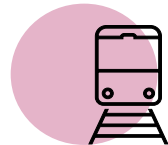


 The TfL Property Company

## Look back at 2023/24



Quarter 1



Quarter 2



Quarter 3



Quarter 4



- Created a core health and safety skills matrix for all colleagues
- Redeveloped the frequency of the tenant audit inspection programme to be risk based
- Introduced an enforcement framework to resolve tenant non-compliance
- Formalised assurance activities through controlled procedures

- TfL Safety, Health and Environment (SHE) Culture Maturity Assessment completed in Places for London
- Developed improved relationships with stakeholders such as London Fire Brigade and London Underground
- Supported tenants by developing water risk assessment templates for simple low-risk systems

- Introduced a digital assurance tool (iAuditor) for the Property Management teams to conduct routine Planned General Inspections
- Built relationships with others to share knowledge, best practice (The Arch Company)
- Introduced asbestos reinspection's of the estate to manage condition / risk of asbestos containing materials

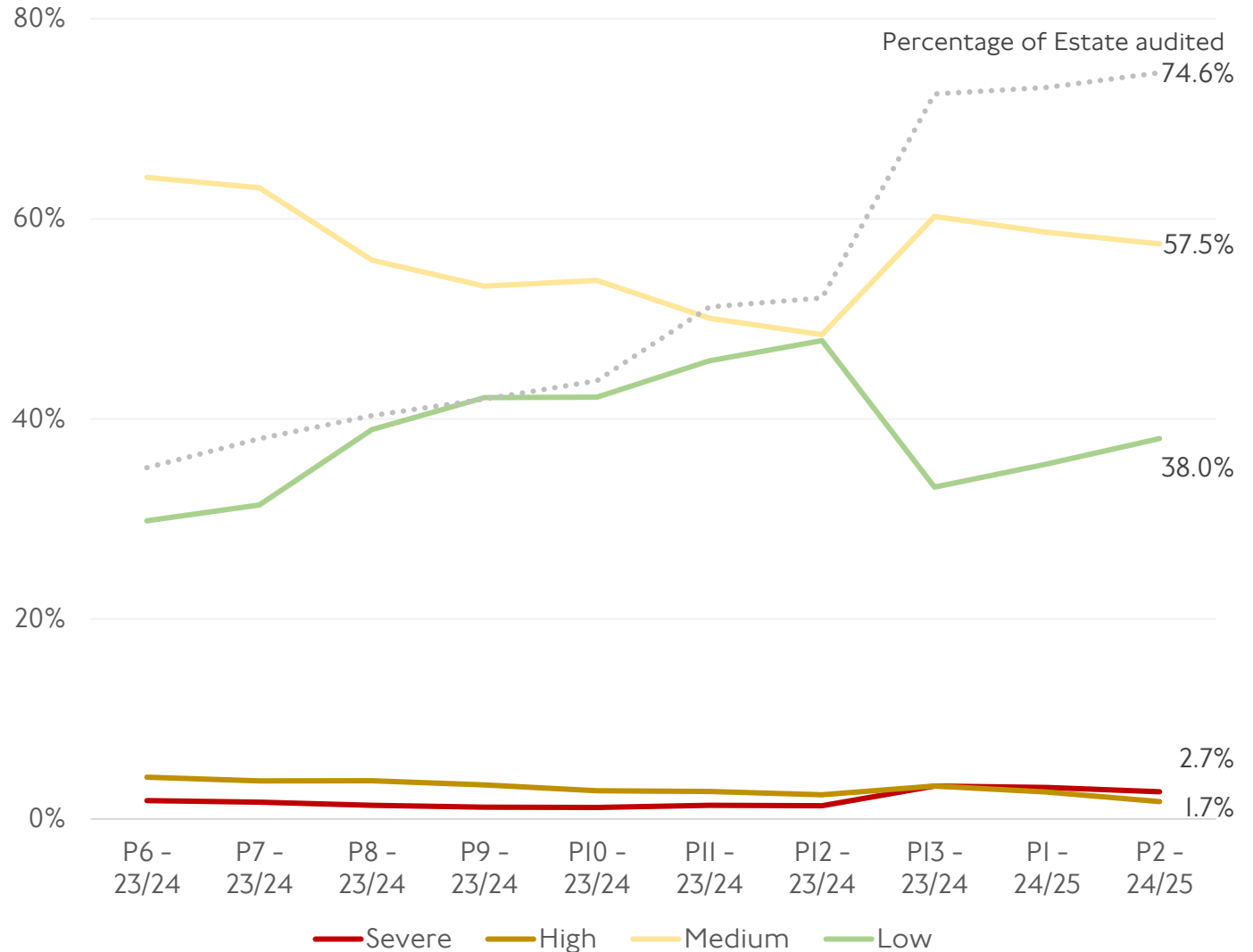
- Established the new review and advisory group, providing safety, health and compliance assurance to the Executive Leadership Group
- Improved the compliance risk profile of our Tenant Managed Estate. Since Period 6, the proportion of severe and high compliance risk rated properties dropped from a combined 10.1 per cent to 6.6 per cent
- Introduced compliance assurance on the Places for London Managed Estate

# Tenant Managed Compliance Risk Rating

The compliance team continues to assess the tenant managed estate to ensure a safe and compliant portfolio by enforcing, educating and engaging with tenants

During Period I3 we received audits from an external contractor. The results were more properties rated at medium risk, and hence the spike in number. Even with this, the percentage of high and severe properties has remained below the 5 per cent target

The percentage of the estate that has been assessed has risen considerably and is currently at 74.6 per cent. We expect this to be approaching 100 per cent by the end of the year. The number of medium rated properties has again started to reduce even after the data influx and our aim is to have the majority of our estate rated low risk



## Safety, health and wellbeing

# Safety, Health and Wellbeing stand down day

## 25 April 2024



Lighthouse & Justin Manley's life-changing incident within the utility industry



Industrial Theatre – bringing to life a positive, open and collaborative safety culture



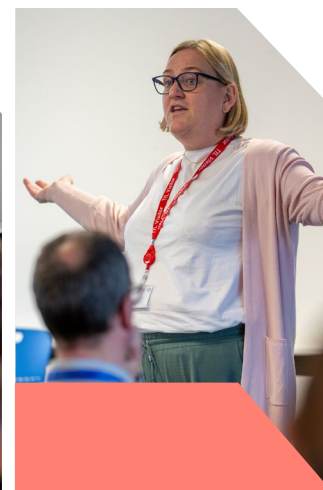
London Sport – helping Londoners live longer, healthier and happier lives through physical activity



Panel Discussion: Building a safe future – with our JV partners



Suzy Lamplugh Trust – the UK's leading personal safety charity



Jennifer Deeney – a personal story of a fatal construction accident

# Operational performance

**Daniel Lovatt**

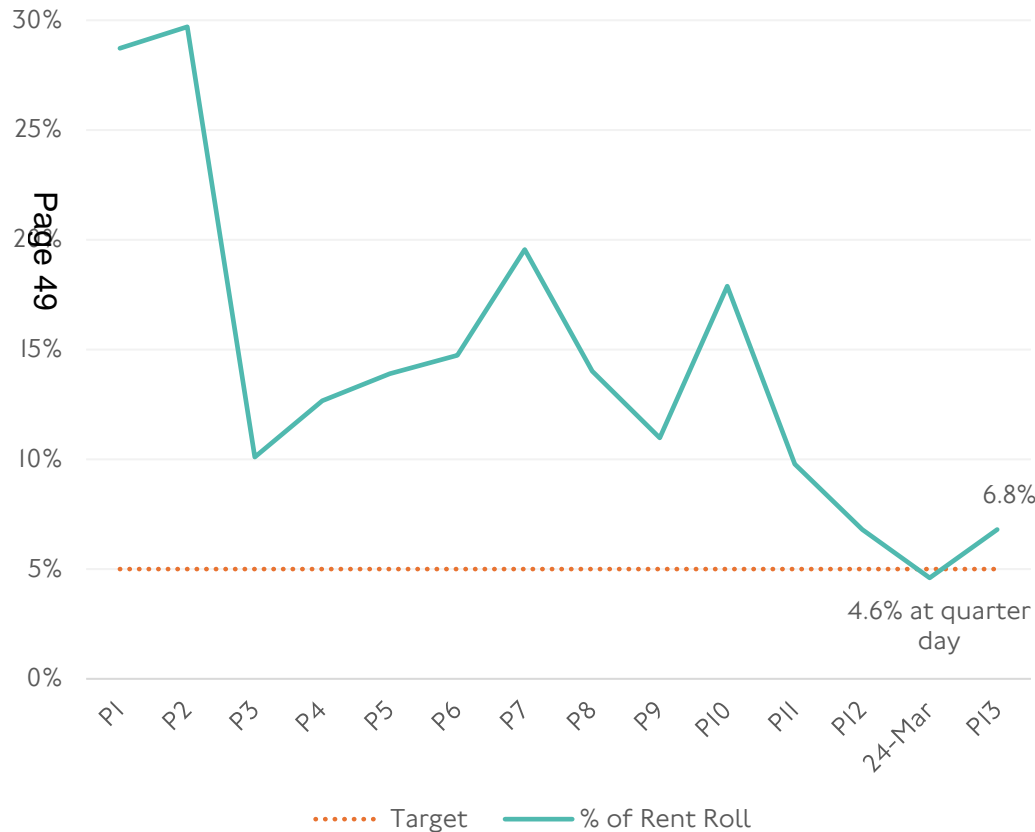
Director of Asset Management



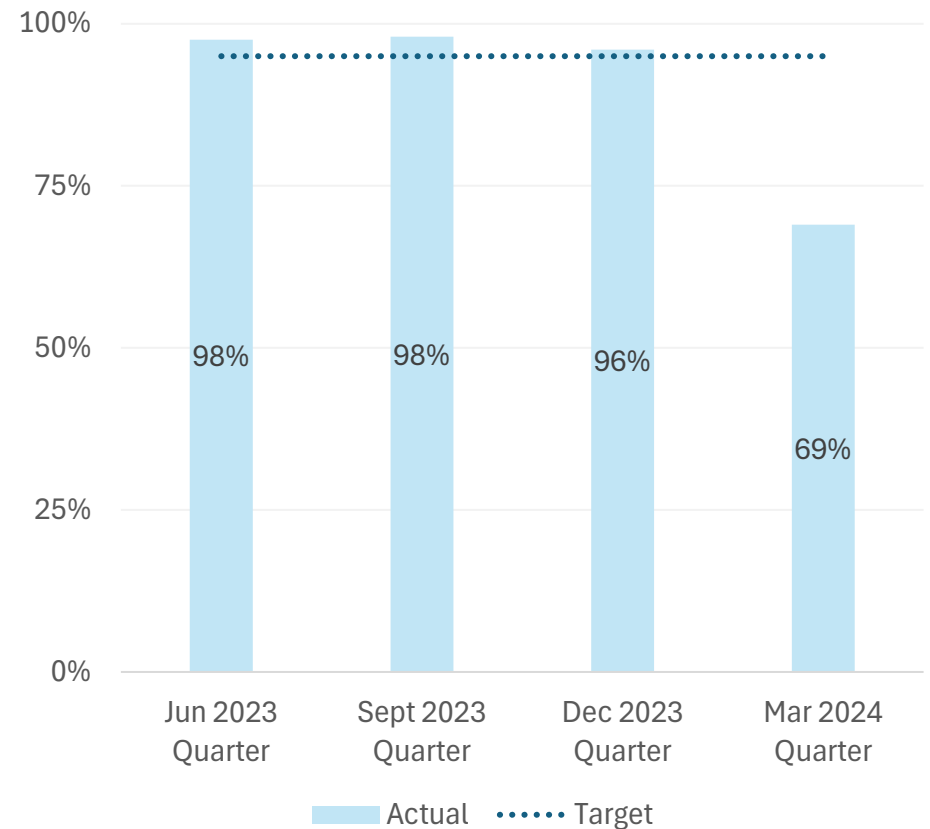
 The TfL Property Company

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

### Arrears (% of rent roll) to 31 March



### Collection rate – as at 31 March



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

- Places for London arrears stood at £2.9m on the 24 March 2024. This represents arrears of 4.6 per cent as percentage of rent roll which means that Places successfully achieved its 5 per cent arrears target. This is a reduction of £14.7m from the start of the financial year
- Previous quarters are 95+ per cent recovered in line with targets
- Updated position: Excluding the top two 'bus garage' arrears, current arrears are £3.4m following a focused campaign post quarter day. A total of £0.28m is subject to a payment plan.
- A Head of Retail has been recruited to help reinforce and drive forward the importance of effective customer management.
- Focus is on £40k debtors, holding weekly meetings to agree actions and deadlines. Commercial Rent Arrears Recovery is being employed as debts age to 30+ days. This approach is making a difference. All material debts have a plan and deadlines.



