

# Transport for London

## Minutes of the Meeting

**Conference Rooms 1 & 2, Ground Floor, Palestra,  
197 Blackfriars Road, London, SE1 8NJ  
10.00am, Wednesday 23 March 2022**

### Members

Sadiq Khan (Chair) (up to Minute 22/03/22)  
Seb Dance (Deputy Chair) (in the chair from Minute 22/03/22)  
Heidi Alexander  
Cllr Julian Bell (via Teams)  
Kay Carberry CBE  
Professor Greg Clark CBE (via Teams)  
Anurag Gupta  
Anne McMeel  
Dr Mee Ling Ng OBE  
Dr Nelson Ogunshakin OBE  
Mark Phillips  
Marie Pye  
Dr Lynn Sloman MBE (via Teams)  
Ben Story  
Peter Strachan (via Teams, up to Minute xx/03/22)

### Government Special Representative

Becky Wood

### Executive Committee

Andy Byford	Commissioner
Howard Carter	General Counsel
Stuart Harvey	Chief Capital Officer
Simon Kilonback	Chief Finance Officer
Andy Lord	Chief Operating Officer
Lilli Matson	Chief Safety, Health and Environment Officer
Gareth Powell	Chief Customer and Strategy Officer
Mark Wild	CEO, Crossrail Limited
Tricia Wright	Chief People Officer

### Staff

Neil Clarke	Senior Divisional Financial Controller (for Minutes 22/03/22 and 24/03/22)
Graeme Craig	Director of Commercial Development (for Minute 25/03/22)
Patrick Doig	Group Finance Director and statutory Chief Finance Officer
Shamus Kenny	Head of Secretariat
Rajiv Sachdeva	Divisional Finance Director, Surface Transport and Major Projects (for Minutes 22/03/22 and 24/03/22)
Rachel Shaw	Head of Financial Accounting and Tax (for Minute 24/03/22)
Martin Taylor	Head of Business Strategy (for Minute 23/03/22)
Alex Williams	Director of City Planning

## **16/03/22 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.

Apologies for absence had been received from Bronwen Handyside and Dr Nina Skorupska CBE.

Members Cllr Julian Bell, Professor Greg Clark CBE, Dr Lynn Sloman MBE and Peter Strachan were attending via Teams and were able to take part in the discussions but were not counted toward the quorum.

The Chair had accepted the Budget and Finance Report Update and the Prudential Indicators items as late papers for the agenda, as it was vital that Members knew the most up to date information.

As reported at the last meeting, Simon Kilonback, TfL's Chief Finance Officer (CFO), would leave TfL in April 2022. He had played a central role in making TfL ever more efficient and, prior to the coronavirus pandemic, on a clear path to financial sustainability. He had put in an extraordinary amount of time and effort to stabilise TfL's finances due to the impact of the pandemic and to ensure it secured support from Government to set TfL back on a path to future financial sustainability. On behalf of the Board, the Chair thanked him for the legacy he left and wished him every success for the future.

As Rachel McLean was unable to take up the interim management CFO role due to personal circumstances, Patrick Doig would, in addition to his current Group Finance Director and statutory CFO roles, report to the Commissioner as an interim measure until the internal and external recruitment process to fill the management CFO role concluded. Members would be asked to temporarily grant authorities previously specified to the management CFO postholder to Patrick Doig.

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.

## **17/03/22 Declarations of Interests**

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

## **18/03/22 Minutes of the Meeting of the Board held on 2 February 2022**

**The minutes of the meeting of the Board held on 2 February 2022 were approved as a correct record and the Chair was authorised to sign them.**

## **19/03/22 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. The Chair of the Finance Committee had exercised Chair's Action, in consultation with available Board Members, on three occasions in relation to TfL's funding arrangements.

On 9 March 2022, the Finance Committee exercised specific authority delegated by the Board to approve the Treasury Management Strategy, the Treasury Management and Derivative Investments Policies and the Investment Management Strategy for Non-Financial Assets. This was included in the Finance Committee's report to the Board.

There had been one Mayoral Direction to TfL, in relation to the March 2022 fare changes.

