

# Transport for London

## Minutes of the Meeting

**Conference Rooms 1 & 2, Ground Floor, Palestra,  
197 Blackfriars Road, London, SE1 8NJ  
10.00am, Wednesday 8 December 2021**

### Members

Sadiq Khan (Chair)  
Heidi Alexander (Deputy Chair)  
Cllr Julian Bell  
Kay Carberry CBE  
Prof. Greg Clark CBE (via Teams)  
Anurag Gupta  
Bronwen Handyside (via Teams)  
Anne McMeel  
Dr Mee Ling Ng OBE  
Dr Nelson Ogunshakin OBE (via Teams)  
Mark Phillips  
Marie Pye  
Dr Nina Skorupska CBE (via Teams)  
Dr Lynn Sloman MBE  
Ben Story  
Peter Strachan

### Government Special Representative

Becky Wood

### Executive Committee

Andy Byford	Commissioner
Howard Carter	General Counsel
Vernon Everitt	Managing Director Customers, Communication and Technology
Stuart Harvey	Director of Major Projects (via Teams)
Simon Kilonback	Chief Finance Officer
Andy Lord	Managing Director, London Underground and TfL Engineering
Lilli Matson	Chief Safety, Health and Environment Officer
Gareth Powell	Managing Director, Surface Transport
Shashi Verma	Chief Technology Officer and Director of Strategy (via Teams)
Mark Wild	CEO, Crossrail Limited
Alex Williams	Director of City Planning
Tricia Wright	Chief People Officer

### Staff

Andrea Clarke	Director of Legal (via Teams)
Patrick Doig	Group Finance Director and statutory Chief Finance Officer
Jackie Gavigan	Secretariat Manager
Joanna Hawkes	Corporate Finance and Strategy Director
Lorraine Humphrey	Interim Director of Risk and Assurance (via Teams)
Shamus Kenny	Head of Secretariat
Emma Lucas	Chief of Staff, Chief Finance Officer (via Teams)
Rachel McLean	Chief Finance Officer Crossrail and Finance Director London Underground (via Teams)

Jonathan Patrick      Chief Procurement Officer (via Teams)  
Rajiv Sachdeva      Group Finance Director (via Teams)

## **78/12/21      Apologies for Absence and Chair's Announcements**

The Chair welcomed everyone to the meeting, which was being broadcast live on the Greater London Authority website and on YouTube to ensure the public and press could observe the proceedings and decision-making.

There were no apologies for absence. Members attending via Teams were able to take part in the discussions but were not counted toward the quorum.

The Chair welcomed Anurag Gupta, Marie Pye and Peter Strachan to their first meeting of the Board, following their appointment on 11 November 2021. The Chair thanked Heidi Alexander for her role in the extensive open recruitment campaign, which had produced a high-quality shortlist.

The 9 November 2021 marked the fifth anniversary of the tragic tram overturning at Sandilands, Croydon in 2016. The Board, and particularly the Safety, Sustainability and Human Resources Panel, had oversight of the actions taken to address the recommendations from the independent investigation reports to prevent such an accident from happening again, and of the support TfL had given to those affected who remained in everyone's thoughts.

TfL continued to closely monitor the public health situation due to the Coronavirus pandemic, particularly in relation to the Omicron variant. The Chair was pleased that the Government had reintroduced the requirement to wear face coverings on public transport, which would protect and provide assurance to passengers, and would help TfL to ensure compliance.

A total of 103 transport staff had sadly lost their lives to coronavirus, and the families and loved ones of those who had died remained in everyone's thoughts at TfL.

The Chair confirmed that under section 100B(4)(b) of the Local Government Act 1972, he had agreed that the late item for the agenda on the Finance Report: Budget Submission and Capital Strategy (published on 6 December 2021) would be considered as a matter of urgency. The item was accepted as urgent as it was vital that Members had the most up to date information available, given TfL's funding settlement with Government expired on 11 December 2021.

The Chair thanked all staff and contractors who contributed to the successful launch of the extension of the Ultra Low Emission Zone (ULEZ) to the boundaries of the North and South Circular roads in October 2021. It was a mammoth task and would make a significant difference to the health of Londoners.

The Chair was pleased with the prominence and support for TfL's campaign to stamp out sexual harassment on public transport, which emphasised the zero-tolerance approach to all forms of unwanted sexual behaviour and sexual harassment on its transport networks. He thanked Andy Lord and his team for the resumption of the Night Tube service last weekend.

The Staff Network Group for Disability led TfL's celebrations for the International Day of People with Disabilities on 3 December 2021, with staff across the organisation wearing the colour purple to show their support and raise awareness. TfL's Action on Inclusion plan would be launched shortly.