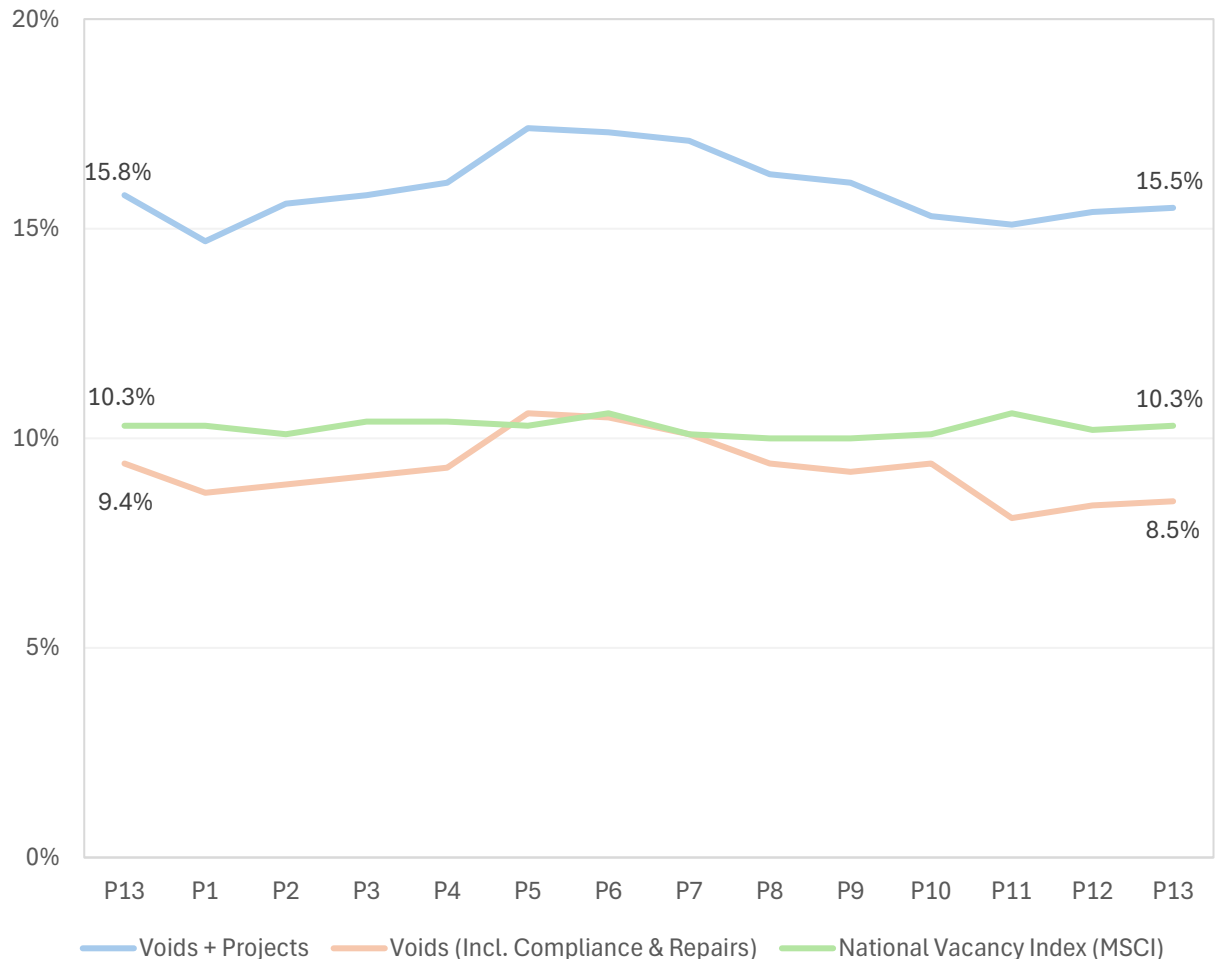


# Voids

- Our void rate is 1.8 percentage points better than the leading industry benchmark, and has been tracking below for the past 6 months
- Forty-one units are under offer at a rental value of £1.5m
- A further 89 units with an Estimated Rental Value (ERV) of £2m are being marketed
- There are 100 units with an ERV of £2.4m requiring works before a lease is completed
- We have a further 243 units where we are undertaking major projects to drive more revenue from the estate
- The creation of the Profit and Loss accounts facilitates prioritisation by the overall opportunity cost (ERV + holding costs)
- Live programmes across Retail, Residential and Arches to reduce voids

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Voids - TfL v Market Average



# Property Development Update

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**Lester Hampson**

Director of Property Development



 The TfL Property Company

# Places for London Joint Venture Partners

BARRATT  
— LONDON —

grainger plc

NATIVE LAND

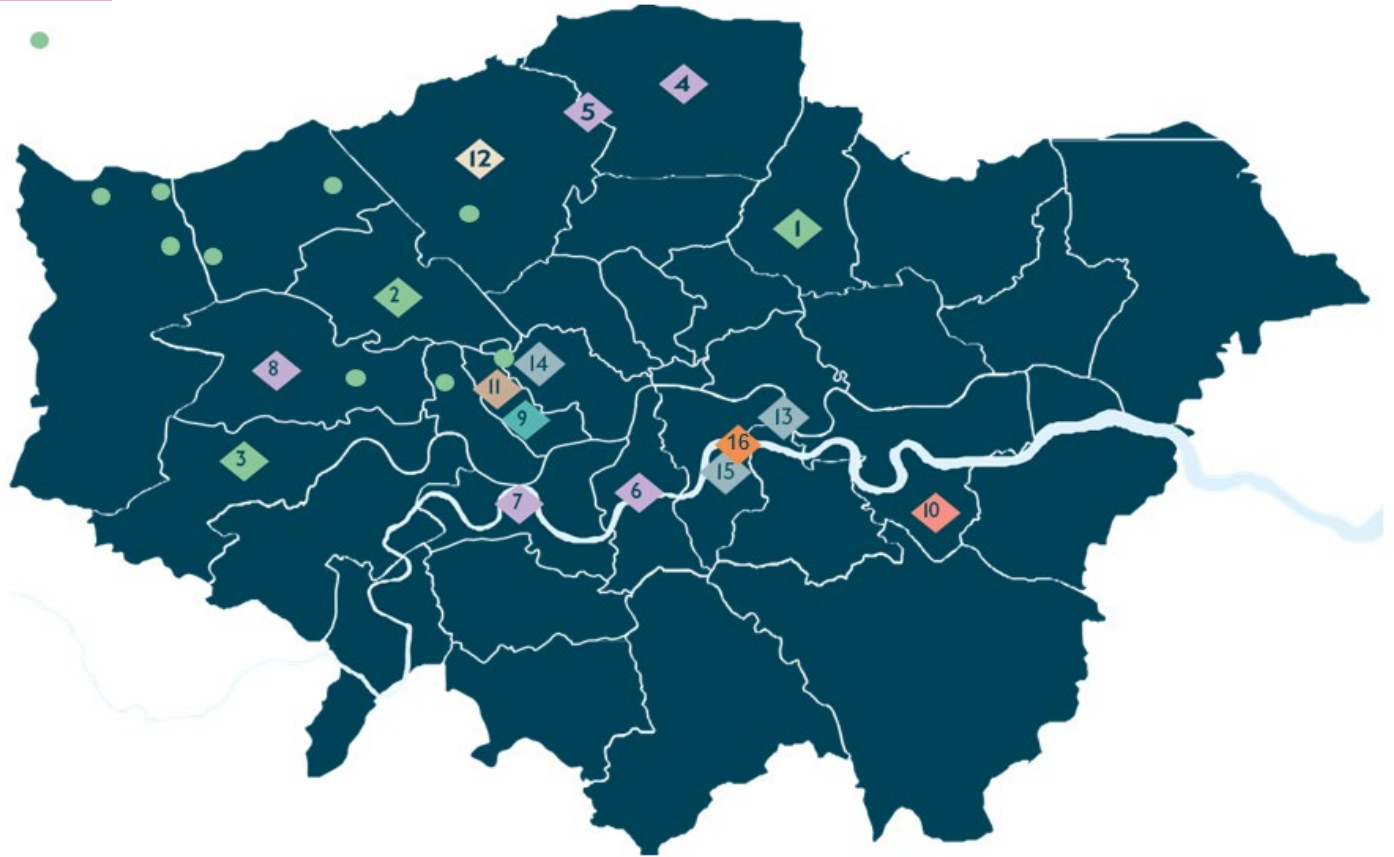


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DALANCEY

ballymore.

HELICAL



1	Blackhorse View (350)	6	Montford Place (139)	11	Earls Court (3,395)	16	The Liberty (22k sq.ft)
2	Wembley Park (454)	7	Nine Elms (479)	12	Edgware (3,500)	●	Smaller sites
3	Bollo Lane (825)	8	Southall Sidings (460)	13	Bank (142k sq.ft)	Smaller sites under Barratt 'West London Partnership' – 9 in total (1,696): Ealing Common Depot, High Barnet, Royal Oak, Cannons Park, Northwood, Eastcote., Chalfont & Latimer, Ruislip Fields, and White City	
4	Arnos Grove (162)	9	South Kensington (38)	14	Paddington (235k sq.ft)		
5	Cockfosters (263)	10	Kidbrooke (619)	15	Southwark (Under Review)		

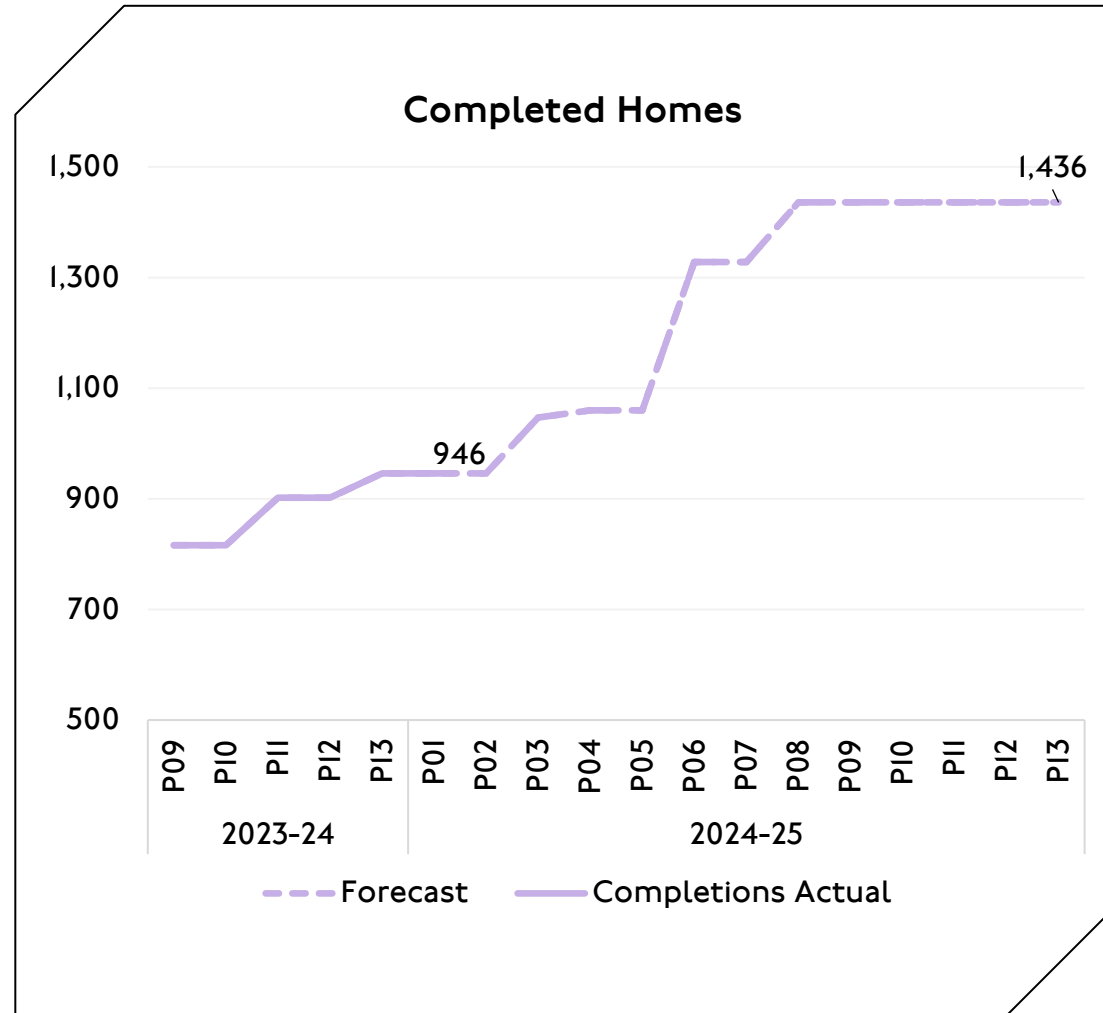
# Places for London completions at year end and look ahead to 2024/25

In 2023/24 we cumulatively completed 946 homes against a target of 1,258 and a floor target of 915.

Practical completion was achieved at Woodside Park (86 homes, 100 per cent affordable) in February 2024 and Kidbrooke Phase I(a) (44 homes 100 per cent affordable) in March 2024.

