

Transport for London

Minutes of the Programmes and Investment Committee

Conference Rooms 1 and 2, Ground Floor, Palestra,
197 Blackfriars Road, London, SE1 8NJ

10.00am, Wednesday 18 May 2022

Members of the Committee

Ben Story (Chair)
Julian Bell
Seb Dance
Dr Lynn Sloman MBE
Peter Strachan (present for items to 23/05/22)

Government Special Representative

Becky Wood

Executive Committee

Andy Byford Commissioner
Howard Carter General Counsel
Stuart Harvey Chief Capital Officer

Staff

Alexandra Batey Director of Investment Delivery Planning (via Teams)
Daniel Champion Head of Investment Delivery Planning – Air Quality,
Technology and Environment (for Minute 24/05/22)
Michael Cooper Director, Project Management Office
Philip Hewson Head of Procurement – Strategy and Performance
Lorraine Humphrey Director of Risk and Assurance (via Teams)
Shamus Kenny Head of Secretariat
Alex Main Senior Capital Investment Planning Manager (for Minute
26/05/22) (via Teams)
Rachel McLean Financial Director, TfL Operations, and Chief Finance Officer,
Crossrail (via Teams)
Jamie Mordue Senior Committee Officer, Secretariat
James Norris Interim Head of Project Assurance
David Rowe Head of Investment Delivery Planning - Major Projects (for
Minute 25/05/22)
Rachel Sherry Head of Finance, Major Projects
Jadon Silva Supply Chain Director
Garry Sterritt Head of Asset Investment (for Minute 25/05/22)
Shashi Verma Chief Technology Officer and Director of Strategy
Jadon Silva Supply Chain Director (via Teams)
Jonathan Wharfe Supply Chain Director (via Teams)

Independent Investment Programme Advisory Group (IIPAG)

Alison Munro Chair, IIPAG
Jonathan Simcock IIPAG Member (via Teams)

17/05/22 Apologies for Absence and Chair's Announcements

Apologies for absence were received from Dr Nelson Ogunshakin OBE. Peter Strachan would need to leave the meeting at 11.00am.

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

The meeting would be the last Committee meeting for Alexandra Batey before she took up her new role as Phase 2B Development Director at HS2. The Committee thanked Alexandra for the tangible and lasting contributions she made to shaping the organisation in her 20 years with TfL. The Chair stated that the loss of another talented senior officer highlighted the need to secure certainty on TfL's future funding and address pay disparities with other major transport and infrastructure providers. The Commissioner echoed the Chair's comments and praised the world class contribution she had made to TfL and gave his best wishes for the future.

Alexandra Batey thanked the Commissioner and the Committee for the support they had shown. She was proud to have gone from graduate to director and to have helped shape the future of TfL.

The meeting would also be the last for Jamie Mordue in the Secretariat. The Commissioner and the Committee thanked Jamie for his service to Members and the Committee and wished him well for the future.

Financial Authority was currently provided through the two year Budget for 2021/2022 and 2022/23, approved by the Board on 28 July 2021. The current funding agreement with Government expired on 24 June 2022. Any Authority granted at the meeting which related to both the current funding period and commitments that extend beyond the period of the Business Plan and Budget may need to be revised as part of future budgets to be considered by the Board. If additional funding was not available, a prioritisation of the TfL Investment Programme would be required and some programmes and projects would not be taken forward and revised authority would be sought as appropriate.

All approvals given would be overseen in accordance with TfL business controls in respect of draw down.

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. No matters were raised.

18/05/22 Declarations of Interests

The Chair had taken up a new role as Chief Operating Officer of Sustainable Development Capital LLP. There was unlikely to be any significant issues where conflicts of interest arose.

Julian Bell had established a management consultancy company and was no longer a strategic advisor for the Built Environment Communications Group. He had also

stood down as a councillor for the London Borough of Ealing but would continue to represent London Councils on the Board until his term of office expired.

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

19/05/22 Minutes of the Meeting of the Committee held on 2 March 2022

The minutes of the meeting of the Committee held on 2 March 2022 were approved as a correct record and signed by the Chair.

20/05/22 Matters Arising and Actions List

Howard Carter introduced the paper, which set out progress against actions agreed at previous meetings of the Committee.

The Committee noted the actions list.

21/05/22 Use of Delegated Authority

Howard Carter introduced the paper, which provided an update on the use of delegated authority by the Committee, through the use of Chair's Action or of Procurement Authority and Programme and Project Authority, in respect of matters within the Committee's remit, granted by the Commissioner and the Chief Finance Officer.