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

## **79/12/21 Declarations of Interests**

All Members confirmed that their declarations of interests, as published on [tfl.gov.uk](http://tfl.gov.uk), were up to date, including those for the three new Members, and there were no additional interests that related specifically to items on the agenda.

## **80/12/21 Minutes of the Meeting of the Board held on 20 October 2021**

**The minutes of the meeting of the Board held on 20 October 2021 were approved as a correct record and the Chair was authorised to sign them.**

## **81/12/21 Matters Arising, Actions List and Use of Delegated Authority**

Howard Carter introduced the paper. Since the last meeting, there had been no use of Chair's Action or authority delegated by the Board, nor any Mayoral Directions to TfL.

Members noted the progress against the actions from previous meetings, as set out in Appendix 1 to the paper, most of which were completed.

**The Board noted the paper.**

## **82/12/21 Commissioner's Report**

Andy Byford introduced the report, which provided a review of the major issues and developments since the last meeting, and updated Members on significant projects and initiatives.

The key issues arising from the overview and discussion were:

- 1 As reported by the Chair, 103 colleagues had died as a result of Covid-19. TfL's thoughts and sincere condolences remained with those colleagues who had tragically lost their lives and TfL continued to offer any support it could to their families and friends. The Employee Assistance Programme and Sarah Hope Line were available to everyone impacted and provided support, guidance, and information on a range of topics, including bereavement.
- 2 TfL's current funding agreement expired on 11 December 2021 and regular discussions continued with the Government on securing a long-term funding deal.

TfL had been obliged to adopt a 'Managed Decline' scenario for its Budget submission, which would be disastrous for London and for the UK as a whole. A national recovery from the Coronavirus pandemic hinged on a London recovery. There was tremendous support for a funding package from business, accessibility groups, charities that advocated for different passengers and road users. They all recognised the importance of TfL being properly funded to enable customers to travel around London easily and safely, and to secure jobs and businesses in the supply chain throughout the UK that were reliant on TfL's business. The Commissioner was determined to get a good deal for TfL, London and in the best interests of the British public. There was a dedicated paper on the agenda to go through the funding position in more detail.

- 3 On 9 November 2021, the seven people who lost their lives in the Croydon tram overturning at Sandilands in 2016 were remembered in a memorial service held in Croydon town centre. TfL suspended services on the tram network for a short period in the morning, to allow colleagues to take a moment to reflect. A minutes silence was also observed at 11am at its head office buildings. TfL's thoughts remained with those who lost their lives, their families and friends, and all the other people affected by the tragic incident. It would continue to offer support to those people directly affected as well as the wider community.
- 4 On 30 November 2021, the Government reintroduced the compulsory requirement to wear a face covering on public transport and in shops to help prevent the spread of the new Omicron variant of Covid-19. TfL's staff and ambassadors handed out face coverings at stations with key interchanges and high levels of passenger traffic to help reinforce the message. The requirement had made an impact, with most passengers now wearing face coverings.
- 5 On 15 November 2021, TfL published its Vision Zero action plan progress report, which had been discussed in detail by the Safety, Sustainability and Human Resources Panel. Members welcomed the report, which highlighted the significant achievements made to date, shared new insight and understanding, and outlined the new priorities and challenges for Vision Zero over the new Mayoral term. The report was endorsed and supported by the Metropolitan Police and London Councils in a coalition of partners that were fundamental to making progress toward the Vision Zero intention to eliminate deaths and serious injuries from London's streets.
- 6 On 27 November 2021, Night Tube services returned on the Central and Victoria lines. The reintroduction of the service had been impacted by strikes by the National Union of Rail, Maritime and Transport Workers (RMT) as part of a dispute over new Tube driver rosters, despite the rosters providing greater flexibility for drivers as well as permanent work and job certainty. The changes to driver rosters were agreed with all other recognised union parties in May 2021. TfL had met with the RMT through the Advisory, Conciliation and Arbitration Service (Acas) many times over the last few months and previous strike action was suspended while constructive discussions continued. TfL hoped to resolve the issue without any further disruptive industrial action.
- 7 The Night Overground service would be reintroduced on 17 December 2021, which would complement the return of the Night Tube, providing a convenient interchange with the Victoria and Central lines and opening large parts of London and the city

centre for all-night rail travel. This was another huge boost in helping the recovery of the Capital and enabling Londoner's to enjoy the festive celebrations.