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.**

## **20/03/22 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 are summarised below:

- 1 As reported elsewhere at the meeting, the Commissioner was grateful that the Government had extended its funding support until 24 June 2022, which enabled TfL to continue to operate and maintain safe, efficient and essential transport services, that made a vital contribution to the economic recovery of the capital and the country. The Government had also committed to set out a proposal on longer-term capital funding support by the end of March 2022. A long-term capital settlement was essential to avoid a disastrous managed decline of London's transport network and to support TfL's shared objectives with the Government including environmental aims. To date, TfL had met every funding settlement commitment on time and expected the Government to reciprocate with a credible capital offer.
- 2 TfL would meet its commitment to provide the Government with the independent review of its pension fund by the end of March 2022. The review was not expected to make recommendations but to present a range of options. It was a complex area and any change to the pension fund would be subject to discussion with trustees and stakeholders and would not be a quick exercise.
- 3 There had been no additional Covid-19 deaths in service since the last meeting. Following the removal of all domestic coronavirus restrictions in England on 24 February 2022, while it was no longer a requirement for customers to wear face coverings as a condition of carriage, TfL continued to encourage their use on

public transport. TfL's vigorous cleaning routines had been maintained and monthly sampling by Imperial College London since September 2020 continued to show no traces of coronavirus on TfL's public transport network.

- 4 On 14 March 2022, the Mayor announced a new campaign to tackle violence against women and girls, which remained a top priority for TfL. In addition to partnership work with the Metropolitan Police and British Transport Police, including a high-profile campaign, TfL had established an internal programme of activity for frontline customer service staff. TfL was acting on the recommendations from the London TravelWatch report to improve personal security for people travelling around the capital. TfL was awarded White Ribbon accreditation, a publicly declared opportunity to have an impact on its internal culture, challenging behaviours and mobilising men to act. TfL's male ambassadors had made the promise to never commit, excuse or remain silent about violence against women and girls.
- 5 Lilli Matson confirmed that, following the deaths of Sarah Everard and Sabina Nessa, a TfL taskforce group was stood up and agreed a co-ordinated plan to tackle violence against women and girls. This included initiatives such as the domestic abuse policy and advertising campaign, as well as longer-term initiatives for Streetspace realm and design, all of which were assessed for equality impacts.
- 6 On 11 February 2022, TfL launched a new fleet of 29 electric buses on route 63. As well as being zero emission and meeting the 2021 Bus Safety Standard, the new buses included a range of enhancements to improve customer experience and increase bus use. Capital funding certainty would enable more of these vehicles to be rolled out. Transforming bus travel was essential for a green and inclusive recovery from the coronavirus pandemic for London and to achieve the Mayor's target for a net zero carbon city.
- 7 On 11 March 2022, TfL published its Bus action plan. This set out its 2030 vision for buses, including how buses contributed to creating Healthy Streets, and the actions it planned to take to improve customer experience, journey times, connections, safety and security, and help reduce carbon emissions. TfL was engaging with boroughs and stakeholders on the role of the bus in London's recovery and the long-term vision for bus travel. While the bus network in London already had more than 4.5 million passengers a day, encouraging more people to use buses and facilitate the switch away from car use was essential to meeting the mode shift targets within the Mayor's Transport Strategy.
- 8 Throughout February 2022, TfL engaged with several organisations interested in the Mayor's plans to introduce a new road user charging scheme. It met with key stakeholders to discuss the imperative for London to reach net zero carbon by 2030, the potential options for any scheme and how different schemes might affect Londoners.
- 9 On 4 March 2022, the Mayor announced that he intended to consult on proposals for the London-wide expansion of the Ultra Low Emission Zone in 2023. A 10-week public and stakeholder consultation on detailed proposals would start in May 2022. The Mayor would consider feedback from the consultation and decide whether to confirm the expansion proposals, with or without modifications.