In 2024/25, it is anticipated that we will complete a cumulative total of 1,436 homes at the following sites:

- **Kidbrooke Phase I(b)** – 369 homes, 50 per cent affordable across the site
- **Aylesbury Street** – nine homes, 100 per cent affordable)
- **Albany Road** – four homes
- **Fenwick Estate** – 46 homes, 100 per cent affordable
- **Wembley Park Phase I(A)** – 62 homes, 40 per cent affordable across the site



# Places for London start on sites at year end and look ahead to 2024/25

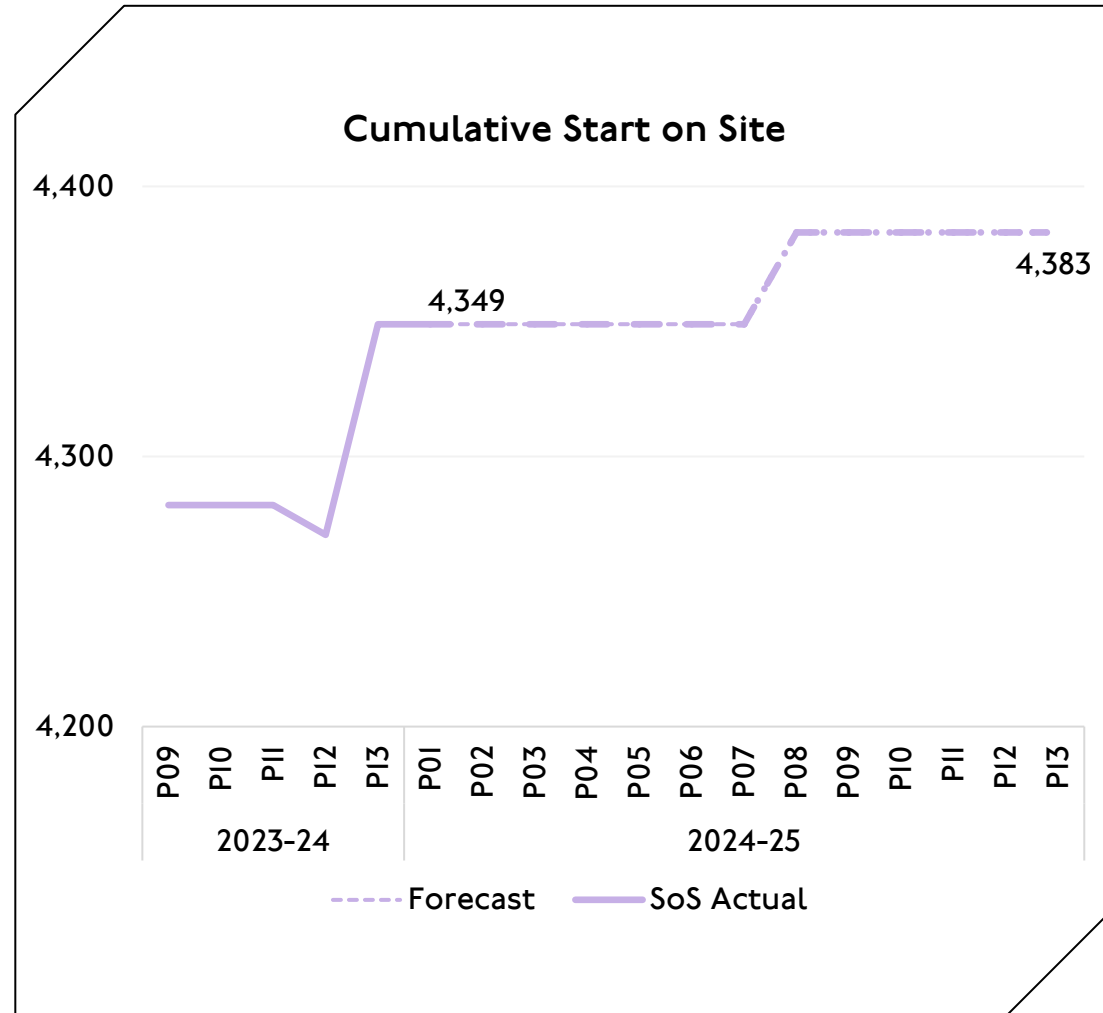
In 2023/24, our cumulative start on site total was 4,349, compared to a target of 4,407 and a floor target of 4,314.

Start on site was achieved at Hornchurch (27 homes, 11 per cent affordable), Barkingside Builders Yard (98 homes, 100 per cent affordable), Portree Street (9 homes) and Snaresbrook (74 homes, 100 per cent affordable).

In 2024/25, we expect to start on site at Liberty of Southwark (34 homes, 50 per cent affordable), bringing the cumulative start on sites to 4,383.

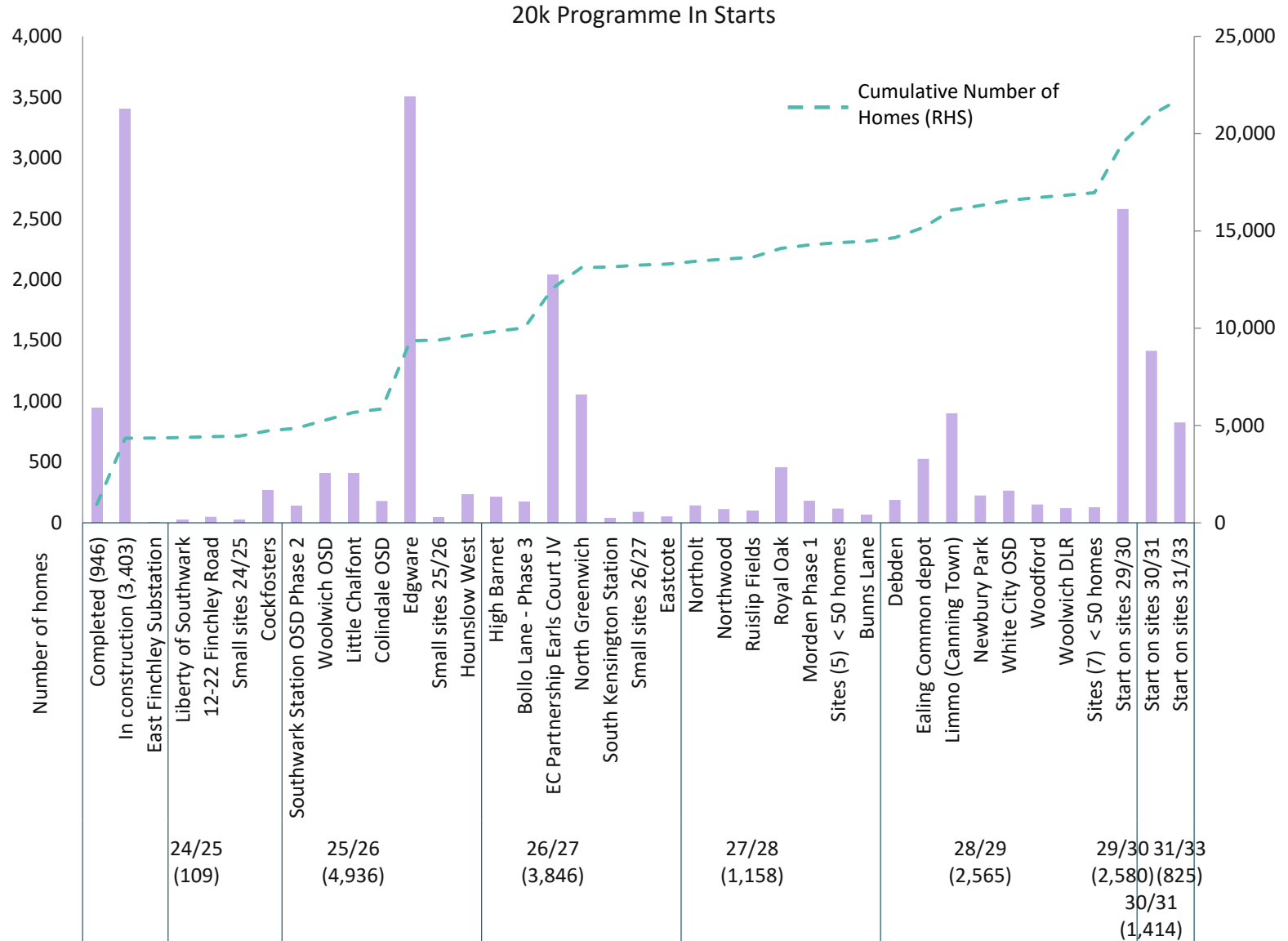
The following projects are considered high risk as we have no direct control on delivery, but may also start before the end of 2024/25:

- **East Finchley Substation** - nine homes
- **Upper Richmond Road** - six homes
- **108-112 Palmerston Crescent** - 30 homes, 35 per cent affordable



- In March 2024 we had cumulatively completed 946 and have started construction on 3,403 homes
- We are forecasting by 2031 to have started on all the sites required to deliver the 20,000 homes target

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## 2024/25 Scorecard Milestones:

To supplement the Start on Sites and Completion home targets we will also be measuring ourselves against the following milestones:

Project Name	Project / Milestone	Target date	RAG
Edgware	Planning Application Submitted	28/09/2024	Green
EC Partnership Earls Court JV	Planning Application Submitted	28/09/2024	Green
High Barnet	Contracts Exchanged with Barratt	27/10/2024	Green
Kidbrooke Phase I	Phase I Practical Completion	10/11/2024	Green
Southwark station	Station Interventions - Main Contractor Start on Site	28/11/2024	Green
Bank Station	Land Acquired by Joint Venture	24/12/2024	Green
Build to Rent Programme Level	Updated planning applications submitted for three Connected Living London (CLL) Build to Rent sites, 9 months post Building regulations Approved Document B compliance guidance released	29/12/2024	Green
Fenwick Estate	Handover of development to Lambeth	29/01/2025	Green
Limmo (Canning Town)	Receipt of Final Tender	13/03/2025	Green
Network Rail + Places for London	All Gate 0 programmed meetings completed including the recommended Network Rail sites (non major sites)*	28/03/2025	Green

# Scorecard

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**Mark Farrow**

Director of Strategy and Planning





# Scorecard Results 2023-24

Overall Score 77.2 per cent

	Measure	Actual	Target	Floor Target	Weighting	Year End	
Safety and Risk	Inspections Completed vs Planned	106%	95%	90%	10%	10%	Green
	Killed or Seriously Injured (KSI)	0	0	0	10%	10%	Green
Colleague	Total Engagement	61%	64%	61%	10%	1%	Yellow
	All Staff Representativeness						White
	-Gender	49.3%	45.3%	45.0%	1.25%	1.25%	Green
	-Ethnicity (BAME)	28.8%	27.9%	25.1%	1.25%	1.25%	Green
	-Disability	7.5%	9.4%	8.9%	1.25%	0%	Red
	-Minority Faith / Belief	14.7%	15.8%	13.8%	1.25%	1.11%	Yellow
65+ Homes	% Affordable Start on Sites	47%	47%	47%	10%	10%	Green
	Start on Sites (Cumulative)	4,349	4,407	4,314	5%	2.2%	Yellow
	Housing Completions (Cumulative)	946	1,258	915	5%	0.9%	Yellow
ESG	Complete carbon literacy training (Band 4 and above)	100%	100%	75%	5%	5%	Green
	Customer Satisfaction Survey	58%	70%	65%	5%	0%	Red
	Achieve ESG Milestones	4/5	5/5	3/5	5%	4.5%	Yellow
	-Complete EPCs by Mar 24	100%	100%	100%	1%	1%	Green
	-GRESB 5* Rating	Achieved	31/03/2024	31/03/2024	1%	1%	Green
	-Publication of BBP compliant NZC roadmap	Achieved	31/12/2023	31/03/2024	1%	1%	Green
	-TCFD (Task force on climate related financial disclosures)	Achieved	30/08/2023	30/08/2023	1%	1%	Green
	-EV out to tender	Achieved	30/09/2023	31/03/2024	1%	0.5%	Yellow
Finance	Total Revenue	£90.1m	£82.9m	£74.6m	10%	10%	Green
	Operating Surplus	£36.2m	£24.3m	£21.9m	5%	5%	Green
	Asset Disposals	£37.0m	£23.5m	£18.8m	5%	5%	Green
	Asset Investment	£(40.8)m	£(40.0)m	£(32.0)m	5%	5%	Green
	Dividend	£21.0m	9.4m	9.4m	5%	5%	Green

## Overall Score 77.2 per cent

### Safety and Risk

The completion of more inspections than planned has allowed us to have a more detailed risk profile of our estate. We will now be able to measure and target ourselves against a more robust metric to reduce compliance risk for the 2024-25 Scorecard.

### Environmental, Social and Governance (ESG)

One hundred percent of our senior staff have completed their carbon literacy training during the course of the year and have made specific sustainability pledges to carry into the new year.

Customer Satisfaction Survey results fell seven percentage points in comparison to 22/23 – we are undertaking further analysis to assess and address the issues raised.

All our ESG milestones have been met, with only the Electric Vehicle tender issue being slightly behind the initial target date.

The completion of all our Energy Performance Certificate (EPC) ratings, sets us up to focus on delivery of uprating properties across our estate.

### Colleague

Work around the People Plan continues and will help further improve our diversity scores. Disability will need a specific focus as it is currently below the expected target.

### Finance

All measures have been achieved.

### Homes

Despite challenging market conditions, starts on site and completions have hit their floor targets.

	Measure	Current Score	YTD Target	Target	Floor Target	Year End Forecast	Weighting	RAG
Safety & Security	Tenant Compliance Risk Profile	4.5%	5%	5%	7.5%	5%	10%	
	Killed or Seriously Injured (KSI)	0	0	0	0	0	10%	
Page 19 Colleague	Total Engagement	N/A	N/A	62%	61%	62%	5%	
	Leadership Representativeness - Gender	46.4%		46%	44%		5%	
	All Staff Representativeness							
	- Gender	49.6%		48.0%	46.0%		1.25%	
	- Ethnicity (BAME)	28.6%		28.0%	25.0%		1.25%	
	- Disability	7.1%	R	9.4%	8.9%		1.25%	
Customer	- Minority Faith / Belief (not Christian, Agnostic or Atheist)	14.1%	R	18.5%	15.0%		1.25%	
	% Affordable Start on Sites	47%	47%	47%	47%	47%	5%	
	Start on Sites (Cumulative)	4,349	4,349	4,383	4,383	4,383	5%	
	Housing Completions (Cumulative)	946	946	1,436	1,432	1,436	5%	
	Property Development Milestones	0/10	0/10	9/10	7/10	10/10	5%	
	Customer Satisfaction Survey	N/A	N/A	60%	58%		5%	
Grn	Green & Sustainability Milestones	0/10	0/10	9/10	7/10	10/10	15%	
Finance	Total Revenue	£16.1m	£12.8m	£98.3m	£88.5m	£98.3m	10%	
	Operating Surplus	£7.1m	£4.6m	£27.0m	£24.3m	£27.0m	5%	
	Asset Disposals	£0.0m	£0.0m	£12m	£9.8m	£12m	5%	
	Asset Investment	£(6.1)m	£(8.7)m	£(42.8)m +/-10%	£(32.0)m	£42.8m	5%	
	Dividend			£11m	£11m	£11m	0%	

**Note:** The Scorecard only captures 'Leadership Representativeness – Gender' due the population size of this community precluding us from reporting other protected characteristics due to requirements around anonymity and the dependency on self-declaration.