- 8 On 22 November 2021, the Waterloo & City line resumed a full weekday service providing an important commuter link between Waterloo and Bank stations. Saturday services would not be reintroduced for the foreseeable future but customer demand would continue to be monitored and services adapted accordingly.
- 9 Andy Lord confirmed that TfL was working hard to overcome the underlying issues for reopening the three remaining Piccadilly, Northern and Jubilee Night Tube services. The recent extension of the Northern line to Battersea Power Station and the Bank blockade and branch closure, from January 2022, added complexity to timetabling and scheduling. The Piccadilly and Jubilee lines were also impacted by engineering works linked to the Four Lines Modernisation programme. Members would be updated in the new year on opening dates for the three remaining lines.  
**[Action: Andy Lord]**
- 10 The results of TfL's annual Viewpoint employee survey were shared with staff on 25 November 2021. The survey responses would provide a clear idea of what it was like to work at TfL, pinpointing what exactly needed to improve to make TfL a great place to work and for everyone to thrive. The detailed analysis of the responses was being worked through and a full update report would be provided to the Board in February 2022.  
**[Action: Tricia Wright]**
- 11 As part of the wider Bank station capacity upgrade programme, the Northern line would close between Kennington and Moorgate stations for 17 weeks from 15 January 2022. This would allow essential works to take place and ultimately increase station capacity by 40 per cent and reduce journey times. On 8 November 2021, a Northern line closure communications campaign was launched to raise awareness of the closure, manage travel demand and mitigate the significant impact on the network. The campaign would continue until the works finished in mid-May 2022 and further door drops would be undertaken in advance of the closure, to provide local residents with specific travel advice.
- 12 On Crossrail, Trial Operations had begun, as planned and on schedule, on the Elizabeth line which edged closer to opening what would be an amazing new railway for London. The Trial Running phase had also now ended in the Central Operating Section and, in the initial period since the software update, there had been a significant improvement in performance of the 12 trains per hour timetable. The central section stations were currently at an advanced stage, with eight out of the 10 now under the care of TfL and ready to support Trial Operations. Canary Wharf station would be transferred to TfL in December 2022, which was another significant programme milestone and demonstrated the hard work of the team to get the railway open in the first half of 2022.
- 13 The Commissioner thanked his Executive Committee team and all colleagues at TfL for their fantastic hard work over the last year. Despite the many challenges TfL faced and continued to face, they had been a credit to the organisation and to the Capital. He looked forward to working with the Board and everyone throughout the organisation to make 2022 a successful year.

- 14 Andy Lord updated the Board on an incident at Tottenham Court Road station late on 3 December 2021. A woman had suffered a medical episode, prior to falling onto the tracks. The emergency services arrived within eight minutes and she was taken to hospital and expected to make a full recovery. The station had been fully staffed with no overcrowding on the platform and no one else was involved. An investigation was underway and Members would be kept informed of the outcomes.  
**[Action: Andy Lord]**
- 15 Members welcomed the work and associated campaign to stamp out sexual harassment on public transport and TfL's zero-tolerance approach to all forms of unwanted sexual behaviour and sexual harassment on its transport networks.

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

### **83/12/21 Elizabeth Line Operational Readiness and Crossrail Update**

Andy Byford introduced the item, which provided an update on the status of the remaining work on the Crossrail project and of the readiness for the operations and maintenance of the railway after handover from Crossrail.

Mark Wild provided an update on progress. With the project in the final complex stages of delivering the railway, the focus remained on ensuring that it was completed safely. The overall Health and Safety indicators remained within the parameters set by the programme. The number of coronavirus cases across sites had generally remained constant and continued to be closely monitored. Existing measures remained in place and would be re-assessed following the commencement of Trial Operations.

A 15-day blockade from 10 October 2021 saw the successful commissioning of the ELR100 software and the tunnel ventilation system (TVS) to be updated. The TVS and other key works to the rolling stock and signalling were almost complete. During December 2021, there would be further changes to the TVS to complete the outstanding functionality of the system software for passenger service and a smaller scale software update (ELR110) to sweep up any new issues identified during Trial Running.

On 20 November 2021, the programme entered Trial Operations, a significant milestone and the final phase of the programme before the Elizabeth line opened for passenger services between Paddington and Abbey Wood in the first half of 2022. Trial Operations involved operational exercises to ensure the safety and reliability of the railway for public use and to fully test the timetables. More than 150 scenarios would be carried out over the coming months, including exercises to check that all systems and procedures worked effectively, and staff could respond to incidents, such as customers being unwell or signal failures. In the new year, a series of more complex exercises would include evacuations of trains and stations using thousands of staff. The final step would see a period of 'shadow running', operating timetabled services ahead of the Elizabeth line opening.