- 10 The Mayor had also asked TfL to develop proposals for consolidating existing road user charging schemes into one simple and fair pay per mile scheme, for introduction by the end of the decade. This would potentially involve drivers paying different rates for using their vehicles depending on how polluting they were, the distance travelled and the time when the journey took place.
- 11 Excellent progress continued to be made on Crossrail. On 28 January 2022, the second phase of the Elizabeth line Trial Operations began, which involved thousands of volunteers and a range of organisations collaborating on the response to trial scenarios. The next and final phase was a period of timetabled running to run trains up and down the central tunnel section of the Elizabeth line in order to fine tune the railway, iron out any final issues and ensure it was the most reliable service possible when it opened.
- 12 The Commissioner thanked Simon Kilonback, Chief Finance Officer (CFO), for his incredible hard work and support during his time at TfL. Patrick Doig, currently Group Finance Director and statutory CFO, would succeed Simon Kilonback as interim CFO. He had been heavily involved in the funding discussions and helping the organisation to overcome its financial challenges.
- 13 Gareth Powell, Andy Lord, Mark Wild and a number of other TfL colleagues would take part in the Railway Children's Railway Sleepout on 31 March 2022, spending a night in Waterloo station to raise awareness and much needed funds to support the Railway Children.
- 14 TfL continued to face ongoing pressures and uncertainties around the recent increase in coronavirus cases, the pensions review, its finances and an exodus of talent. The Executive team was standing up as leaders to steer the organisation through the uncertainties towards better times ahead, such as the imminent opening of the Elizabeth line.
- 15 Andy Byford echoed the condolences and loss expressed following the death of Shatha Ali, a cyclist who sadly died as a result of a collision involving a lorry near Holborn Underground station on 1 March 2022. Lilli Matson confirmed that TfL was working with Camden Council to deliver interim junction improvements at Holborn Gyratory. TfL was committed to tackling unsafe junctions, subject to resourcing from a longer-term financial settlement.
- 16 Garth Powell confirmed the importance of in-person cycling training to improve cyclist safety. TfL was committed to funding cycling training and would liaise with the boroughs in the coming weeks.
- 17 TfL's controlled e-scooter trial operated under Department for Transport guidance and safety performance was monitored with only a small number of incidents recorded. Feedback from users, the public and representative groups would be brought together for a decision on use of e-scooters going forward.
- 18 Along with the Department for Transport and other train operating companies, TfL was helping Ukrainian nationals travelling to the UK on Eurostar services reach their final destination and get to their hosts as quickly as possible, by enabling them to travel for free across London using Tube or rail services. The scheme was subject to identification and proof of eligibility and would run for three months initially.

- 19 Garth Powell confirmed that cyber security risks, such as potential cyber-attacks, were monitored and that the management team had assessed preparedness, had plans in place and remained in a heightened state of vigilance.
- 20 On compliance with Russian sanctions in the supply chain, Simon Kilonback confirmed that an initial review of the direct supply chain had identified none from Russia and this would be monitored going forward.
- 21 On the Secretary of State for Transport's recent refusal for disposal of TfL land at Cockfosters for housing delivery, Alex Williams confirmed that it had been a lengthy planning consent process and that TfL would press for review of the decision in order to get a resolution.
- 22 The National Union of Rail, Maritime and Transport Workers (RMT) strike action on 1 and 3 March 2022, which also impacted on the morning of 2 and 4 March, resulted in severe disruption across all Tube lines, with stations closed and little or no service in places, while buses and other rail services were busier than normal. No proposals had been tabled on pensions or terms and conditions and strike action was called despite assurances from TfL that nobody would lose their jobs because of the proposals. The devastating impact of the pandemic on finances made a programme of change urgently necessary. TfL continued to meet with the RMT to discuss proposals and find a resolution.
- 23 In response to a question from Marie Pye on the accessibility of electric vehicle chargers for wheelchair users, Alex Williams would provide her with the guidance used by TfL and the Department for Transport. **[Action: Alex Williams]**
- 24 Andy Byford confirmed that an optimal funding deal would be akin to the Network Rail or Highways England deal of a five-year controlled period with expected outputs and certainty of funding. TfL was asking Government for a one to three-year capital deal to achieve certainty for contractors and leverage better prices. The Board would be kept up to date on the progress of discussions.

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

## **21/03/22 Elizabeth Line Operational Readiness and Crossrail Update**

Andy Byford introduced the item, which provided an update on 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. Good safety performance continued and the impact of coronavirus was not currently affecting the programme.

The second phase of Trial Operations commenced on 28 January 2022, which involved a range of organisations collaborating on the response to trial scenarios. Emergency services were also involved, demonstrating how they would respond to incidents on the network and in stations. The mass volunteer events involved over 2,000 staff volunteers and all observations and learning from the evacuations informed subsequent exercises.

Performance had been positive following the completion of the tunnel ventilation system works and commissioning of signalling software changes. Further improvements and upgrades were planned for the trains and signalling software over the Easter 2022 period, which would provide increased operational reliability of the trains, routeway and signalling systems.

Work continued to complete the necessary final safety assurance documentation and relevant assurance activities to support revenue service. Progress was being monitored against the schedule on a weekly basis.