# Market context

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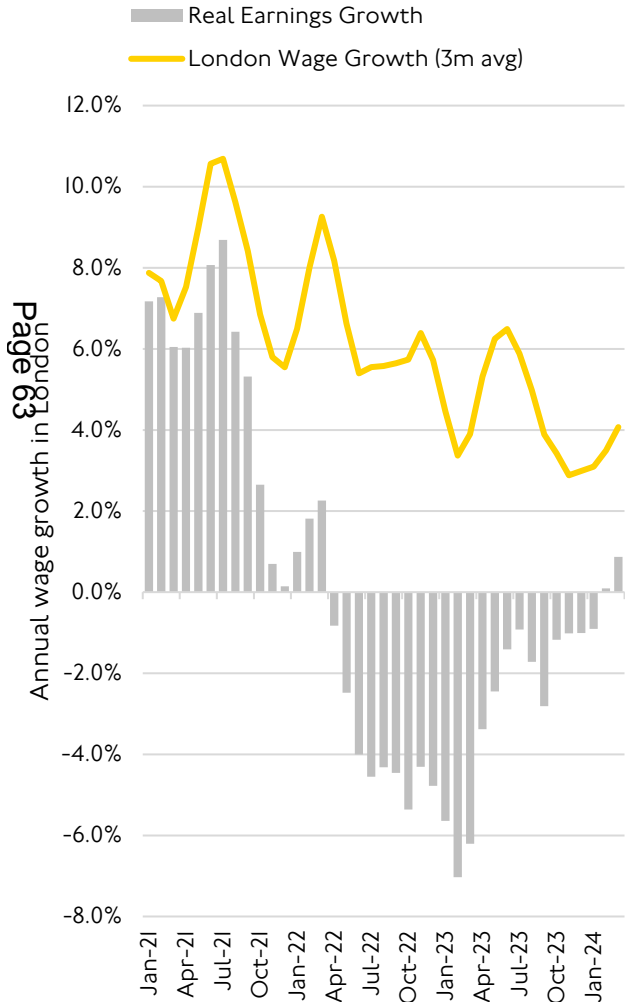
**Graeme Craig**

Director and Chief Executive

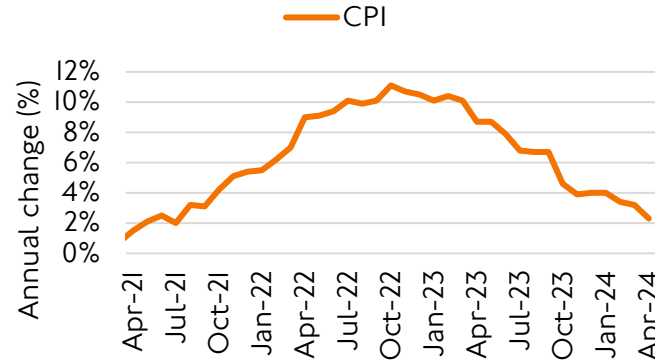


# Bank of England maintains base rates, but cuts are expected in the autumn

Nominal wage growth was 4.1 per cent in the year March 2024



Inflation was 2.3 per cent in April 2024, slightly higher than economists' expectations, but is projected to fall further

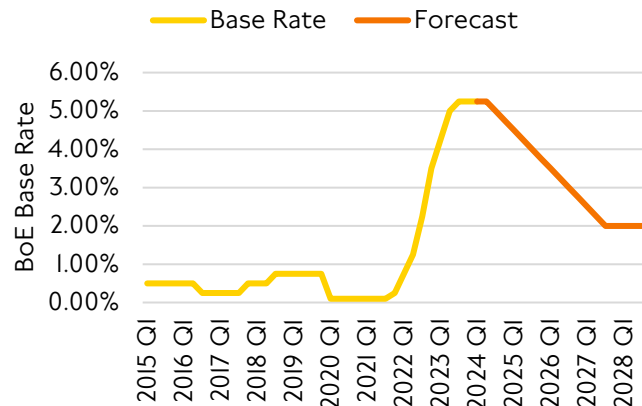


UK Gross Domestic Product (GDP) grew by 0.6 per cent in Q1 2024, reversing two quarters of falls in the second half of 2023. Inflation continues to fall, reaching 2.3 per cent in April 2024.

The Bank of England kept the base rate at 5.25 per cent in May. The first cut is expected later in 2024.

Mortgage rates have risen again slightly after cuts brought in during early 2024, as the Base Rate remains elevated.

Base rate was held at 5.25 per cent in May, first cut forecast for August 2024



Nominal wage growth in London was 4.1 per cent in the year to March 24. In both February and March, wage growth outstripped inflation, delivering the first real terms wage increases since March 2022.

Swap rates remain sensitive to market expectations around interest rate cuts, with 5-year Sterling Over Night Indexed Average (SONIA) swaps around 3.9 per cent in May 2024, below the 4.2 per cent level in May 2023. It is expected that swap rates will remain volatile during 2024 as interest rates start to be cut.

# Rental growth easing in London as demand softens, but sales value returning growth

Quarterly house price growth was 0.8 per cent in Q1 – with annual price growth of 1.6 per cent

Rental growth in London slowed further during Q1, with annual growth falling to 3.9 per cent

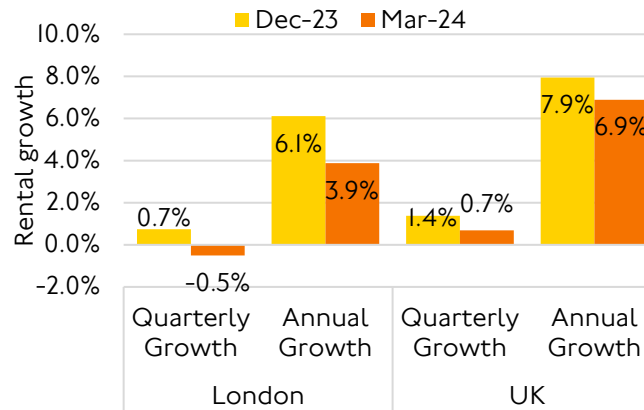
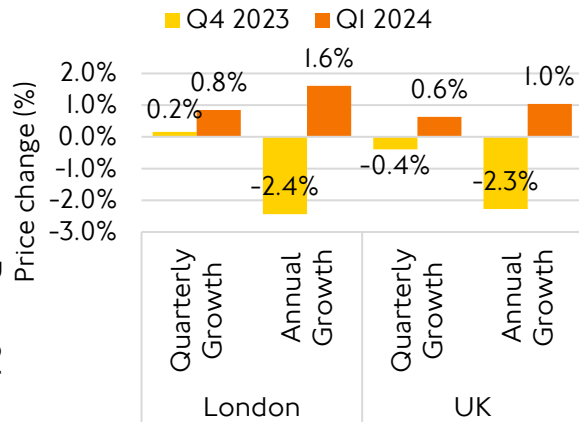
Rents in London fell during Q1 by 0.5 per cent. This led to a further slowdown in annual growth, which was 3.9 per cent to March 2024, compared with 6.9 per cent across the UK. This aligns with reported easing in the level of demand by agents in the Royal Institution of Chartered Surveyors (RICS) survey over recent months.

There remains a shortage of new supply coming to the market, which has led agents to expect rental growth to return in the coming three months.

London house prices rose by 0.8 per cent in Q1 24, according to Nationwide, following a growth of 0.2 per cent in Q4 2023. This means that annual price growth has returned, rising by 1.6 per cent in the year to Q1. This points to the demand being unlocked with interest rates falling in early 2024.

Urban land values returned to slight growth in Q1, rising by 0.3 per cent. But demand remains muted.

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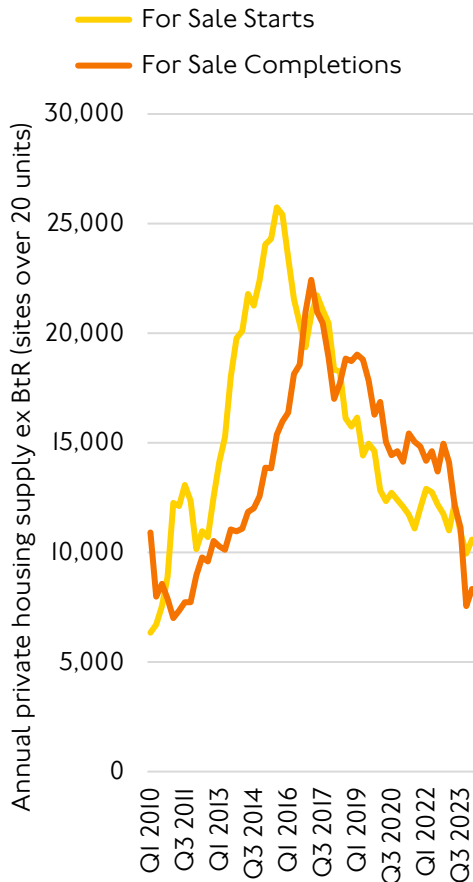


Savills forecasts rental growth of 5.5 per cent in London in 2024, with 5 year growth of 18.2 per cent between 2024 and 2028

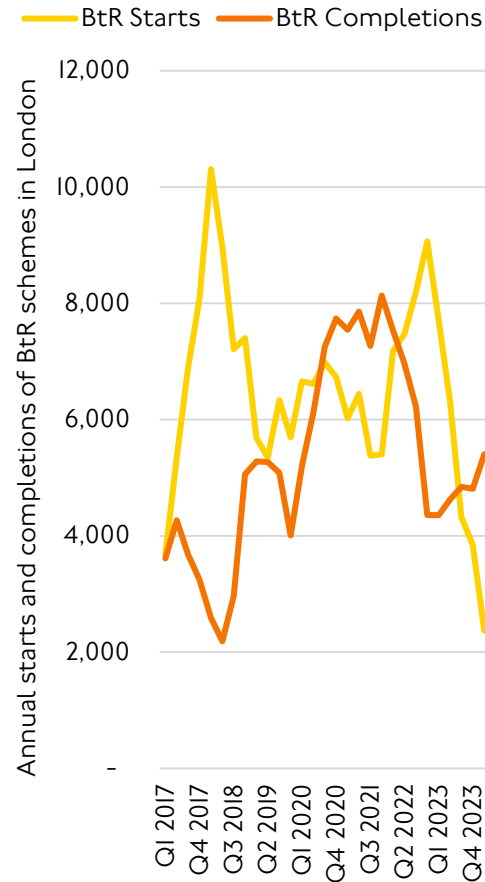
	2023 Actual	2024	2025	2026	2027	2028	Total
Mainstream UK Rents	8.0%	+6.0%	+3.5%	+3.0%	+2.5%	+2.0%	<b>+18.1%</b>
Mainstream London Rents	6.1%	+5.5%	+3.5%	+3.0%	+2.5%	+2.5%	<b>+18.2%</b>

# Residential construction activity remains subdued, in particular Build to Rent where new starts are at lowest levels since 2014

Close to 3,000 private sale homes started construction in Q1, down slightly from Q4 2023, but 28 per cent higher than the same period in 2023



Only 265 Build to Rent units started construction in Q1 2024 across London, an 85 per cent fall compared with Q1 2023



High construction and debt costs continue to impact residential construction. At the same time, buyer demand remains constrained by high mortgage costs.

Construction cost inflation is starting to moderate, but there is no sign of deflation. This will continue to act as a drag on new projects starting in the coming months. New building regulations – particularly on fire safety – are causing further challenges, requiring some schemes to need planning for revised schemes.

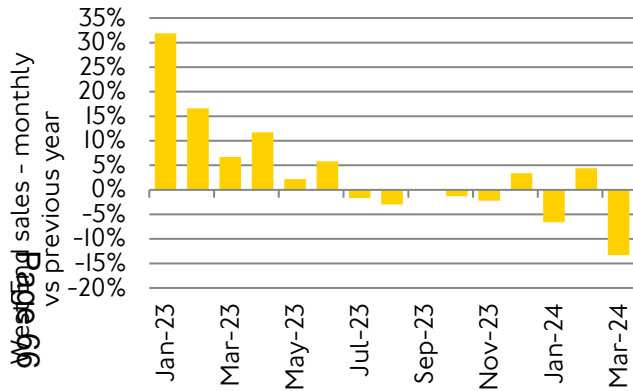
Build to Rent starts have slowed due to higher cost of construction, development finance and viability challenges around funding new development. These will stay in place until interest rates start falling.

Only c.2,500 new homes received planning permission across London in Q1 2024, fewer than half the number granted in Q1 2023 and the second lowest quarterly number since 2012. This will reduce the medium-term pipeline. Improvement will be made when interest rates are falling.

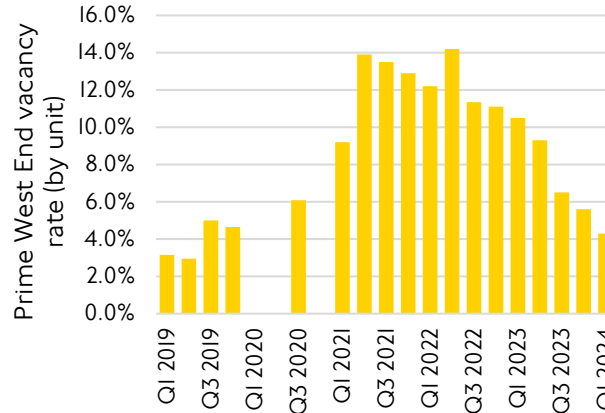
Affordable delivery is also being constrained by limited appetite for s106 from Registered Providers.