It would take several months to complete this final phase. The Elizabeth line was an immensely complex railway and Trial Operations would continue until it was clear that it could operate at the highest levels of safety and reliability before the start of passenger services. Only then would a specific opening date for the railway be announced. Trial Operations would also involve several organisations, including TfL, MTR Elizabeth line,

Network Rail and the emergency services, working together to respond to the trial scenarios.

The central section stations were now at an advanced stage, with eight out of the 10 now under the care of TfL and ready to support Trial Operations. Tier 1 contractors from Farringdon, Tottenham Court Road and Woolwich stations had started to demobilise from site, along with those at Paddington and Liverpool Street stations. The next station to be transferred to TfL would be Canary Wharf, with final modifications to the safety systems being carried out before transfer expected by the end of 2021.

Bond Street station achieved its readiness to support Trial Operations on 8 October 2021, which was a significant milestone for the station and for the wider programme. The team at Bond Street was working on a plan for the earliest opening date for the station. The possession of the oversite development and urban realm had also recently been handed to the developer.

Following the completion of station works at Hayes & Harlington in September 2021, Network Rail's station enhancement works on the west were largely completed. A significant benefit was that passengers were now able to make step-free journeys across TfL Rail between Paddington, Reading and Heathrow. Enhanced station upgrade works were progressing in the east at Ilford and Romford. The glass façade was completed at Ilford and lift cars were installed at both sites. The target for entry into service of the new station buildings was February 2022 and Network Rail continued to monitor this to drive performance.

Since resuming train movement in the central operating section following the October 2021 blockade, there had been a significant improvement in performance of the 12 trains per hour timetable. Sustained delivery of the timetable was critical to allow for the Trial Operations phase. The improved reliability enabled the operational teams to increase their understanding of how to manage the service, utilise the infrastructure available and deal with issues as they arose more effectively.

A series of project gates had been established as decision points to move throughout Trial Operations towards revenue service. A gate was scheduled for December 2021 to provide the conditional go-ahead for the more complex Trial Operations exercises, subject to the successful completion of the TVS works. Once approved, the planned evacuation exercises would be carried out in January 2022 involving the emergency services.

TfL Rail operations continued to deliver a good service with the public performance measure beating target during Period 7, which compared favourably against the rest of the industry; only Merseyrail and London Overground performed better. The eastern section of the line achieved 97.5 per cent and the western section achieved 93 per cent of trains meeting their reliability target. The overall trend also continued to be better than target at 95.3 per cent.

**The Board noted the paper.**

## 84/12/21 Finance Report: Budget Submission and Capital Strategy

The Chair had agreed to the late publication of the paper so that it could reflect the latest position with the discussions with Government on TfL's funding, as the current settlement expired on 11 December 2021.

Andy Byford and Simon Kilonback introduced the paper, which set out TfL's draft Budget submission to the Greater London Authority (GLA) consolidated budget, which was open to consultation from December 2021 and would be finalised in February 2022. The submission included an updated forecast for 2021/22 and a forward look from 2022/23 to 2025/26. It was an update and extension of the Revised Budget approved by the Board on 28 July 2021. It also included TfL's 20-year Capital Strategy.

At the meeting of the Finance Committee on 24 November 2021, TfL set out what could happen to London's transport network if the structural funding gap of £1.5 - £2bn per annum, identified in its Financial Sustainability Plan, continued. The Government confirmed as part of its Comprehensive Spending Review (CSR) that TfL would not receive any capital funding for 2022/23 – 2024/25, beyond the £1bn per annum devolved business rates already received, and that it did not intend to provide any further revenue support beyond March 2023. Without adequate funding over the coming years, TfL faced a period of 'Managed Decline'.

TfL's submission to the GLA budget built in further headwinds, which included slower recovery of passenger demand, higher than expected Ultra Low Emission Zone (ULEZ) compliance and high inflation and fuel prices. It also reflected the lack of an agreement between the Mayor and Government on proposed revenue raising options for the £500m-£1bn that London and TfL were expected to raise from 2023/24. After moving to 'Managed Decline' and assuming service reductions of 18 per cent on the bus network and nine per cent on the Tube, TfL still had a funding gap in 2022/23 of £1.1bn and around £400-500m in 2023/24 and 2024/25.

Since the meeting of the Finance Committee, the technical elements of the funding discussions with Government had continued. TfL had submitted a report to Government, as committed to in the 1 June 2021 funding agreement, which proposed a range of revenue generating options to close the funding gap and to avoid the worst effects of a 'Managed Decline' scenario, such as even deeper service reductions. TfL was committed to finding a solution on longer-term, stable and sustainable funding so it could plan and deliver most effectively, support decarbonisation, and continue to bring growth, job and skills to London and around the UK through its supply chain.