Good progress continued to be made at Bond Street station, the only central station yet to be transferred to TfL, which was expected to be fully operational in autumn 2022. As most central section stations were in an advanced state of completion, Tier 1 contractors had demobilised from eight of the central stations.

Following the completion of Trial Operations, there was a period of timetabled running, closely mirroring the Elizabeth line service timetable. This was the final stage before the railway opened and its duration was determined by reliability across the railway.

The Elizabeth line would launch in the first half of 2022, with a new passenger service between Paddington to Abbey Wood through the new central tunnel section. The launch would bring immediate benefits to passengers travelling between those stations, with 12 trains per hour operating in each direction. Following that, the next phase would be to deliver through running services with all Shenfield trains turning around at Paddington and all Abbey Wood trains running through to Heathrow and Reading, which was on schedule to be introduced in autumn 2022.

TfL Rail operations delivered an improved public performance measure of 94.3 per cent during Period 11 (9 January – 5 February 2022). Performance on the eastern section of the line was 94.9 per cent, its highest since Period 7 (19 September – 16 October 2021). The western section achieved 93.5 per cent which, while down on the last period, was higher than previous performance. The overall trend at 94.6 per cent remained ahead of target.

**The Board noted the paper.**

## **22/03/22 TfL Budget 2022/23 and Finance Update**

As provided for under section 100B(4)(b) of the Local Government Act 1972, the Chair was of the opinion that this item should be considered as a late item. The reason for urgency was that Members needed to consider the Budget update and not all information was available at the time the Board papers were published.

Simon Kilonback introduced the paper, which provided an update on financial performance to date and sought approval of TfL's Budget 2022/23. In December 2021, TfL presented its submission to the Greater London Authority (GLA) Budget to the Board, based on a managed decline scenario. This factored in the headwinds of slower demand recovery, high inflation and fuel prices, and the lack of agreement at the time on proposed revenue raising options for the £500m-£1bn that London and TfL were expected to raise from 2023/24.

Managed decline meant only projects currently underway would be completed 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. It meant reductions in renewals compromising network operability and reliability. Asset closures and restrictions were likely on the road network, with a high risk of unplanned bridge and tunnel closures. The Tube would be unable to consistently operate a full service, and the rail service and assets were likely to degrade. It also meant a reduction in service levels, including an 18 per cent reduction on the bus network and nine per cent on Tube and rail services.

Managed decline would also impact major outcome areas for TfL, with no proactive progress towards Vision Zero safety, decarbonisation, improving air quality or active travel to support a shift towards more sustainable modes. Even after moving to managed decline, TfL had a funding gap in 2022/23 of £1.1bn and £400m-£500m in 2023/24 and 2024/25.

Assumptions on inflation, passenger income and costs had since been updated and built into the latest funding settlement with Government. The Mayor had also committed to proposals on securing £0.5bn-£1bn additional revenue, and asked TfL to look at an extended Ultra Low Emission Zone (ULEZ) across the whole of London. Work was progressing on the revenue generating options, as presented to the Board in February 2022, which were subject to public consultation as appropriate. These updates meant TfL would be operationally financially sustainable by April 2023, but would not be able to move away from managed decline without £1.2bn Government funding for 2022/23 and a medium-term capital funding agreement thereafter.

Pre-coronavirus pandemic, TfL was on a trajectory to be fully financially sustainable by 2022/23, having built cash reserves for financial resilience, and reduced its operating deficit by 71 per cent and net cost of operations by over £1bn per annum between 2015/16 and 2019/20. The pandemic had a devastating impact on TfL's income, which meant it required Government support.

Since the start of the pandemic, TfL had received around £5.1bn of Government funding including revenue true-up and loan support, to continue the safe operation of the network and support economic recovery. In 2020/21, it received £2.5bn and borrowed an additional £0.6bn when the most severe travel restrictions were in place. TfL implemented its tightest spend controls and reprioritised its investment programme and, as demand responded to the easing of travel restrictions over the last two years, Government support in 2021/22 was reduced to around £1.7bn. For 2022/23, TfL had so far secured around £300m up to 24 June 2022, with a further funding requirement of £927m. This Budget continued its path to financial sustainability from April 2023, meaning that 2022/23 would be the last year Government revenue support was required.