# Retail spending was muted in the first quarter, but vacancy rates continued to fall in the West End

West End sales declined by 13.3 per cent in Mar-24 compared with the same month of 2023. This compares with 6.7 per cent growth in Mar-23



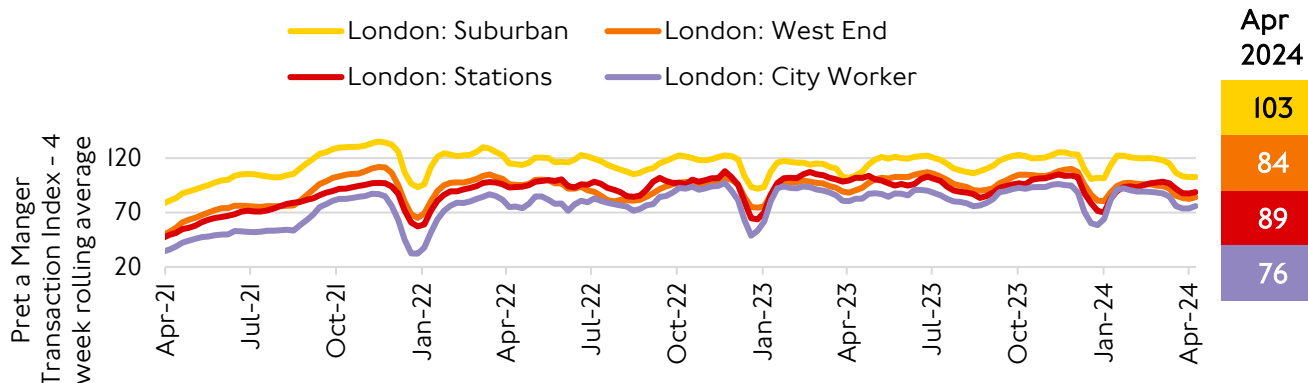
Prime West End vacancy rate by unit count continues to fall, reaching 4.3 per cent in Q1 2024



Despite an increase in foot traffic in the West End compared to 2023, sales remained below last year's levels in the first quarter of 2024, potentially impacted by Ramadan and Easter weekend in March.

Continued growth in international arrivals has meant that they are now back at pre-pandemic levels. However, the removal of tax-free shopping is likely to result in lower average transaction spend.

The London Suburban Pret Index continues to outperform pre-pandemic trading levels, while the City Worker market remains the weakest performer



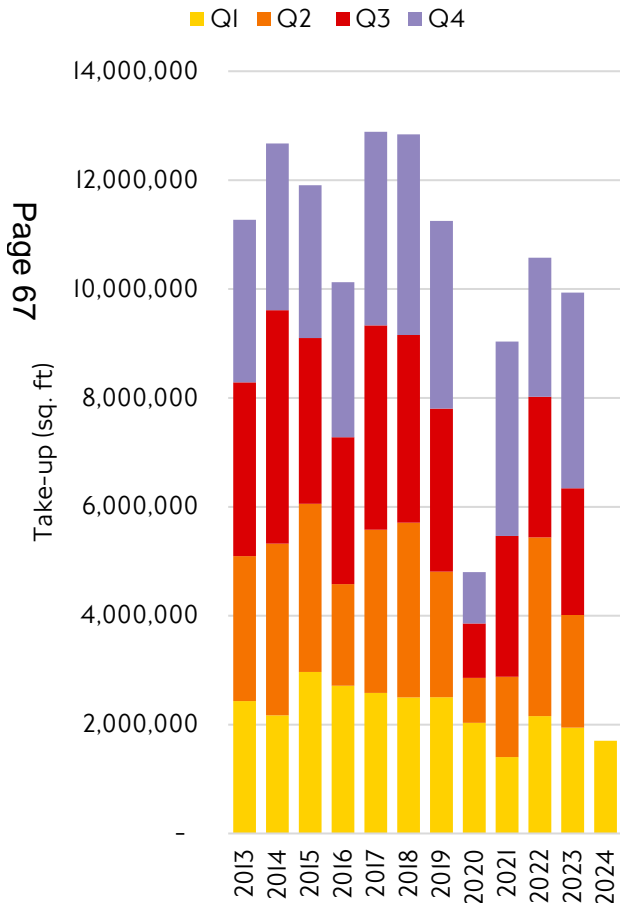
During the first quarter of 2024 the Pret Sales Index had shown recovering activity across West End and Stations markets, albeit they remained below pre-pandemic levels. Suburban markets remained the strongest performer with the City market continuing to be the weakest performing. April sales would likely have been impacted by the Easter weekend.

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

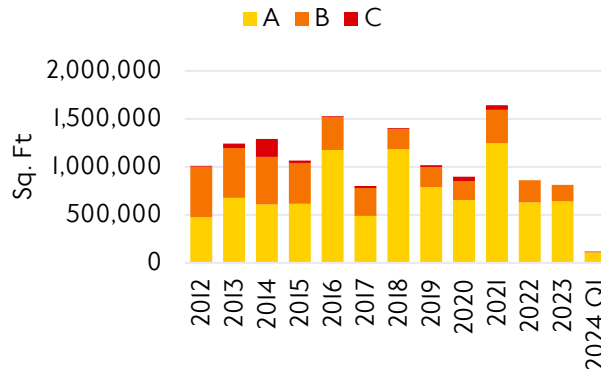


# Leasing activity remains subdued across the office sector but has picked up in light industrial sector

1.7m sq. ft of office space was let in Central London in Q1, this was the weakest Q1 since 2021 when 1.4m sq. ft was let



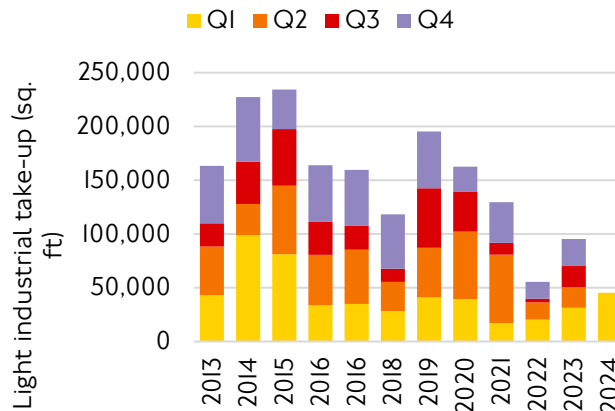
Take-up in Greater London offices was 120k in Q1 2024 – 89 per cent of which was for Grade A space



Office take-up was down in Q1 across both central and Greater London. Across Greater London activity was the lowest Q1 since 2021 with 108k sq. ft of space let.

Tenants continued to be attracted to high-quality space, with 89 per cent of space let across Greater London in Q1 2024 being Grade A, significantly higher than the long-term average of 68 per cent. This trend will continue, as companies look to meet their sustainability targets.

45k sq. ft of light industrial space was let during Q1 2024



Office supply across Greater London fell further, with Grade A space falling by c.100,000 sq. ft between February and May 2024. A key challenge moving forward is what can be done to older Grade B and C stock. Some is likely to be redeveloped / refurbished into better quality stock, where viable.

Light industrial take-up was 45k sq. ft in Q1 2024, 51 per cent higher than the five-year average and the strongest Q1 since 2015. This could point towards recovering tenant demand as the economic outlook improves.

## Risks and opportunities

### Opportunities

- Slowdown in housing permissions and starts may reduce potential competition for Places for London sites.
- Any reduction in mortgage rates will unlock pent up buyer demand as shown in the increased activity in early 2024.

Stronger London economic growth in 2024 and 2025 will drive demand for commercial and residential space.

- Easing inflation will be welcome news to small and medium-sized enterprise commercial tenants, particularly retailers.
- The continuing flight to quality within the office sector will continue to support the rationale for Project Platinum with Helical.

### Risks

- Cost of living pressures remain heightened and continue to limit spending power and consumer activity.
- Lower occupier demand for older office stock threatens rental levels, leading to a higher risk of voids and reduced ability to capture rental growth.
- Retail spend on central London food and beverage remains below pre-pandemic levels and could continue to pose challenges for our Zone I retail tenants.
- Slowing rental growth in London could impact viability on Build to Rent schemes.
- Higher build costs and tightened fire safety / building regulations make new residential development more challenging and could impact the viability of schemes.

## Land and Property Committee



**Date:** 3 July 2024

**Item:** Places for London 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 Places for London during Quarter 1 of 2024/25 (1 April to 22 June 2024) (Q1) and provides the status of all open assurance recommendations at the end of Period 2 (25 May 2024) (P2).
- 1.2 A paper is included on Part 2 of the agenda which contains exempt supplementary information. The information is exempt 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**

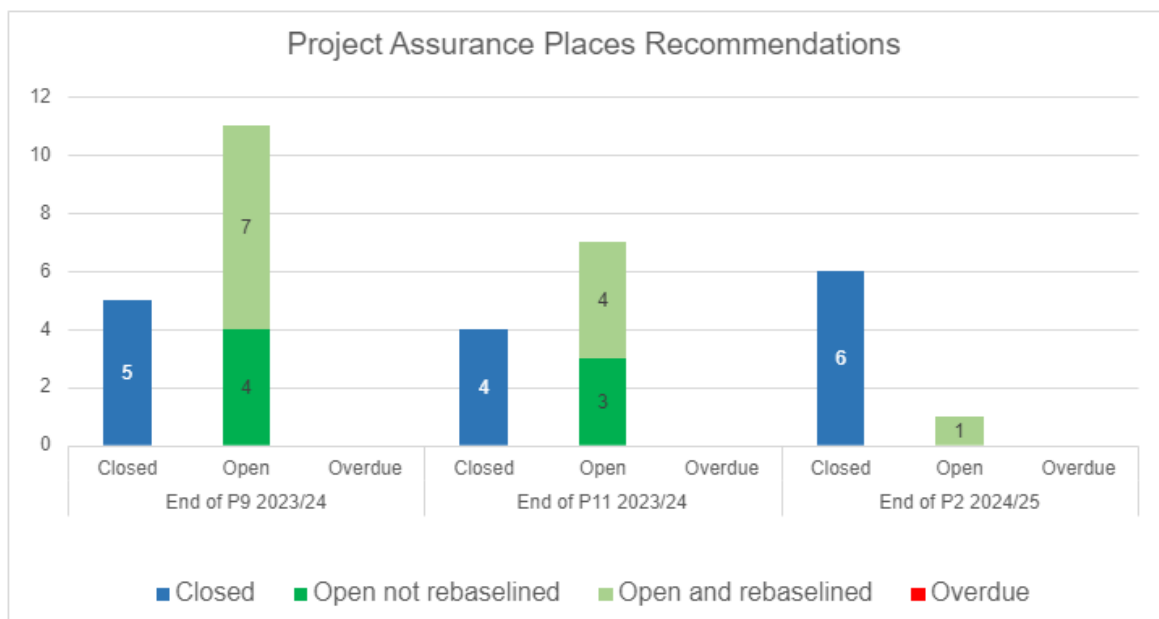
- 2.1 **The Committee is asked to note the paper and the exempt supplementary information on Part 2 of the agenda.**

#### **3 Background**

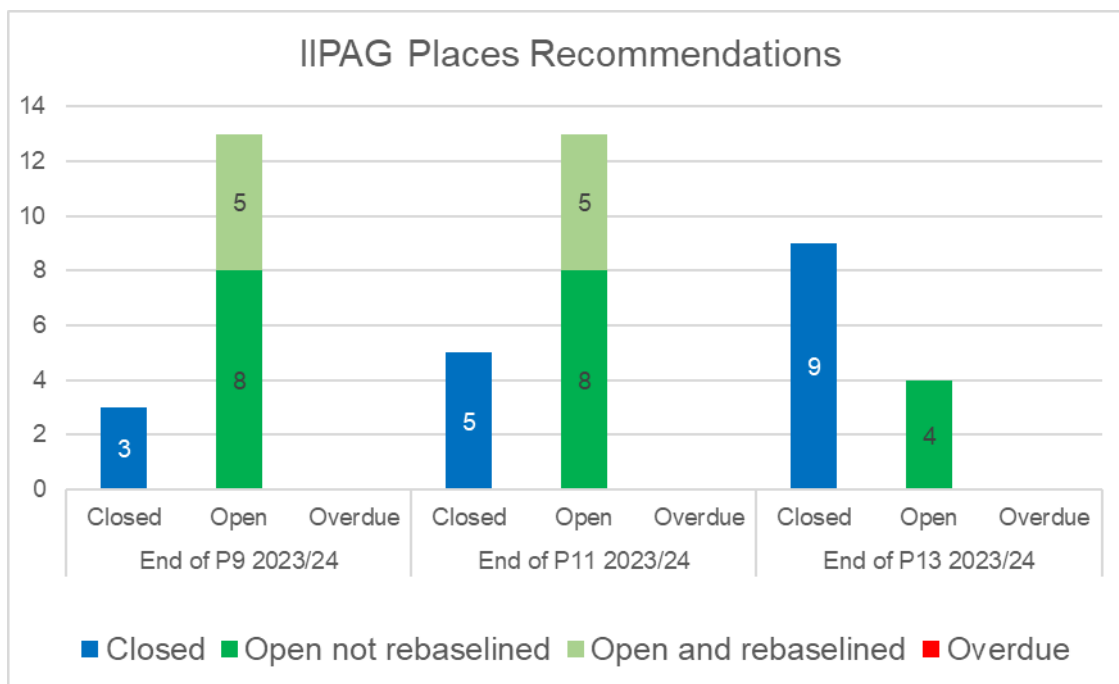
- 3.1 The Places for London Integrated Assurance Framework is based on a Three Lines of Assurance model comprising:
  - (a) Line 1 – Management functions of Places for London and key interfaces;
  - (b) Line 2 – Project Assurance (PA) and Quality, Safety and Security Assurance (QSSA); and
  - (c) Line 3 – TfL Internal Audit and a sub-group of the Independent Investment Programme Advisory Group (IIPAG-Places).
- 3.2 This paper reports specifically on Line 2 (PA), Line 3 (Internal Audit) and Line 3 (IIPAG-Places) assurance progress and provides an update on Enterprise Risk management. Work in progress for Line 2 and Line 3 is set out in Appendix 1 and work starting in Quarter 2 (23 June to 14 September 2024) (Q2) and Quarter 3 (15 September to 7 December 2024) of 2024/25 is set out in Appendix 2.