Passenger demand saw further growth this year with journeys around 69 per cent of pre-pandemic levels. The rate of demand increase, since the Stage 4 reopening in July 2021, had more recently started to plateau, partly due to a lower number of people returning to work following the lifting of restrictions on social distancing. This slower recovery meant passenger income was £170m (nine per cent) below Budget.

Overall operating costs were lower than Budget, and like-for-like operating costs were in line with previous years, with TfL's savings programme and one-off savings currently mitigating inflationary pressures. Lower spend on operating costs and capital renewals reflected the further tightening of spend controls and curtailing of activity until there was greater clarity on funding. This impacted the capital programme as the short-term and stop-start nature of funding agreements meant TfL was unable to plan sufficiently far



ahead to get projects approved and agreed with contractors, which risked costs increasing in the meantime.

The £1.4bn net deficit was supported with Government funding of £1.3bn base funding received to date, and almost £200m of revenue top-up funding. Without Government support this year, TfL would have a cash deficit of £121m in Period 8, which would decline further to below the minimum level of £1.2bn after the current funding agreement expired on 11 December 2021.

The 1 June 2021 funding settlement required TfL to deliver at least £300m savings in 2021/22 through non-fares revenue and cost savings. TfL had exceeded this target as, excluding £50m central contingency, £404m savings had been delivered year-to-date, which included some savings delivered earlier than expected. This was mainly driven by higher business rates and lower operating costs. Cost reductions across TfL included staff costs by removing all pay uplifts that were not already contractually agreed, as well as high attrition, recruitment challenges in the market and a backlog in all divisions. More staff cost savings were likely due to cutting back on all but essential recruitment.

There had also been an improvement in operating income, largely as a result of higher ULEZ income. Income from the expansion of ULEZ had been lower than expected due to greater compliance than anticipated. These factors combined meant TfL expected to deliver £375m savings by the end of year, which exceeded the target set by Government.

Over the course of 2021/22, TfL reduced its funding gap by almost £1.2bn, from £3bn in December 2020's GLA Budget to £1.9bn in the July 2021 Revised Budget. Of this reduction, £884m was due to management action through additional savings, reduced renewals and capital investment, and use of own cash and working capital management.

This reduction was possible as TfL held higher cash balances from improved prior year cost performance, high passenger income from increased journeys, a successful savings programme and over £400m of reductions in capital expenditure, due largely to deferrals in light of the financial constraints.

In the Revised Budget, TfL needed £1.87bn funding for the financial year 2021/22, with approximately £1.3bn until December and £500m after December 2021. Since the June 2021 funding settlement, TfL had received an additional £238m from Government via the true-up mechanism for the Periods 1-9, due to ridership being lower than expected. TfL had taken further measures to control costs and slow down expenditure, so had exceeded the £300m in year savings target by over £100m in that period.

This meant TfL only required £245m to maintain minimum cash levels for the remainder of the year. The overall funding ask for the full year remained at around £1.83bn, although this amount could increase if passenger income deteriorated further during the winter, which would need to be topped up via an ongoing revenue true-up mechanism. TfL continued to ask for funding of up to £500m to mitigate these risks.

The Budget submission built in the latest assumptions on economic indicators, with inflation at its highest level in almost a decade, driven partly by a sharp increase in gas and electricity prices. TfL was one of the largest consumers of electricity in the UK, as its passenger rail services were electrically powered, so this had a significant impact on its cost base with no clarity if prices had peaked. This was covered by TfL's purchasing programme this year but created cost pressures in 2022/23 and beyond.

Operating costs were forecast to increase by £682m between the end of 2021/22 and 2022/23. Around £480m (almost 70 per cent) of this was due to introducing new services, such as the Elizabeth line, the Northern line extension and the expansion of ULEZ. Of the remainder, £235m was due to inflation and the new National Insurance Levy. While new recurring savings and service reductions would partly mitigate pressures, they would not be enough to offset inflation.

TfL's long-term savings programme had removed almost £1.1bn from its cost base since 2016/17, before inflation. Opportunities to make operating cost savings were becoming increasingly limited and took time to deliver. In 2022/23, TfL would have to consider service reductions to further reduce costs.

With the lifting of most pandemic restrictions and a gradual return to normal activity, autumn/winter 2021 was a critical time for London's recovery. The end of the school holidays had increased the pace of people returning to the office, although employers had been cautious to mandate a full return and were experimenting with hybrid working plans. As forecast, the week on week growth had tapered and was expected to continue until January 2022.