The managed decline scenario failed to support long-term financial sustainability, as well as failing to meet Mayoral and Government policy objectives to pursue a green recovery while ensuring the security of jobs around the UK along the supply chain. To help deliver these policy objectives, TfL was in discussion with Government on the need for longer-term funding for capital investment as it could not solely fund the replacement of major assets, such as rolling stock and signalling, from operating income. Sustainable long-term capital funding, to replace London's strategic national transport assets and support other transport priorities required £0.5bn-£1bn per annum over the next three years to avoid a transport network in decline.

Longer-term Government funding would enable TfL to deliver major renewals and capital projects in a more planned, efficient and effective way. Studies estimated that long-term funding could enable cost efficiencies of between 10-30 per cent. Securing capital funding would also free up operating income, to avoid the significant service reductions required under the managed decline scenario, and create the conditions to support long-term financial sustainability. Once capital funding was secured, TfL would update this Budget for 2022/23 and produce a new Business Plan in autumn 2022.

To ensure the success of air quality and congestion policies, TfL needed to encourage people out of cars and into public transport. Road user charging schemes supported the policy objectives, but TfL needed an attractive, zero-emission bus service that was affordable, accessible and a sustainable alternative to car travel. An 18 per cent reduction to bus services from 2022/23 was counter to these objectives and would not provide the public transport support required to complement the air quality schemes. Removing services would be inefficient and would create uncertainty and instability for passengers, bus operators and bus manufacturers. While the Budget assumed an 18 per cent bus service reduction, TfL continued to work with Government to secure funding for the remainder of the year to only make the four per cent reduction originally set out in TfL's Financial Sustainability Plan in January 2021. Additional, long-term sustainable funding would also be required to accelerate the delivery of a zero-emission bus fleet to 2030. With the current trajectory, this would only be delivered by 2034 at the earliest and significant service reductions risked further slippage as it would slow the introduction of new buses into the fleet.

Since the December 2021 Budget, the 2022/23 funding requirement had increased from £1.1bn to £1.5bn, driven by the impact of the Omicron variant to passenger demand and the subsequent Plan B restrictions, which added around £174m. £113m of additional pressure was due to repayment of prior year business rates retention deficit, lower revenue from ULEZ due to higher compliance levels and inflationary pressures of almost £70m. TfL had mitigated £267m of these pressures, largely through additional one-off savings in the operating account, lower financing costs and deferrals of provision and contingencies which were being held for restructuring and the managed decline scenario. This had reduced the funding requirement to £1.2bn, of which £304m had been secured in the most recent funding settlement, leaving an additional £927m to balance 2022/23.

TfL was focussed on lowering operating costs and running an efficient service, with the per-km cost of all transport modes kept either flat or lower compared to a 2015/16 baseline in real terms, with costs expected to fall in real terms to 2025/26. Since the December 2021 Budget, higher inflation had added £66m to TfL's total cost base. Current Retail Price Index (RPI) inflation expectations continued to pose a challenge and were changing rapidly. At the time of setting this Budget, RPI was expected to peak at seven per cent in March 2022. The latest Bloomberg market curves implied RPI would now peak at 9.4 per cent in September 2022, which factored in events in Ukraine, fuel prices, commodities and energy prices, and was a significantly higher level of inflation in the medium-term.

Cash balances were projected to be £1.4bn by the end of 2022/23, when TfL would not have any further revenue support and would need the resilience to absorb any future shocks such as a recession, terrorist incident or asset failure.

This Budget assumed a managed decline scenario, with the exception of the changed assumption on the reduction in bus services, and including £500m of new revenue sources committed to by the Mayor. There was no capital funding to deliver the potential

expansion of the ULEZ to the GLA boundary or the complementary measures required to support the scheme. Capital funding would be required as part of a longer-term capital funding settlement. Achieving this Budget allowed TfL to no longer require Government support by April 2023, with a forecast surplus of £125m in 2023/24. TfL would be financially stable, but within a managed decline scenario. Securing a long-term funding solution with Government was key to moving away from managed decline and achieving a better set of outcomes.

On risks and opportunities, ULEZ volumes remained a risk, as did delivering an ambitious savings programme of £730m, continued uncertainty around passenger income and activity in the Central Activity Zone, and continued increase in inflation rates. Excluding the risk of not securing further funding of £0.9bn from Government and the continuation of the revenue top-up mechanism, there remained a significant range of risks and opportunities for the next two years of +£0.9bn/-£0.9bn in 2022/23 and +£1.8bn/-£2.0bn in 2023/24. This highlighted the importance of re-building cash reserves and maintaining an appropriate level of contingency, with £100m as the relevant amount of contingency to hold in 2022/23, which was sized on the net risks excluding passenger income.