## 4 Line 2 (Project Assurance) Assurance

- 4.1 In addition to continuous assurance activities, PA has been planning a number of targeted assurance reviews (TARs). We continue to have good engagement from the Places for London team in all assurance activities.
- 4.2 Two TARs, one focussing on the schedule for the operational works to enable the Southwark over-station development, and the other a review of first line assurance, are underway. Both will report to the next meeting of the Committee. The PA planned review of the property development pipeline and prioritisation process has been cancelled due to overlap with other reviews. Relevant elements will be covered in the PA review of first line assurance and the IIPAG-Places review of the investment appraisal process and metrics.
- 4.3 PA continues to monitor progress with major developments within the property development portfolio and other significant investment programmes including electric vehicle charging hubs. We have had several discussions on the Network Rail (NR) collaboration and the initial schemes which are being considered, including Victoria. We will be commencing a TAR in Q2 to consider current arrangements for the Victoria scheme and will consider emerging plans for the wider NR partnership at an appropriate time.
- 4.4 PA has also continued to support IIPAG-Places with third line assurance activities. In addition to the regular assurance discussions for each of the Places for London directorates, we have arranged for IIPAG-Places to be updated on the Platinum Portfolio, the West London Partnership, the electric vehicle charging hub procurement and the property disposal strategy.
- 4.5 PA continues to monitor all open PA and IIPAG-Places recommendations. Fifteen recommendations were closed in Periods 12 (2023/24) to P2 (2024/25) (4 February to 25 May 2024). A total of five recommendations were still open at the end of P2 and none are overdue (see Figures 1 and 2 below).



**Figure 1 – Project Assurance Open Recommendations (end of P2)**



**Figure 2 – IIPAG-Places Open Recommendations (end of P2)**

## 5 Line 3 (Internal Audit) Assurance

- 5.1 The final audit report for the Management of Voids was issued in Q1 and was rated as 'requires improvement'. All actions are agreed and being actioned by the Places for London team. The audit of the Management of Arches started in Q1 and is due to report in Q2.
- 5.2 Internal Audit monitors the progress of management actions and consequent closure. There are no overdue Places for London audit actions.

## 6 Line 3 (IIPAG-Places) Assurance

- 6.1 As set out in section 4 IIPAG-Places has recently been updated on a number of key developments and received a number of more general updates on activities within the property development, asset management and operations directorates.
- 6.2 IIPAG-Places for London is pleased that recommendations from targeted reviews continue to be implemented and use these briefings to track progress with remaining recommendations and inform future targeted assurance activities.

## 7 Enterprise Risk Management

- 7.1 Details of the seven Places for London Level 0 (L0) risks are set out in Appendix 3.
- 7.2 The review of two L0 risks, Places-L0-3 (Financial Sustainability) and Places-L0-5 (Environment including climate adaptation), is now complete and updates on each risk are provided elsewhere on the agenda for this meeting for consideration.
- 7.3 Work will commence to develop Places for London's Risk Appetite and Tolerance approach now that the TfL equivalent has been finalised.

**List of appendices to this report:**

Appendix 1: Places for London Integrated Assurance and Audit Schedule – Work in Progress

Appendix 2: Places for London Integrated Assurance and Audit Schedule – Forward Plan

Appendix 3: Places for London Level 0 Enterprise Risks

**List of Background Papers:**

None

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## Places for London Integrated Assurance and Audit Schedule – Work in Progress

## Appendix 1

Priority	Topic	Evidence of Need	Type	Who	Status	Objectives
1	Management of Voids	<ul style="list-style-type: none"> <li>To maximise income commercial and residential properties should be occupied at all times.</li> <li>There needs to be an effective process in place to minimise the period of time that properties are left empty between tenants.</li> </ul>	Audit	Internal Audit (IA)	Complete	<ul style="list-style-type: none"> <li>To provide assurance on the adequacy and effectiveness of the arrangements in place to manage voids.</li> </ul>
2	Management of Arches	<ul style="list-style-type: none"> <li>There are around 850 commercial railway arches and it is essential that management of this sector is effective to ensure it yields expected returns of £11.6m per annum.</li> </ul>	Audit	IA	Underway	<ul style="list-style-type: none"> <li>To provide assurance that the management of the Arches Sector is effective.</li> </ul>
3	Southwark over-station development (OSD) – Operational scope	<ul style="list-style-type: none"> <li>Any delay to works to relocate/remove operational infrastructure could impact the delivery programme for the OSD.</li> </ul>	Targeted	Project Assurance (PA)	Underway	<ul style="list-style-type: none"> <li>To assess potential risk to the OSD programme.</li> </ul>
4	First line assurance	<ul style="list-style-type: none"> <li>Proposals for first line assurance are being implemented, including the introduction of a Programme Management Office.</li> </ul>	Targeted	PA	Underway	<ul style="list-style-type: none"> <li>To assess the appropriateness of current arrangements and proposed improvements to first line assurance.</li> </ul>

Priority	Topic	Evidence of Need	Type	Who	Status	Objectives
5	Electric vehicle charging hubs	<ul style="list-style-type: none"> <li>• Procurement of a delivery partner is underway.</li> </ul>	Continuous	PA/ Independent Investment Programme Advisory Group (IIPAG)	Ongoing	<ul style="list-style-type: none"> <li>• To provide assurance on the procurement and assess key decisions.</li> </ul>
6	Limmo development	<ul style="list-style-type: none"> <li>• Complex site with significant constraints. Procurement of a delivery partner is underway.</li> </ul>	Continuous	PA/IIPAG	Ongoing	<ul style="list-style-type: none"> <li>• To provide assurance on the procurement and assess key decisions.</li> </ul>
7	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 assess key decisions and highlight areas for targeted assurance.</li> </ul>



## Places for London Integrated Assurance and Audit Schedule – Forward Plan

## Appendix 2

Quarter 2 (23 June to 14 September 2024) (Q2) and Quarter 3 (15 September to 7 December 2024) (Q3)

Priority	Topic	Evidence of Need	Type	Who	When	Objectives
1	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	Project Assurance (PA)	Cancelled	<ul style="list-style-type: none"> <li>• Key elements will be covered in the PA review of first line assurance and the IIPAG-Places review of the investment appraisal process and project financial metrics.</li> </ul>
2	Victoria Station Development	<ul style="list-style-type: none"> <li>• Large complex development being considered with Network Rail.</li> <li>• Programme moving at pace.</li> </ul>	Targeted	PA	2024/25 Q2	<ul style="list-style-type: none"> <li>• To consider appropriateness of arrangements focussing on objectives, governance, funding, project management, resourcing, stakeholder management and risk.</li> </ul>
3	Investment appraisal and project financial hurdles	<ul style="list-style-type: none"> <li>• Projects and investments are appraised using financial hurdles.</li> <li>• Places for London has reviewed the investment appraisal process and hurdle rates.</li> </ul>	Targeted	Independent Investment Programme Advisory Group (IIPAG)	2024/25 Q2	<ul style="list-style-type: none"> <li>• To the investment appraisal process, new hurdle rates and their application and governance regarding exemptions.</li> </ul>
4	Estimating accuracy	<ul style="list-style-type: none"> <li>• Evidence of cost estimates as project design develops.</li> </ul>	Targeted	PA	2024/25 Q2/Q3	<ul style="list-style-type: none"> <li>• To review the process for estimating costs/applying risk and benchmarking.</li> </ul>

Priority	Topic	Evidence of Need	Type	Who	When	Objectives
5	Asbestos management	<ul style="list-style-type: none"> <li>This is part of a programme of asbestos audits across TfL following a revision to the TfL Standard. Not previously assured in Places for London.</li> </ul>	Targeted	Quality, Safety and Security Assurance	2024/25 Q3	<ul style="list-style-type: none"> <li>To check compliance with the revised TfL Standard and compliance with regulatory requirements.</li> </ul>
6	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>	Continuous	PA/IIPAG	Ongoing	<ul style="list-style-type: none"> <li>To provide a recommendation on key decisions and investment requests to support decision makers.</li> </ul>

Risk	Risk Title
Places-L0-1	Failure to prevent safety incidents or meet safety commitments
Places-L0-2	Attraction, retention, health, wellbeing and capability of our employees
Places-L0-3	Financial sustainability
Places-L0-4	Stakeholders and partnerships
Places-L0-5	Environment including climate adaptation
Places-L0-6	Inability to react to external market forces
Places-L0-7	Efficient and high performing supply chains and effective procurement

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## Land and Property Committee



**Date:** 3 July 2024

**Item:** Places for London Delivery Portfolios

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

## **1 Summary**

- 1.1 Places for London has two major capital portfolios of work: Property Development (creating new assets on our land) and Asset Management (renewing or enhancing our existing revenue-generating assets). Both portfolios generate revenues for the business either on a recurring income basis or through one-off receipts. In addition, there are some smaller projects delivered within Place for London's central functions.
- 1.2 This paper provides the Committee with an update on activity in these portfolios.

## **2 Recommendation**

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

## **3 Background**

- 3.1 The total Financial Authority for the capital expenditure of £145.3m was granted via the Places for London sections of the TfL Business Plan 2024. Land Authority is granted on a project-by-project basis by the Chief Executive of Places for London or other postholders in line with TfL Standing Orders. There is a review and endorsement process for Land Authority at the periodic Places for London Investment Group.
- 3.2 The majority of the Places for London projects are investments that have a long planning and delivery cycle spanning multiple years. The work done in this year will therefore create longer term commitments of spend. The 10-year Places for London Business Plan as presented to the Committee on 11 March 2024 provides both longer-term outlook. The TfL Business Plan approved by the Finance Committee on 22 December 2023 under delegated authority from the Board provides Financial Authority to 2026/27. Where longer term commitments have been made in individual projects separate papers have been presented to this Committee.
- 3.3 The Property Development portfolio delivers in two main areas:
  - (a) residential property developments that deliver homes, including the commitment to deliver 20,000 homes started on site by 2031 and the Mayoral portfolio sites targeting 50 per cent affordable homes – these developments are generally delivered through a series of joint venture property companies in which Places has a minority interest and the capital

presented in this paper is the net cost to Places for London for these developments; and

- (b) commercial property developments including our major office development sites that delivered through our Platinum joint venture with Helical – in addition, there are a small number of early pipeline sites to build the future of the portfolio.

3.4 The Asset Management portfolio delivers in a number of designated sectors. It also contains a programme of renewals and enhancements of our existing assets to maintain the asset condition. Projects generally integrate activity to improve energy efficiency and deliver wider benefits to local economies including job and business creation. The sectors are:

- (a) retail: our retail assets are let out to third-party operators including many small and medium-sized enterprises (SMEs) and is split broadly evenly between units in stations and units on high streets and other non-transport settings;
- (b) arches: our arches are already home to hundreds of businesses with the majority being SMEs, we maintain and renew these assets to support the businesses and asset quality (and hence income) – and we are also developing a number of disused arches sites to create new workspaces and customer experiences;
- (c) offices: we manage a number of existing offices, with a current focus on refurbishment of key sites to improve income returns for the business;
- (d) residential: we manage a small number of sites, and are currently upgrading and retrofitting modernised systems, including investment into improved environmental performance; and
- (e) industrial and car parking: our assets include potential industrial sites and existing car parks on the transport estates – we manage these assets to maximise revenue and this includes improvements to the safety, security and environmental performance of these assets.

## **4 Key Delivery Successes in 2023/24**

4.1 There have already been a number of successes in projects over the last year, including progress that will continue into 2024/5:

### **Property Development**

- (a) practical completion was achieved in the year on 130 homes at Woodside Park (86 homes) in February 2024 and Kidbrooke Phase 1a (44 homes) in March 2024 contributing to our cumulative total of 946 homes delivered;
- (b) start on sites were achieved in the year of 208 homes at Barkingside Builders Yard (98 homes), Snaresbrook (74 homes), Hornchurch (27 homes) and Portree Street (nine homes) bringing our cumulative total to 4,349 homes started;

- (c) planning permission was obtained at South Kensington that unlocks new homes, workspace and retail in an around-station development, also enabling step-free access from ticket hall to street and subject to funding allow TfL to deliver a capacity improvement and step free access to the platforms – combined this will deliver an arrival experience befitting the internationally renowned local museums;
- (d) we completed and subsequently sold out our first joint venture at Blackhorse View, with 350 homes (50 per cent affordable) and delivered financial returns in excess of budget; and
- (e) we have a strategic collaboration with Network Rail to accelerate the delivery of regeneration, housing, including affordable housing, and infrastructure in London.

### **Asset management**

- (a) we have started onsite at Whitechapel High Street on retail and commercial works following asset handover from Crossrail (28 properties);
- (b) we have commenced the Residential Retrofit Programme designed to improve asset condition and improve energy efficiency;
- (c) we have commenced the Net Zero Carbon Demonstrator concept design to shape the future sustainability plans;
- (d) we have commenced onsite health and safety works at Northwood retail units;
- (e) we have completed Royal Institute of British Architects (RIBA) Stage 4 (Technical Design) for Kilburn, Lockton Street and Wood Lane arches; and
- (f) progress onsite with major works at Liverpool Street, Baker Street and Victoria Island retail units.

## **5 Key Portfolio Achievements Planned for 2024/25**

- 5.1 A full list of scope that will be delivered in 2024/25 is contained in Appendix 1. Major milestones are also set out below.

### **Property Development**

- (a) 490 homes will reach practical completion including at Wembley Park Phase 1 in late 2024, delivering 63 homes as part of a three-phase scheme that will eventually deliver 580 homes;
- (b) we will also achieve practical completion of Kidbrooke Phase 1 delivering 369 homes out of 500; Fenwick, Aylesbury Street and Albany Road delivering 59 homes in total;
- (c) planning applications for both Earls Court (4,000 homes) and Edgware (3,365 homes) will be made, marking significant progress in the development of these major London sites; and
- (d) we will start on site for our Bank over station in partnership with Helical, the first site delivered under our new commercial joint venture.

## Asset Management

- (a) we will complete the refurbishment of the Liverpool Street Arcade;
- (b) we will complete the refurbishment of 22 properties at Whitechapel (78 per cent of total scope complete);
- (c) we will complete the refurbishment of Victoria Island properties;
- (d) we will complete works to the Baker Street estate to deliver new lettings and income;
- (e) works will commence onsite at Kilburn, Lockton Street and Wood Lane arches;
- (f) works will commence onsite at former Baker Street Lost Property Office;
- (g) we will commence public realm design at Baker Street (Station Approach);
- (h) we will move into delivery on the Residential Retrofit Programme; and
- (i) the Net Zero Carbon Demonstrator sites will complete RIBA 2 Stage (Concept Design).