Tube demand had a larger share of office worker passengers compared to buses. Fewer office workers had led to reduced numbers of those working in retail and leisure travelling into central London via the Underground. Demand in the weekday morning commuter peak was lagging relative to other times of the day, reflecting a tentative return to work and commuting partially shifting to less busy services. This trend was paralleled on London-centric National Rail services. Typical weekday morning peak Tube demand fluctuated between 50 and 60 per cent of pre-pandemic levels across the week.

Weekend demand on the Tube was notably stronger at 73 per cent of pre-pandemic demand on Saturdays and 71 per cent on Sundays, with trends indicating a leisure led recovery. The biggest increase in demand for bus services was seen in early October 2021 in the Central Activities Zone (CAZ) and some weeks had regularly exceeded 90 per cent of pre-pandemic levels, although peak CAZ journeys only represented four per cent of bus journeys on the network.

A high level of uncertainty continued in the pace of demand recovery. TfL's scenario modelling indicated that revenue could be impacted by approximately £100m for both this and next financial year. This excluded potential coronavirus response measures such as working from home guidance and supported the need for a continuation of the revenue true-up mechanism beyond 11 December 2021.

The Budget reflected Scenario 4, which represented a more pessimistic outlook in comparison to July's Revised Budget, and on average was predicted to be 82 per cent of demand in 2022/23 when compared to 2018/19. Every one per cent equated to roughly £50m income. Demand was recovering but not as quickly as hoped at the time of setting the Revised Budget, so TfL needed to adopt a more prudent demand profile and revenue projection for future years.

A temporary suppression in demand was expected over winter due to the cold and flu season and possible impacts resulting from the Omicron variant. Since the 2019 Business Plan, due to demand not forecast to recover back to pre-pandemic levels at all in the GLA Budget period, TfL had lost £1.5bn of passenger income each year which highlighted a structural longer-term issue.

TfL's submission to the CSR was based on its 'policy consistent' scenario, which proposed an investment plan to achieve national and local objectives around decarbonisation, supporting new homes and jobs around the UK and renewing and maintaining assets and service levels, with a funding gap of around £1.2 to £2bn.

With no further funding forthcoming in the CSR, adopting the 'financially constrained' scenario reduced the funding gap by £800m to £500m in the latter two years, and in turn reduced the level of outcomes of the original submission. This reduction was offset by the headwinds outlined, which increased the funding gap in 2022/23 and 2023/24 by around £500m, and £200m in 2024/25, with the funding gap around £1.8bn per annum on average. Without certainty of funding for 2022/23 and beyond, or commitment of new revenue from the Mayor, TfL would have to begin implementation of 'Managed Decline' almost immediately.

'Managed Decline' would mean only projects already underway, or those required to be compliant with safety and other statutory regulations, would continue, with no new investment by TfL at all in the transport network. Major outcome areas would be impacted, with no proactive progress by TfL towards Vision Zero safety, decarbonisation, improving air quality or active travel to support a shift towards more sustainable modes.

The combined Rail till included London Underground, the Elizabeth line, TfL Rail and Rail services. London Underground remained significantly below its pre-pandemic target of achieving a direct operating surplus of £1bn, as passenger journeys were expected to only reach around 84 per cent of pre-pandemic levels by 2024/25. This assumption excluded service cuts of nine per cent, predicted as part of the service level assessment.

Including all the Rail services, this till would not be able to break even including capital renewals, so TfL needed to consider options on how to close the gap through changes in fare structure and service offering. Due to the high fixed cost, business rates funding would be directed first and foremost to maintaining a safe and operable rail and tube network, so would no longer be able to subsidise buses and streets' structural deficit. The impact of 'Managed Decline' meant the funding gap of over £1.5bn would be reached by 2025/26.

Enhancements across the Rail till were reduced by roughly 40 per cent compared to the Revised Budget, whilst renewals were reduced by 12.5 per cent. Key projects would continue where external funding was available or, if already underway, it would either be too costly to stop or they were near completion, examples being the Barking Riverside Extension and Bank station upgrade.

The scenario accepted a worsening in asset performance, while maintaining safety. There would be no new step-free access schemes, no signalling upgrades after Four Lines Modernisation, no new station capacity upgrades, and a delay in new fleet for Tube lines, other than the Piccadilly line. Existing contracts, including the Docklands Light Railway and Piccadilly lines rolling stock, would presumably continue but might need to be revisited if some of the savings were not deliverable or the headwinds intensified.

Deferring renewals would mean an increased risk to reliability and increased maintenance costs to keep life expired assets operable. This would lead to customer disruption, also due to a slowdown in routine works such as improving lifts and escalators. By reducing expenditure in this area, London Underground works, which had a substantial supply chain in delivering these renewals, would expect a direct impact on jobs in this sector of the economy.