Capital investment assumptions remained the same as the GLA Budget and assumed no Government funding for capital beyond the £1bn of capital business rates confirmed in the 2021 Comprehensive Spending Review. The impacts were now widely understood, including having to use interim solutions to maintain assets that increased whole life costs, and higher risk of disruptions due to asset restrictions and closure. The investment level in renewals was minimal and capped at £600m. TfL had a total of £750m for critical asset renewals and would apply active portfolio management to ensure the approach mitigated any unforeseen slippage on individual schemes and maximised delivery whilst remaining within the Budget envelope.

TfL continued to deliver the enhancement schemes that were committed and in-delivery prior to the pandemic, with a number of key projects completing in 2022/23 that would support London's recovery, including: the opening of the Elizabeth line central section; completion of the Barking Riverside extension; completion of Bank station; new Docklands Light Railway Rolling stock testing; and completion of new Piccadilly line trains.

The Government recognised the need for certainty and stability in TfL's pipeline of capital investment and had stated it was willing to provide support in the short and medium term. Any agreement could impact capital expenditure in 2022/23 and would be reflected in an update to the Budget when secured.

**The Board noted the paper and approved the TfL Budget for 2022/23, as described in the paper.**

## **23/03/22 TfL Scorecard 2022/23**

Andy Byford and Simon Kilonback introduced the paper. The TfL scorecard was the primary tool for tracking in-year progress against TfL-wide strategic objectives, and incentivising senior managers to make strategically aligned decisions. The 2022/23 TfL scorecard had been developed to align with TfL's Vision and Values, using its roadmap pillars, and the Mayor's Transport Strategy (MTS) objectives, ensuring the focus for 2022/23 moved TfL towards its long-term ambitions.

The measures selected for the 2022/23 scorecard maintained the focus of 2021/22, encapsulating the key priorities of attracting customers back onto the network, achieving financial sustainability, and decarbonising operations, while never compromising on safety. The targets set a bold yet achievable level of ambition for 2022/23. They were aligned both to the assumptions in TfL's proposed Budget, and to the requirements set out in the Department for Transport's funding settlement letter of 25 February 2022.

The inclusion target was considered stretching and recognised that change would take time. Addressing low declaration rates would improve understanding and demonstrate greater staff confidence.

The environmental measures were welcomed but remained quite blunt. This was an area where work was underway to better define desirable outcomes and to provide more granular insight on carbon emissions.

The finance measures did not include net targets due to funding and passenger number uncertainty, but these would be restored in future years.

Members requested that future papers include historical trend data and data for the current measures would be sent to Members. **[Action: Gareth Powell]**

Members noted that authority would be sought from the Board for any proposed revisions to the targets due to changes in Budget assumptions or any material differences to the conditions of the current funding settlement in any future funding agreement.

**The Board noted the paper and:**

- 1 approved the 2022/23 TfL scorecard; and**
- 2 noted the approach to divisional scorecards for 2022/23.**

**24/03/22 TfL Prudential Indicators 2022/23 to 2024/25**

As provided for under section 100B(4)(b) of the Local Government Act 1972, the Chair was of the opinion that this item should be considered as a late item. The reason for urgency was that Members needed to consider the Prudential Indicators, information for which was drawn from the Budget and not all information was available at the time the Board papers were published.

Simon Kilonback and Patrick Doig introduced the item. Under the Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code (the Code), TfL was required to adopt Prudential Indicators that supported decision-making on planned capital expenditure, borrowing and treasury management activities. The Code was revised in December 2021, with the main changes applying from 2023/24, and these were addressed in the proposed Prudential Indicators for 2022/23 and the following two years, as set out in the appendices to the paper. The Prudential Indicators were consistent with the Treasury Management Strategy for 2022/23 and the principles underpinning the long-term TfL Capital Strategy. These limits and indicators were based on figures in the TfL's Budget (approved above, Minute 23/03/22). Prudential Indicator outturns were reported each year.

Under Capital Finance regulations, local authorities were required each year to set aside some of their revenues as provision for debt. TfL's annual statement as to its policy for the calculation of this provision was set out in the TfL Policy Statement on Minimum Revenue Provision.

Capital structure options were being explored in relation to TfL's commercial development subsidiary, TTL Properties Limited (TTLP), including the potential to raise commercial funding for future investment in housing. The borrowing limits set out in the paper made an allowance for potential future debt arising from this activity.