Since the meeting on 2 March 2022 there had been three uses of Chair's Action in relation to (a) approvals from the 2 March 2022 meeting, as it was held online; (b) Expanding Pay As You Go on Rail in the South East; and (c) Healthy Streets Programme Continuation.

The Commissioner had approved three Procurement Authority requests in relation to the Piccadilly Line Upgrade Track – Manufacturing Contract for Composite Conductor Rail and Accessories; London-wide Ultra Low Emission Zone (Road User Charging 2023 Scheme); and the variation of the Managed Services contract to cover additional business critical changes to the SAP system.

The Chief Finance Officer had approved one Procurement Authority request in relation to Project Support Agreement – Four Lines Modernisation Wayside Works Agreement Wayside Delivery and Wayside Asset Protection.

There had been no Mayoral Directions to TfL within the Committee's remit.

The Committee noted the paper.

22/05/22 Independent Investment Programme Advisory Group Quarterly Report

James Norris introduced the report, which provided an update on the Independent Investment Programme Advisory Group (IIPAG) work undertaken since the last report.

IIPAG had completed work on two cross-cutting areas. A review of the Project Management Office (PMO) found that the PMO had been reinvigorated and good progress had been made since 2021. Some areas remained underdeveloped. No specific recommendations were made other than to encourage the PMO to maintain momentum. A review of the treatment of risk found that there was an under provision of risk in some cases.

Members welcomed the reviews and agreed that it was important to track the outcome of decisions, particularly when there were lessons to learn.

Loss of talent remained a risk for TfL. Resourcing in the PMO would need some reinforcement; it was noted that the jobs market for these skills was currently very active and TfL was also looking at how it could support its supply chain.

The reorganisation of senior roles clarified accountabilities and provided better governance. This would also further guard against optimism bias, improvements around which were evident through the openness around RAG ratings in the Investment Programme Reports.

Long term funding certainty would help TfL to retain key staff involved in project gateway reviews and stifle optimism bias where only a certain number of projects were able to be funded.

The Commissioner was encouraged by the Prime Minister's comments on a potential Crossrail 2 and the Bakerloo Line Extension and noted that TfL remained committed to long term financial sustainability.

The Committee thanked Kenny Laird for the contributions he made to the work of the Committee as a member of IIPAG. Recruitment for two IIPAG roles was due to start, to ensure it had sufficient resource, including for the possibility of providing assurance to TTL Properties Limited.

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

23/05/22 TfL Project Assurance Update

James Norris introduced the paper, which provided an update on the project assurance work undertaken between 21 January and 31 March 2022 and the key findings from the reviews.

Seven detailed reviews had been conducted, of which the Independent Investment Programme Advisory Group was involved in five. The reviews gave rise to a total of

25 recommendations being made, of which none were considered to be critical issues.

There had been an improvement in the close out of recommendations in Quarter 4 of 2021/22. There were two overdue critical recommendations relating to business cases for London Underground projects and Project Assurance continued to work with the teams and progress was being made on both.

Members noted that there was recognition across TfL that the standard of business cases needed to be elevated but that it was not always straight forward to demonstrate the value for money of a project that improved the safety of a working environment which was already very safe.

Members asked that future reports distinguish between critical and non-critical recommendations in the charts and when a recommendation was more than three months overdue. **[Action: James Norris]**

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

24/05/22 London Underground Technology Programme

Alexandra Batey and Daniel Champion introduced the paper, which provided an update on the rolling programme to renew operational technology in London Underground (LU), to enable TfL to continue to use technology effectively to support operations, ensure compliance with relevant legislation and drive improvements for customers.

The Programme had delivered 7,000 new handheld devices to help staff provide excellent customer service. These were delivered on time and under budget. In support of Vision Zero, 4,500 body worn cameras had been distributed to front line staff; footage from body worn cameras had already been used to prosecute those who abused staff.

Good progress had been made in larger projects such as Connect, where core radio hardware and software had been renewed. A reduction in hardware cost resulted in a £6.7m reduction in project cost.

Changes to the Estimated Final Costs (EFCs) were as a result of changes to Asset Management Information System and Station Security Technology Integration Programme.

The plan for the 2022/23 financial year was to address key obsolescence and back office renewals through 15 projects.

In response to financial constraints, there had been a reprioritisation of non-essential spend. Noting that TfL would not operate unsafe assets, further reductions would introduce operational risks.