## 6 Performance Against Milestones

6.1 The table below shows the 10 Property Development milestones on the 2024/25 Scorecard.

Scorecard Milestone	Target Date
Edgware (3,500 homes, 35 per cent affordable housing) – planning application submission	September 2024
Earls Court (4,018 homes, 35 per cent affordable housing) – planning application submission	September 2024
Fenwick Development handover of development to Lambeth	January 2025
High Barnet (284 homes, 40 per cent affordable housing) – contracts exchanged with Barratt London	October 2024
Connected Living London (CLL) Programme (1,540 homes, 40 per cent affordable housing) – planning applications submitted for second staircases	December 2024
Limmo Peninsula (1,200 homes, 40 per cent affordable housing) – receipt of final tender.	March 2025
Kidbrooke Phase 1b (369 homes, 50 per cent affordable housing) – practical completion	November 2024
Bank station – land acquired by joint venture and construction to commence to deliver 142,000 sq ft of office and retail space.	December 2024



Scorecard Milestone	Target Date
Southwark station intervention start-on-site to separate underutilised back of house areas within the station for the over station development	November 2024
Network Rail completion of Gate 0 assessments for first selection of sites	March 2025

6.2 The table below shows the Asset Management milestones used for internal tracking in 2024/25.

Scorecard Milestone	Target Date
Liverpool Street Arcade Refurbishment and asset enhancement of retail arcade including new substation – completion of works	August 2024
Whitechapel Project – major refurbishment of 28 mixed-use properties – completion of 22 of 28 properties	March 2025
Victoria Island – major refurbishment & structural works of eight properties – completion of works	September 2024
Baker Street – major structural works along the Baker Street estate to deliver improved safety and enable new retail lettings – completion of works	December 2024
Seven Sisters – opening of the temporary market with London Borough of Haringey	December 2024
Kilburn arches – major refurbishment of 11 arches and creation of public realm – start onsite	July 2024
Lockton Street arches – major refurbishment of 11 arches – start onsite	November 2024
Wood Lane arches – upgrade of 10 retail arches and creation of two new retail arches – start onsite	July 2024
Office portfolio feasibility studies at 40 Long Acre, Oxford Circus House, 172 Buckingham Palace Road and South Molton Street – commence design	October 2024
Residential Retrofit Programme – retrofitting 28 residential properties – complete design	November 2024
Residential Retrofit Programme – retrofitting 28 residential properties – commence works	March 2025

Scorecard Milestone	Target Date
Net Zero Carbon (NZC) Demonstrator – four trial sites to develop deliverability of NZC across the estate – Completion of RIBA 2 (Concept Design)	November 2025

## 7 Equalities Implications

7.1 TfL has an obligation under the Equality Act 2010 to:

- (a) eliminate discrimination, harassment, victimisation, and any other conduct that is prohibited by or under the Equality Act 2010;
- (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
- (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

7.2 The portfolios are delivered in accordance with the Equality Act 2010. Each project undertakes Equality Impact Assessments on the impacts of proposals on each of the groups with protected characteristics. Schemes may have a temporary impact during delivery, but in the long term our projects have positive impacts on addressing equality issues.

## 8 Financial Implications

8.1 The authorities in this paper are approved Financial Authorities that are granted through the TfL Budget and Business Plan approvals. There is no change in the Financial Authority requested since those approvals.

Capital Expenditure	Full Year Budget (£m)
Total Asset Management Projects	(43,822)
Total Property Development Projects	(100,774)
Total Central Places' Projects	(719)
<b>Total Capital Expenditure</b>	<b>(145,313)</b>

8.2 As schemes progress through planning future year, commitments will be made including joint ventures moving into unconditional phases. This will incur future year capital requirements, and these are provided for within the 10-year Places for London Business Plan.

8.3 In some cases, major schemes such as Earls Court which delivers into the 2040s will have long-term requirements. These will all seek individual approval for commitments outside the business plan period as they arise.

## 9 Risks and Opportunities

- 9.1 Approvals are not sought on a project-by-project basis. Places must be responsive to opportunities and to changing market conditions. It would therefore be expected both that some assumed projects are no longer appropriate investments and that new, unplanned projects are identified and pursued.
- 9.2 The top risks associated with delivery across the portfolios are shown in the table below. There are more detailed risk registers held within the delivery teams that address portfolio and site-specific risks.
- 9.3 No specific risk provision is held against the capital costs in the budget. As risks emerge the portfolios would need to be re-prioritised to balance the capital requirements. These are multi-year projects and the impacts of the risks will also be to schedule impacting both in year milestone dates and planned completion points in subsequent years.

Risk No	Risk Description	Mitigation Actions
1	Current economic market affecting land values across the portfolio.	Maintaining a pipeline of projects with the potential to deliver over and above targets to allow for delays or limited delivery.  Remaining flexible to change in the market and assessing the correct land use and building purpose through the development process.
2	The condition of existing assets in the portfolio including those transferred into Places for London can be significantly below expectations and required additional time and cost to bring to standard.	Carrying out effective surveys of all assets on transfer.  Developing a cost-effective supplier market to deliver renewals and refurbishments.
3	The extended length of the planning process and continued uncertainties can significantly extend the length of development projects and unexpected costs can emerge from onerous planning conditions.	Continued progress monitoring of all projects through the planning stage. Engagement of external experts to support the planning process.  Maintaining a balanced portfolio at different stages of development allowing us to balance resources to projects ready to progress.

### List of appendices to this report:

Appendix 1: 2024/25 portfolio delivery plans

### List of Background papers

None.

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## Appendix 1: 2024/25 Portfolio Delivery Plans

Asset Management (AM) Projects	24/25 Spend £m	24/25 Delivery
Seven Sisters Market	(2,837)	Construction works to develop the indoor and outdoor markets working with London Borough of Haringey.
Whitechapel	(10,820)	Continued refurbishment works to complete 22 of 28 units on the Whitechapel assets handed over from Crossrail. Asset condition needed significant improvement.
Victoria	(924)	Final façade and structural works to the buildings on the Victoria Island site to handover.
Liverpool Street	(2,912)	Delivering final works for practical completion (handover to BOXPARK) in August 2024.
<b>Total Retail Projects</b>	<b>(17,493)</b>	
Lockton Arches	(4,611)	Commence works to refurbish 11 arches which have been earmarked as affordable workspace. Upon completion these will be turn-key spaces.
Kilburn Arches	(4,918)	Commence works to transform 11 arches from industrial use to food and beverage and event spaces. Works include creating public realm space.
Wood Lane	(4,650)	Commence works to upgrade 10 existing commercial arches and creating two new commercial arches adjacent to Westfield shopping centre and St James (White City Living) development.
<b>Total Arches Projects</b>	<b>(14,179)</b>	
200 BPR - Landlord Enabling Works	(8,391)	Major office refurbishment of 51,000 square feet of 200 Buckingham Palace Road ahead of occupation by the British Transport Police.

<b>Total Offices Projects</b>	(8,391)	
Residential Retrofit Programme	(600)	Programme of surveys, design and works across 48 properties to improve asset condition and deliver including energy efficiency improvements in line with sustainability targets.
<b>Total Residential Projects</b>	(600)	
Site Improvement Works & Closed-circuit television (CCTV) Security	(1,692)	Works across the asset group to renew and reconfigure sites including additional Blue Badge parking. Includes additional lighting to improve safety and improved cameras to protect revenue.
Sustainability improvements - light-emitting diode (LED)	(100)	Replacements across the 600 lighting columns to convert to LED and address 550 tonnes of Carbon dioxide equivalent (CO <sub>2e</sub> ) where possible.
<b>Total Car Parks Projects</b>	(1,792)	
Feasibility and Pipeline	(1,367)	Works across the estate to facilitate potential new letting in the short term. Also includes feasibility for longer term and larger sites to build the portfolio.
<b>Total AM Other Projects</b>	(1,367)	
<b>Total AM Projects</b>	<b>(43,822)</b>	

Property Development (PD) Projects	24/25 Spend £m	24/25 Delivery
Bollo Lane	(16,023)	Equity required to enter joint venture, delivering continued enabling works funding to provide vacant possession to the joint venture
Earls Court	(5,069)	Shareholder funding to facilitate delivery of the planning application
Lillie Bridge Depot	(5,454)	Start of Concept Design
Arnos Grove	(2,349)	Submission of Second Stair Planning application, procurement and contract award for main works and completion of detailed design
Cockfosters	(3,584)	Submission of Second Staircase planning application and Section 163. Section 163 approval delayed until late July 2024.
Kidbrooke	(1,605)	Practical completions of Phase 1b
Nine Elms	(1,295)	Submission of Second Staircase planning application and obtaining Planning Consent for Section 73. Partial detailed design complete.
North Greenwich	(1,477)	Updated Master plan and scheme feasibility works, legal and revised commercial negotiations with Knight Dragon
Southall Station	(1,182)	Submission of Second Staircase planning application. Detailed design complete
Ash Grove	(3,485)	Acquisition of two houses to enable the scheme. Feasibility works to establish viability
Edgware	(1,183)	Outline planning application submitted
Vallance Road	(1,730)	Surveys and demolition work to mitigate health and Safety risks
Other disposals and residential projects <£500k	(3,606)	16 Sites, Initiation, feasibility works including business plan preparation, legal advice, seeking GLA funding and planning works

<b>Total Residential Projects</b>	(48,042)	
Bank station	(39,294)	Land acquisition costs. Enabling Works - Demolition and Site Set up
Paddington Triangle	(1,967)	Section 96a Planning. Start of detailed design
South Kensington	(1,166)	Concept Design updated
Southwark station	(7,974)	Main Contractor start on sites
Other commercial	(1,756)	6 Sites, Initiation and Feasibility works
<b>Total Commercial Projects</b>	(52,157)	
Other projects and pipeline	(574)	Multiple smaller project progression in planning
<b>Total Other PD Projects</b>	(574)	

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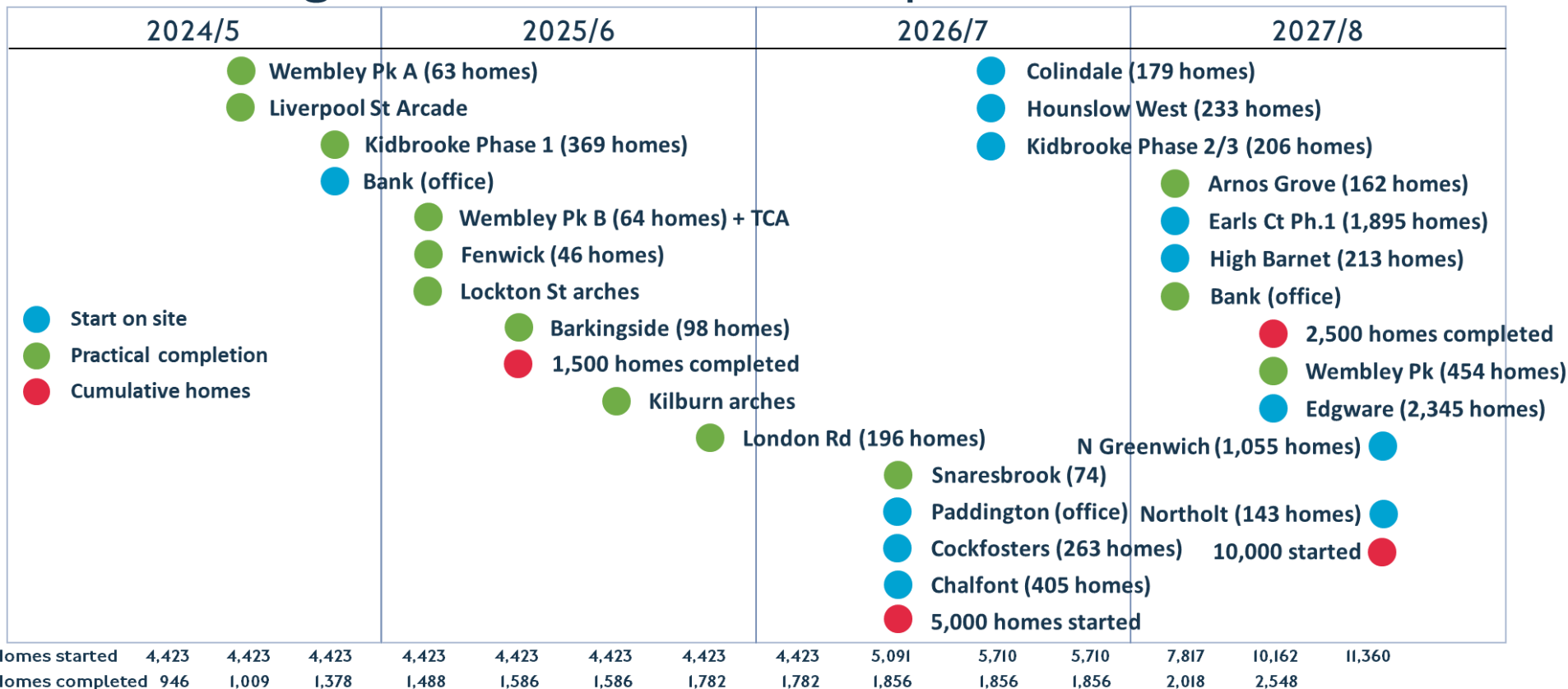
**Total PD Projects** (100,774)



# Three-year overview of portfolios



## Delivering new homes and workspaces



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## Land and Property Committee



Date: 3 July 2024

Item: Places for London End of Year Valuation Results

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### This paper will be considered in public

#### 1 Summary

- 1.1 This paper provides an overview of the end of year valuation for Places for London's investment assets and joint ventures.
- 1.2 A paper is included on the Part 2 agenda which contains exempt supplementary information. This information is exempt by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972 in that it contains information relating to the financial and 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 Investment Portfolio

- 3.1 Since 2019, Places for London has commissioned an annual independent valuation of its investment portfolio. The valuation is carried out by leading global commercial real estate service company, CBRE. This update is for the end of year valuation with a date of 31 March 2024.
- 3.2 The valuation process focuses on assets held by Places for London for commercial investment purposes, represented by seven core sectors: Retail, Office, Arches, Residential, Car Parks, Industrial and Infrastructure.
- 3.3 The valuation is produced using asset-specific data and market information. This includes recent market transactions, occupational information, lease details and asset plans. Dependant on the asset class and use, an appropriate valuation methodology is applied in line with the prevailing market practice.
- 3.4 The total value of Places for London's investment portfolio as at 31 March 2024 is £1.453bn, a decrease of £52m (3.4 per cent) since the valuation on 31 March 2023. Adjusting for the new assets and disposals, the like-for-like value reduced by £48m (3.4 per cent). See Table 1 below.