The new station box at Elephant & Castle would be constructed by the developer but TfL would be unable to fit it out to turn it into an operational station.

The Buses, Streets and Other Surface operations till showed a net operating deficit of around £1bn per annum on average across the years. This was despite factoring in a significant reduction to services and investment under the 'Managed Decline' scenario, including an 18 per cent reduction to bus service levels. Reducing bus services impacted TfL's ability to introduce new electric buses, which delayed the target to make the entire fleet zero emission by 2034, and negatively impacted London's environmental footprint.

ULEZ income was expected to initially reduce this deficit, although as compliance further increased, revenue was expected to fall. This reinforced the case for a new source of funding or income so TfL could become financially sustainable.

As the contracted services transport, which included buses, was more flexible than the fixed costs of running the Tube and rail, without a new funding source, the bulk of service reductions would fall on buses and streets, which could more quickly be withdrawn or cancelled.

The Group operating and capital account positions together showed that the overall funding requirement across the years was expected to be around £1.1bn in 2022/23, as ridership returned to only 82 per cent of pre-pandemic levels, excluding the Elizabeth line. This drop, from the 90 per cent projected at the time of the July Budget, reflected the high level of uncertainty and volatility. Thereafter, the funding requirement would be around £400 to 500m per annum even after moving to 'Managed Decline' and service cuts on the Tube, buses and other measures. TfL's CSR submission would see adequate funding and therefore better outcomes for the whole of the UK.

Members would continue to be kept informed of any progress and outcomes of the funding negotiations as required. **[Action: Andy Byford/Simon Kilonback]**

**The Board noted the paper and:**

- 1 noted the presentation given in Appendix 1, which was based on TfL's Budget and Capital Strategy submission to the GLA Budget;**
- 2 noted Appendix 2, which was TfL's Budget submission to the GLA (including Capital Strategy); and**
- 3 noted that the reporting baseline would continue as the Revised Budget approved by the Board on 28 July 2021.**

## **85/12/21 Annual Travel in London Report**

Alex Williams introduced the item, which presented an Overview of Travel in London 14, with the full report to be published in December 2021. The Annual Travel in London reports provided an interpreted summary and evidence base of key trends and developments affecting travel in London, in the context of the aims of the Mayor's Transport Strategy.

The report considered the broad impact of the Coronavirus pandemic on the Mayor's transport aims. It also provided an interpreted summary of the emerging evidence about London's transport recovery, covering the period up to late autumn 2021. The data and insights provided by the report were used across TfL to help guide short- and longer-term planning in the post pandemic era.

A key issue from the report was the risk of a car led recovery, as the overall percentage of journeys by sustainable transport had decreased, despite an increase in walking and cycling trips. While London remained ahead of the rest of the UK in the shift to electric vehicles, accelerated by the Ultra Low Emission Zone, this still represented only two per cent of overall vehicle numbers.

In 2022, TfL would publish an analysis of progress against meeting legal air quality measures in low emission zones. A joint Greater London Authority (GLA) and TfL report had shown that following the implementation of policies to improve air quality in London, the gap in NO<sub>2</sub> exposure between the most and least deprived areas of London in this regard has narrowed by up to 50 per cent since 2013. The GLA and TfL study estimated that the improvements in air quality had resulted in £5bn NHS healthcare savings, which Members suggested required more publicity.

**The Board noted the Travel in London 14 Overview Report.**

## **86/12/21 Appointments to TfL and its Committees and Panels**

Howard Carter introduced the item, which covered the recent reappointments and new appointments to the Board. The proposed changes to the membership of the Board's Committees and Panels, from 1 January 2022, had been updated after the publication of the paper, following further discussions with Members.

In anticipation of the changes being agreed, the Chair thanked all Members who were leaving Committees and Panels, on which they had served for several years, for the impact they have made individually and collectively. Meetings were being arranged with the new Chairs and Vice-Chairs, who would be supported by the outgoing post-holders. An induction programme was also being arranged for new Board Members.

All Members of the Board were welcome to attend any meeting of a Committee or Panel.

**The Board noted the paper and:**

- 1 noted the composition of the Board following the appointments of Anurag Gupta, Marie Pye and Peter Strachan;**
- 2 approved the appointment of Members to TfL's Committees and Panels, as set out in Appendix 2 to the paper, with the addition of Kay Carberry as a member of the Safety, Sustainability and Human Resources Panel and Anne McMeel as a member of the Customer Service and Operational Performance Panel, with effect from 1 January 2022; and**
- 3 noted the proposed appointment of Members to a new Land and Property Committee of the Board, as set out in Appendix 3 of the paper, with the**

**addition of Anne McMeel, subject to the establishment of such a committee by the Board at a future Board meeting.**

### **87/12/21 Board Effectiveness Review 2021**

The Chair thanked Heidi Alexander for undertaking the review and all Members for their contribution to the effective running of TfL, particularly given how difficult the last two years had been. An externally led review would take place in 2022.