A significant proportion of the requested authority was for the Future Operational Network, which related to the renewals of existing systems and the future strategy

post 2026. The amount requested was derived through the prioritisation process, whereby each portfolio was given an allocation based on the prioritisation of its assets. Future papers would make clearer how amounts requested were determined to be appropriate.

Since the last submission to the Committee, the paper had been updated to provide an overview of significant projects, which compared baseline and current EFCs and completion dates. Future papers would include baseline benefit-cost ratios and value for money figures. Members stated that visibility and accuracy of the figures were important, particularly given the funding situation. Where additional authority was requested a clear explanation of why the amount requested was correct and appropriate should be provided.

Members would receive an update on work done on the business planning process and prioritisation to determine allocations for portfolios in the second half of 2022.

[Action: Director of Investment Delivery Planning]

The Committee noted the paper and:

- 1 approved additional Programme and Project Authority of £63.3m for the London Underground Technology Programme, giving total Programme and Project Authority of £225.9m; and**
- 2 noted that Procurement Authority in respect of the various elements of the London Underground Technology Programme will be sought at officer level in accordance with Standing Orders.**

25/05/22 Surface Transport Asset Renewals Programme

Alexandra Batey introduced the paper, which provided an update on the programmes that delivered essential asset renewals and managed the state of good repair (SOGR) to provide a safe and operable network. The current Programme and Project Authority would apply through to the end of 2024/25. David Rowe also spoke to the item.

The Programme's budget for 2022/23 had been decreased to ensure it was within the overall £600m allocation from the Budget for capital renewals across all of TfL. This was significantly lower than the 'Do Minimum' scenario needed to maintain the current condition of the assets. Consequently, TfL's assets were now subject to a 'Managed Decline' scenario, where it was forecast that asset condition would deteriorate in 2022/23.

A work bank of schemes was being developed for the future, so the schemes would be ready if certainty of funding was secured.

Restrictions on assets, such as reducing the speed limit on the A40 from 50mph to 40mph, were taken on a case by case basis and safety remained paramount.

The Commissioner noted that if assets continued to degrade, it would cost more in the long-term and take longer to return to a SOGR. TfL would not allow assets to be unsafe whilst in operation. London's transport system was nationally strategically

significant, and it was a false economy to allow its assets to decline below a SOGR. Investment in London's transport system helped to drive London's economy, which in turn helped to fund development in other parts of the country.

Members stated that Londoners paying to use any mode of transport would expect the assets of that mode to be maintained to a SOGR.

The Committee noted the paper and:

- 1 agreed that the current Programme and Project Authority of £648m will apply through to the end of 2024/25; and**
- 2 noted that Procurement Authority in respect of the various elements of the Surface Transport Assets Programme will be sought at officer level in accordance with Standing Orders.**

26/05/22 Capital Efficiencies Report, 2021/22

Stuart Harvey introduced the paper, which set out how TfL delivered on the milestones contained in the Capital Efficiency Plan and set out the efficiencies realised during the 2021/22 financial year. The report did not currently include efficiencies that would be delivered through the organisational changes.

In a 'Managed Decline' scenario, aspirations for efficiencies were reduced. Where there was funding certainty, such as with the Piccadilly Line Upgrade Programme, it was possible to deliver efficient procurement. Conversely, on procurement for Highways the same efficiencies could not be delivered.

The target for efficiencies in 2021/22 had been achieved through business as usual activities. Capital Efficiencies workstreams were progressing well; the quality of pathway compliance was being improved further, extensive 'make or buy' thinking was in place to ensure engineering resource was used efficiently, and thinking around the use of certain types of contract to ensure the procurement strategy maximised value for money.

As many of the efficiencies delivered thus far would enable TfL to deliver greater efficiencies in the longer term, it was important to track progress in embedding them into the organisation.

Members were encouraged by the progress made.

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

27/05/22 Members' Suggestions for Future Discussion Items

Howard Carter introduced the current forward plan for the Committee.

Members asked to visit the Old Street project.

[Action: Secretariat]

The Committee noted the forward plan.

28/05/22 Any Other Business the Chair Considers Urgent

There was no urgent business.

29/05/22 Date of Next Meeting

The next scheduled meeting of the Committee would be held on Wednesday 20 July 2022 at 10.00am.

30/05/22 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: Independent Investment Programme Advisory Group Quarterly Report; TfL Project Assurance Update; and Capital Efficiencies Report.

The meeting closed at 12.10pm.

Chair: _____

Date: _____