TfL operated a structure of parent company guarantees across most companies within the Group, which allowed the accounts of guaranteed companies an exemption from audit. To allow for the proposed capital structuring of TTLP, and for any debt drawn down within subsidiary companies to be non-recourse to TfL, it was proposed that, for the financial year 2022/23, the guarantees of TTLP, and possibly its subsidiaries which enter into development-specific joint ventures, should not have their guarantees from Transport Trading Limited renewed.

TfL's Extraordinary Funding and Financing Agreement with the Government, dated 25 February 2022, had been extended until 24 June 2022. TfL's Budget was prepared using assumptions in respect of the levels of future Government support and existing conditions. Should a new funding settlement be agreed during 2022/23 that materially impacts on the assumptions underlying TfL's approved Budget, the Board would be asked to approve a revised Budget and any related changes to the Prudential Indicators.

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

- 1 the TfL Prudential Indicators as set out in Appendix 1;**
- 2 the Treasury Management Indicators as set out in Appendix 2 for 2022/23 and the following two years; and**
- 3 the Annual TfL Policy Statement on Minimum Revenue Provision set out in section 7 of the paper.**

## **25/03/22 Establishment of Land and Property Committee**

Howard Carter introduced the item. On 8 December 2021, the Board noted the proposal that TfL establish a Land and Property Committee in 2022, under the items on the Board Effectiveness Review and the Appointments to TfL and its Committees and Panels.

The purpose of the Land and Property Committee would be to set the strategic direction of TfL's land and property development activities and of TTL Properties Limited (TTLP), a wholly owned subsidiary of TfL, and to oversee and provide assurance on behalf of the Board of delivery against its business plan. TTLP would operate as a commercial enterprise to deliver against the Mayor's affordable housing ambitions, while safeguarding and enhancing TfL's operational delivery and assets, and making a significant contribution to TfL's financial sustainability.

The proposed terms of reference were set out in Appendix 1 to the paper. Proposals for the governance of TTLP were being drawn up and would be considered by Members as

part of a funding approval request. The terms of reference and governance arrangements would be reviewed in the light of operational experience as part of the externally led 2022 Board Effectiveness Review. The establishment of the Committee also required changes to the terms of reference of the Finance Committee and the Programmes and Investment Committee to reflect their relationship with the new Committee.

The Board was also asked to agree that the General Counsel: amend Standing Orders and the terms of reference of the Finance Committee to consolidate a previous delegation of a reserved matter to the Committee on Treasury Management approvals, as those arrangements had worked satisfactorily and to amend Standing Orders that applied to the quorum at meetings, to clarify that Members attending meetings by teleconference or videoconference could take part in discussions but not decision-making, as they did not count toward the quorum.

As discussed earlier in the meeting, Patrick Doig, the statutory Chief Finance Officer (CFO), had been asked to take on the responsibilities of the managing CFO role, until that post was recruited to. The Commissioner would exercise his authority, under Standing Order 125, to designate Patrick Doig to carry out the functions that Standing Orders delegated to the vacant managing CFO post until it was filled. There were several processes where the Board had specifically delegated authority to the managing CFO alone and approval was requested to extend all approvals and authorisations given to the managing CFO to the statutory CFO as well. Where processes required the approval of both the managing and statutory CFO, the statutory CFO would also consult with the Director of Corporate Finance.

**The Board noted the paper and the verbal update in relation to the interim arrangements for authority delegated to the managing Chief Finance Officer and:**

- 1 approved the establishment of a new Land and Property Committee of the Board to provide assurance and oversight for the Board on TfL's land and property development activities and the operation and performance of TTL Properties Limited and its subsidiaries, with authority, initial membership and terms of reference as appended to the paper;**
- 2 approved the amendment of the terms of reference for each of TfL's other Committees and Panels, as described in the paper, to reflect the establishment of the new Land and Property Committee;**
- 3 approved the conversion of the specific delegation by the Board on 29 July 2020 to the Finance Committee in relation to the approval of Treasury Management matters that are reserved to the Board to a general delegation to the Finance Committee;**
- 4 agreed that, for so long as the post of managing Chief Finance Officer remained vacant, where any approval or authority was to be given by the managing Chief Finance Officer, other than as set out in Standing Orders, it may also be given by the statutory Chief Finance Officer provided that, where any matter required the approval of both the managing and statutory Chief Finance Officers, that approval was subject to consultation with the Director of Corporate Finance; and**

- 5 authorised the General Counsel to implement the changes to Standing Orders and terms of reference for Committees and Panels as described in the approvals listed above and in the paper.**

## **26/03/22 Report of the meeting of the Safety, Sustainability and Human Resources Panel held on 24 February 2022**

The Chair of the Panel, Dr Lynn Sloman MBE, introduced the item.