Heidi Alexander introduced the item, which set out the outcome of the annual review of the effectiveness of TfL's Board and its decision-making structure. The review concluded that the Board continued to make a significant contribution to TfL and its decision-making structure was robust and effective. During the year, TfL had continued to address the desire for more informal engagement and stakeholder events, despite the continuing impact of the Coronavirus pandemic. Technological innovations had helped with the conduct of meetings, with the introduction of hybrid arrangements allowing people to meet in person or contribute to discussion via videoconference. The webcasting of meetings had improved the transparency of TfL's decision-making and this practice would continue.

The recruitment campaign for the new Board Members had produced a very high calibre field with a real interest in supporting TfL, reflecting its status as a key public sector organisation in the UK.

**The Board noted the Board Effectiveness Review 2021.**

### **88/12/21 Report of the meeting of the Remuneration Committee held on 10 November 2021**

The Chair of the Committee, Ben Story, introduced the item. The Committee had discussed TfL's new approach to strategic workforce planning, which sought to identify talent and capabilities to enable TfL and its staff to thrive. This focussed on critical roles, succession planning and apprenticeship and graduate pipelines. Significant progress had been made in this area in recent years, matching best practice in the private sector.

The Committee also discussed the Pay Gap Analysis papers and the comprehensive plans to address these. The plans recognised the major structural issues and constraints and focussed on the issues that TfL could address over the next five years.

**The Board noted the report.**

### **89/12/21 Report of the meeting of the Finance Committee held on 24 November 2021**

The Chair of the Committee, Ben Story, introduced the item. The main issues had been covered earlier in the meeting and considered in detail by the Committee.

**The Board noted the report.**

## **90/12/21 Report of the meeting of the Elizabeth Line Committee held on 25 November 2021**

The Chair of the Committee, Heidi Alexander, introduced the item. The main project status issues and Elizabeth line readiness had been covered earlier in the meeting and considered in detail by the Committee.

**The Board noted the report.**

## **91/12/21 Report of the meeting of the Audit and Assurance Committee held on 1 December 2021**

The Chair of the Committee, Anne McMeel introduced the item. The meeting was held after the papers for this meeting had been published. All items on the agenda were considered and noted.

A highlight from a busy meeting was a constructive discussion of the report on the work of the Task Force on Climate-related Financial Disclosures and its application to TfL. TfL had done a lot of work in this area and a gap analysis would be undertaken to determine what had been done, what needed to be done and best practice from other large complex organisations. The outcomes would be shared with the Board as they would affect the work of other Committees and Panels.

**The Board noted the report.**

## **92/12/21 Report of the meeting of the Safety, Sustainability and Human Resources Panel held on 2 December 2021**

The Chair of the Panel, Kay Carberry CBE, introduced the item. The meeting was held after the papers for this meeting had been published. All items on the agenda were considered and noted.

The Panel congratulated staff working in safety as all the Scorecard measures for quarter 2 had been met, with bus safety measures exceeded. There was no complacency in any of the teams as the persistent occurrence of slips, trips and falls remained a key risk for customer safety. The Panel also discussed in detail the Vision Zero Action Plan update.

The Board had previously congratulated the Human Resources team for its response to the challenges of the Coronavirus pandemic. The Panel was pleased to note that the team had just been recognised publicly as the joint winner of the Best Crisis Management Strategy award at the HR Excellence Awards 2021.

**The Board noted the report.**

## **93/12/21 Report of the meeting of the Customer Service and Operational Performance Panel held on 7 December 2021**

The Chair of the Panel, Dr Mee Ling Ng OBE, introduced the item. The meeting was held after the papers for this meeting had been published. All items on the agenda were considered and noted.

The Panel welcomed the continued improvement in customer satisfaction metrics, especially around customer care for disabled people. The half-yearly report on Assisted Transport Services showed a significant improvement as part of its transformation programme.

The Panel also considered an extensive report on tackling violence and sexual abuse on TfL's network. The Chair and Panel thanked staff for their focus on this important issue.

**The Board noted the report.**

## **94/12/21 Any Other Business the Chair Considers Urgent**

There was no other urgent business.

## **95/12/21 Date of Next Meeting**

The date of the next meeting was scheduled for Wednesday 2 February 2022 at 10.00am. The venue for the meeting would be confirmed.

The meeting closed at 12.50pm.

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

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