Table 1

	<b>Market Value 31 March 2024 £m</b>	<b>Market Value 31 March 2023 £m</b>	<b>Valuation Change £m</b>	<b>Valuation Change %</b>
<b>Valuation</b>	1,453	1,505	(52)	(3.4)
<b>Like-for-Like</b>	1,347	1,395	(48)	(3.4)
<b>Passing Rent</b>	62.6	61.9	0.7	1.1
<b>Rental Value</b>	89.7	92.5	(2.8)	(3.0)

- 3.5 The reduction in value on a like-for-like basis is in line with comparable indexes and market peers.
- 3.6 Although interest rates have stabilised and may start to reduce during the latter part of 2024, the increase has resulted in a reduction in capital values across all sectors of the commercial real estate market and low transaction volumes relative to historic figures.
- 3.7 Higher mortgage rates are still impacting the residential market, with a reduction in values at the upper end of the London market.
- 3.8 The office sector remains under pressure, especially the secondary market, with a decrease in investment volumes and capital values.
- 3.9 Over the last 12 months, there has been some outward yield movement in the industrial, retail and long-term income sectors leading to reductions in value. This has broadly stabilised in the first quarter of 2024.

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

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

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

None

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## Land and Property Committee



**Date:** 3 July 2024

**Item:** Enterprise Risk Update – Financial Sustainability  
(Places-L0-03)

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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 'Financial Sustainability' (Places-L0-3).
- 1.2 The risk is defined as the 'ability to maintain a healthy and viable financial position over the short, medium and long term. It considers Places for London's capacity to generate and manage financial resources in a way that allows it to meet its present financial needs while also ensuring its ability to meet future obligations and pursue growth objectives.'
- 1.3 A paper is included on Part 2 of the agenda which contains exempt supplementary information. The information is exempt 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 This Enterprise Risk relates to the potential impacts arising from a failure to maintain a financially sustainable position. These could include reduced ability to fund operational and capital needs, inability to meet debt obligations, decrease service levels to tenants, failure to achieve strategic housing targets and potential insolvency. A failure to maintain a financially sustainable position could also negatively impact, public, stakeholder, shareholder and investor perception of Places for London's financial management capability leading to higher borrowing costs and difficulty securing funding.
- 3.2 If this risk were to materialise, it could result in significant financial distress, impacting the organisation's ability to fund ongoing operations, meet capital investment needs and fulfil strategic objectives. This could lead to reduced income, inability to maintain assets, failure to achieve strategic housing targets and potential insolvency. Furthermore, it may result in loss of stakeholder confidence, increased borrowing costs and legal or regulatory repercussions.

- 3.3 Currently, this risk is assessed as Medium. While some controls for this risk are already in place, further controls are under development. As such, the Overall Control Effectiveness Rating of this risk is assessed as Adequately Controlled. The Target Assessment for this risk is Low.
- 3.4 We have identified several key controls and actions to mitigation this risk with action owners and outline timescales assigned. These actions include ensuring we have robust financial planning, monitoring and reporting in place. We are also seeking to make more extensive use of external data and horizon scanning, and to undertake regular scenario planning. Together, these measures will enable us to better manage financial resources, gain better insights and make more informed financial decisions.
- 3.5 While some new actions are being proposed here, others are already underway with all due to be completed in the next nine months. Progress against these actions will be reviewed and reported to the Committee in a year's time. Places for London will continue to monitor and review progress in the interim period.
- 3.6 In designing and assessing controls for this risk, we have recognised that as we invest in our assets and pursue strategic initiatives, the financial demands increase. We have also considered lessons and approaches from other organisations to monitor financial sustainability.
- 3.7 The Places for London leadership team undertook a risk workshop that focused on the hypothetical situation of what might happen if effective financial controls and assurances were not in place. This identified potential causes including: lack of robust financial planning; inadequate financial monitoring and reporting; insufficient revenue generation; high operational costs; ineffective decision making; and poor financial governance.
- 3.8 We have undertaken an assessment of our financial management practices that indicate our practices are effective for some areas and partially effective for others. Measures are being taken to enhance this further, with particular focus on financial forecasting, cost management, and resource allocation. Our business planning process also measures and ensures we have sufficient resources allocated to address financial management and sustainability matters.
- 3.9 We follow TfL's financial planning and performance cycle, which includes periodic financial reporting.
- 3.10 Given Places for London has multiple third-party interfaces – including with stakeholders, tenants, suppliers, lenders and joint venture partners – we are enhancing our control measures to monitor and report on financial performance, including acting on insights before financial distress occurs.

## **4 Controls and Mitigations**

- 4.1 Places for London has identified 19 controls to manage this risk, consisting of 15 preventative controls and four corrective controls detailed in the related paper on Part 2 of the agenda. We have developed a list of actions, also included in the related paper on Part 2 of the agenda, that will ensure that the controls are

effective in both design and operation. All actions have been assigned an owner and all will be completed within the next nine months.

- 4.2 The following controls and high priority actions are considered to be the key mitigations which will move the assessment of the risk from Medium to Low.
- (a) Investment Strategy, Policy and Controls – documenting our investment policy and controls, which will assure that our investment decision-making processes are aligned to our strategy and risk appetite;
  - (b) Places Business Plan – a robust plan, outlining strategic and financial goals over a 10-year period. The Business Plan serves as a roadmap for Places, aligning its activities and objectives, ensuring that sufficient resources are allocated to achieve these goals while ensuring this is planned in a financially sustainable way. Furthermore, as a formal part of the Business Plan process, we will stress the plan against downside scenarios, providing a view of the plan’s financial resilience;
  - (c) Commitment Forecasts – developing committed expenditure forecasting from ongoing and planned projects, including joint ventures. This will ensure that Places can monitor and meet its committed financial obligations without compromising its liquidity or financial stability;
  - (d) Post Completion Reports – implementing post-completion reporting of key investment decisions, ensuring the lessons learnt and understanding of any financial risk exposures will benefit future investment decisions; and
  - (e) Creation of a financial-distress plan – developing and assessing the mitigations open to Places for London should a financial distress scenario arise.

**List of appendices to this report:**

Exempt supplementary information on Part 2 of the agenda.

**List of Background Papers:**

None

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## Land and Property Committee



**Date:** 3 July 2024

**Item:** Enterprise Risk Update – Environment Including Climate Adaptation (Places for London-L0-5)

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

#### **1 Summary**

- 1.1 Like any organisation, Places for London must anticipate the impact of changing climate on its business, including an increased likelihood of flooding, extreme weather events and excessive summer temperatures. This paper provides an overview of our approach.
- 1.1 IA paper is included on Part 2 of the agenda which contains exempt supplementary information. The information is exempt 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 Context**

- 3.1 Having been guided by the TfL equivalent version, Places for London have undertaken an environment and climate risk assessment of the portfolio. There are already some interventions in place, with more being implemented to reduce expose to future climate events. These are set out in the section below.
- 3.2 This risk relates to the environment and the potential impact of Places for London not meeting its commitments, its compliance obligations, or Places for London being unable to operate as a business due to climate change. From a regulatory and value perspective, this risk could lead to financial penalties and potentially result in prosecution for not meeting environmental and energy standards or obligations.
- 3.3 In developing this risk, we identified four interlinked causes for it being realised:
  - (a) lack of awareness and capability in our workforce, particularly in how to incorporate environmental considerations into core business processes;
  - (b) a failure to achieve an appropriate balance in decision-making between environmental, financial, and social factors;
  - (c) non-compliance in a complex and changing regulatory environment; and

- (d) lack of financial resources to invest in appropriate environmental initiatives.
- 3.4 The risk of not complying with legislation combined with the risk of not achieving Places for London's wider sustainability targets could have a significant effect on the overall value of Places for London's assets through space not meeting the regulatory requirements for letting or having a reduced value due to poor attractiveness in the market.
- 3.5 This risk could also have consequences from a finance and lending perspective. Holding stranded assets (assets with lower or no value due to poor environmental performance) could impede preferential borrowing or funders' appetite to invest as well as putting at risk the delivery of environmental commitments made during borrowing. This in turn could affect the reputation of Places for London as a partner, employer, or landlord, affecting our performance and potentially reducing the dividend we pay to TfL.

## **4 Controls and Mitigations**

- 4.1 There are a range of initiatives either in place or in the process of being put in place which will help control this risk. These fall into three broad categories: strategies and frameworks, governance and structure, and specific project deliverables. These include our three key mitigations which are set out under 4.2(b) and 4.3(b)-(c).
- 4.2 Our strategies and frameworks include:
- (a) the Places for London Sustainability and Inclusivity Strategy, which sets clear targets, objectives, and actions to create environmentally friendly assets from a development and management perspective – the Strategy also sets out how we will put in place robust governance and reporting, achieve cultural change and upskill our people in this important area;
  - (b) incorporating Environmental, Social and Governance (ESG) considerations in Places for London Investment Group decision making; and
  - (c) the Places for London Sustainable Development Framework (SDF), which supports Places for London and its partners in considering long-term climate scenarios in the design, construction and operation of new assets delivered through our Property Development programme – the effectiveness of the SDF as a forward-looking overarching set of principles is reflected in Places for London's five-star Global Real Estate Sustainability Benchmark (GRESB) rating – the highest rating and recognition for being an industry leader for new build property.
- 4.3 On governance, structure and capability, key controls include:
- (a) Taskforce for Climate-Related Financial Disclosures (TCFD) reporting – Places for London compiled a comprehensive TCFD report in 2023 which covered a variety of the mitigations in this paper, and these included carrying out a high-level mapping exercise to identify properties most at risk, and the establishment of the Sustainability Steering Group;

- (b) our Sustainability Steering Group, which provides insight and leadership from across the Places for London business, sets our ESG priorities and supports the embedding of ESG in all we do;
  - (c) the Places for London scorecard, which incorporates specific ESG metrics and milestones, including devising science-based targets for reducing carbon emissions, starting our programme of Net Zero Carbon retrofit demonstrators, and completing a portfolio-wide climate risk assessment;
  - (d) augmenting our current capability and capacity with best-in-class partners including our newly appointed Real Estate Partner, Savills – our partners will also support us in understanding and managing the dynamic and changing legislative landscape of net zero and environmental policy; and
  - (e) engaging and upskilling our teams in environment-related disciplines, for example on Carbon Literacy, and by including sustainability-related training in individual development objectives.
- 4.4 Project deliverables which will actively help to mitigate this risk include:
- (a) our Net Zero Carbon roadmap, the current version of which was published in December 2023 as part of our climate change commitment through the Better Buildings Partnership – we intend to expand and improve this, setting targets which take us through to 2030 and putting in place detailed plans for each of our delivery businesses, aligned to wider industry standards, including the emerging UK Net Zero Buildings Standard; and
  - (b) a high-level climate risk assessment, developed in conjunction with our insurers and the TfL Safety, Health and Environment team, which will identify the properties that are most at risk from climate change, helping us to plan climate adaptation measures for our portfolio, and how we can utilise and optimise nature-based solutions.

**List of appendices to this report:**

Exempt supplementary information on Part 2 of the agenda.

**List of Background Papers:**

Places for London Sustainability and Inclusivity Strategy  
Enterprise Risk Update - Financial Sustainability (Places for London L0-3)

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## Land and Property Committee



**Date:** 3 July 2024

**Item:** Members' Suggestions for Future Discussion Items

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### **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, the Chief Executive's Update, finance and assurance updates;
  - (b) Land and property schemes that require Committee approval; and
  - (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

**List of Background Papers:**

None

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## Land and Property Committee Forward Plan 2024/25

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

**Abbreviations:** DCE Places (Director and Chief Executive of Places for London); CFO Places (Chief Finance Officer of Places); DSP Places (Director of Strategy and Planning, Places); DAM (Director of Asset Management, Places), HO Places (Head of Operations, Places), PDD Places (Property Development Director, Places)

Standing Items		
Use of Delegated Authority	General Counsel	Any use of delegated authority or receipt of Mayoral Directions within the remit of the Committee
Chief Executive's Report	DCE Places	Quarterly update on key activities
Places for London Finance Report	CFO Places	Quarterly update on finance
Places for London Performance Report	DCE Places	Quarterly update on performance
Places for London Assurance Update	Director of Risk and Assurance	Quarterly update on assurance matters

1 October 2024		
Enterprise Risk Update – Attraction, retention, health, wellbeing and capability of our employees (Places-L0-2)	HO Places	Enterprise Risk Update
Enterprise Risk Update – Stakeholders and partnerships (Places-L0-4)	PDD Places	Enterprise Risk Update

<b>10 December 2024</b>		
Places for London Valuation Results and Capital Receipts Programme Update	DAM Places	Bi-annual
Enterprise Risk Update – Failure to prevent safety incidents or meet safety commitments (Places-L0-1)	HO Places	Enterprise Risk Update
Enterprise Risk Update – Efficient and high performing supply chains and effective procurement (Places-L0-7)	CFO Places	Enterprise Risk Update

<b>March 2025</b>		
Business Plan Update	DEC Places	Annual
Scorecard	DSP Places	Annual Approval
Enterprise Risk Update – Inability to react to external market forces (Places-L0-6)	CFO Places	Enterprise Risk Update

**Items to be scheduled:**

Electric Vehicle Charging Hubs – October/December 2024



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