The Panel had a useful discussion on the progress of the Bus Safety programme, which provided a good example of TfL's safe systems approach. In the last year, 132 people had been killed or seriously injured on the buses; while this was ahead of the trajectory to reduce that number to zero, in part due to the fall in ridership, the Panel would keep the progress under review as several important initiatives had been impacted by funding uncertainty.

There was also a good discussion on TfL's Climate Change Adaptation strategy and how it was building resilience to manage the risks. The Panel would again keep this under review.

**The Board noted the report.**

## **27/03/22 Report of the meeting of the Programmes and Investment Committee held on 2 March 2022**

The Chair of the Committee, Ben Story, introduced the item.

The Chair commended the management's open approach to accepting and addressing the recommendations from assurance reviews and the commitment to have no overdue recommendations. The number of overdue recommendations had reduced to one from the Independent Investment Programme Advisory Group and 10 from TfL's Project Assurance team.

The Committee had a useful discussion on asset renewals, which focussed on asset condition and future spend that focussed on value and achieving the Mayor's Transport Strategy outcomes. The discussion on the Technology and Data (T&D) programme focussed on renewals and the Committee encouraged the Executive team to consider how T&D could drive efficiency and value.

The Committee reviewed the update on Enterprise Risk 8 – Delivery of key projects and programmes, where its status had changed to "requires improvement" to reflect the impact of the coronavirus pandemic, inflation and funding uncertainty on TfL and its supply chain. It appreciated the commitment from staff to improve the risk outlook.

**The Board noted the report.**

## **28/03/22 Report of the meeting of the Finance Committee held on 9 March 2022**

The Chair of the Committee, Anne McMeel, introduced the item. Many of the issues discussed had been considered earlier at this meeting.

The Committee exercised the authority delegated by the Board to approve: the Treasury Management Strategy 2022/23; the Treasury Management and Derivative Investments Policies; and the Investment Management Strategy 2022/23 - Non-Financial Assets. The Treasury team was commended for the successful upgrade of its treasury management system.

The Committee had approved revised Taxi Fares and Tariffs, which sought to strike an appropriate balance between affordability for passengers and providing enough income for the trade to retain and attract drivers. An interim review of the impact of the changes on passenger numbers and drivers would be provided to the Committee later in the year.

The Committee also approved the arrangements for the Greater London Authority Group collaborative procurement of Power Purchase Agreements.

**The Board noted the report.**

## **29/03/22 Report of the meeting of the Audit and Assurance Committee held on 16 March 2022**

The Chair of the Committee, Mark Phillips, introduced the item.

The Committee had considered the Integrated Assurance Plan, which was closing out existing work and moving towards a dynamic plan for 2022/23 that enabled the plan to adjust for changes more readily.

The update on Enterprise Risk 13 – Governance controls and suitability had identified no critical issues. Members and the Executive team would hold an Enterprise Risk workshop shortly to discuss and review the key risks to TfL and how they were managed.

The Committee welcomed the Independent Investment Programme Advisory Group review of supply chain contracts and also recommended that financial control environment trend indicators focus on how they demonstrated value for money.

**The Board noted the report.**

## **30/03/22 Report of the meeting of the Customer Service and Operational Performance Panel held on 17 March 2022**

The Chair of the Panel, Dr Mee Ling Ng OBE, introduced the item.

The Panel considered the quarterly Customer Services and Operational Performance Report and had a detailed and constructive discussion on Enterprise Risk 3 – Major service disruption (ER3).

ER3 impacted the whole organisation and the Panel had been struck by the courage and responsiveness of staff, who had demonstrated their leadership and talent, in addressing the impact of the coronavirus pandemic on TfL. Important lessons had been learned on how to manage future shocks.

**The Board noted the report.**

### **31/03/22 Any Other Business the Chair Considers Urgent**

There was no other urgent business.

### **32/03/22 Date of Next Meeting**

The date of the next meeting was scheduled for Wednesday 8 June 2022 at 10.00am.

The meeting closed at 1.15pm.

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

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