

Transport for London

Minutes of the Meeting

**Conference Rooms 1 and 2, Palestra, 197 Blackfriars Road,
London, SE1 8NJ
12 noon, Tuesday 30 August 2022**

Members

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

Government Special Representative

Becky Wood (Part 1 only)

Executive Committee

Andy Byford	Commissioner
Howard Carter	General Counsel
Patrick Doig	Group Finance Director and statutory Chief Finance Officer
Stuart Harvey	Chief Capital Officer
Andy Lord	Chief Operating Officer
Lilli Matson	Chief Safety, Health and Environment Officer (Part 1 only)
Gareth Powell	Chief Customer and Strategy Officer
Tricia Wright	Chief People Officer

Staff

Matt Brown	Director of Communications and Corporate Affairs
Fiona Brunskill	Director of People and Culture Change
Joanna Hawkes	Director of Corporate Finance
Rachel McLean	Chief Finance Officer, Crossrail and Finance Director, TfL Operations
Shamus Kenny	Head of Secretariat
Sue Riley	Principal Secretariat Officer

73/08/22 Apologies for Absence and Chair's Announcements

Apologies for absence had been received from Heidi Alexander and Prof. Greg Clark CBE. Members Anurag Gupta, Dr Nelson Ogunshakin OBE, Marie Pye, Dr Lynn Sloman

MBE, Ben Story and Peter Strachan were joining the meeting by Teams and therefore did not count toward the quorum.

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. Due to the confidential and commercially sensitive nature of the proposals, it was not possible to discuss any of the details in Part 1 of the meeting nor to reopen the meeting as any decision taken was subject to a Market Announcement, which would be made as soon as possible after the meeting.

The meeting was called on 23 August 2022, with less than five clear working days' public notice in accordance with Standing Order 33. The Chair had agreed, in accordance with Section 100B(4)(b) of the Local Government Act 1972, that the meeting be called as a matter of urgency as decisions were required in relation to TfL's funding. With the agreement of the Chair, the papers for the meeting were published on 25 August 2022 as discussions on the matters in the papers were ongoing.

The Chair reiterated that the need for financial support was entirely due to the impact of measures to control the coronavirus pandemic from March 2020, before which TfL was on target to record a record operational surplus. The funding settlement from the Government had expired and discussions had been ongoing to secure the best settlement in the interests of London and across the UK, given TfL's extensive supply chain. The Chair and Members thanked the Commissioner Andy Byford, his Executive Committee and everyone involved in the discussions with Government to secure funding that supported London, workers and the transport network.

Before moving onto the main agenda item, the Chair and Andy Byford thanked Julian Bell, who was attending his last meeting before his term of office as a Member expired on 4 September 2022. Following discussions with London Councils, Julian Bell joined the Board in February 2020 and was a powerful advocate and conduit for strengthening the relationships with boroughs, who were key partners in the delivery of the Mayor's Transport Strategy. Julian was thanked for his input in and outside of meetings and wished every success for the future.

As discussed at the meeting on 27 July 2022, Gareth Powell would leave TfL in September 2022. In addition to his wider contribution to TfL, Gareth had a key role in the discussions with Government on funding.

As safety was paramount at TfL, Members were invited to raise any safety issues at the meeting or to discuss them with Howard Carter or the appropriate member of the Executive Committee after the meeting.

74/08/22 Declarations of Interest

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

Due to the nature of the information to be discussed on Part 2 of the agenda, Becky Wood, as the Government's Special Representative, and Lilli Matson, as a current Pension Fund Trustee, had not received the Part 2 paper and would leave the meeting for the discussion of that information.

75/08/22 Government Funding Settlement

Andy Byford introduced the item. When he joined TfL as Commissioner in June 2020, his top two priorities were to open the Elizabeth line without further delay and to get the organisation on a sound financial footing following the damage caused by the coronavirus pandemic. The Elizabeth line opened in May 2022 and TfL had steadfastly rebuilt ridership on its services and kept delivering through a series of short-term funding settlements. While grateful for the money received to-date, TfL needed a long-term funding settlement to enable it to plan.

Discussions with the Government on a long-term funding settlement had been ongoing since March 2022. These had been one-sided, complex and exhausting. TfL had been relentless in seeking the best settlement for London, its customers, staff and suppliers. While the latest offer was still less than required, it was considered fairer and moved TfL away from both Section 114 action and the managed decline scenario in its current budget. TfL required funding to continue to operate and accepted that any funding came with conditions. Accepting the latest offer would ensure that TfL remained in control of its own destiny.

While passenger demand had begun to stabilise, there remained an ongoing structural reduction in passenger income of around £1.5bn per year. While grateful for the £5bn of extraordinary funding support provided by the Government since 2020, it had not fully offset the revenue lost due to the pandemic and tough decisions had been taken to reduce investment, control costs and raise new sources of revenue. Due to this action, TfL was back on a path to financial sustainability by April 2023 and on a declining trajectory of Government revenue funding, with 2022/23 being the last year that Government revenue support was required.

The lack of certainty on longer-term capital funding from Government resulted in the 2022/23 TfL Budget being based on a 'managed decline' scenario, but avoiding that scenario was critical to supporting the London and therefore national economic recovery. The cost-saving measures taken during the pandemic meant an increased level of asset renewals was needed to address the backlog and the ongoing deterioration in the state of good repair. Longer-term capital funding was essential to provide the certainty and stability needed to make long-term decisions on infrastructure investments in an effective and efficient manner and all major transport networks globally relied on a form of Government funding to support their pipeline of infrastructure investment. Members considered the quantum and conditions of the Governments proposal, recognising that there would be no further offer. Patrick Doig confirmed that the final offer while not ideal would enable TfL to achieve a balanced budget, negating the need for Section 114 action. Rejection of the offer would result in the need to take Section 114 action and Members considered the impact of that decision and direct Government control of TfL. The funding proposal and conditions had been shared with TfL's external auditors, EY, who were required to consider if TfL remained a going-concern.

Members discussed the key conditions in detail and how they could be addressed and the impact on the organisation, particularly those that limited TfL's discretion and impacted staff remuneration and pensions. They recognised and commended staff and contractors for the effort and commitment that had kept London moving during the pandemic and had enabled TfL to keep delivering despite the uncertainty. The conditions relating to pay and pensions would cause further concern, but it was better that TfL had control over how these were addressed.

TfL had achieved many notable things, such as the Northern line extension, the launch of the Elizabeth line and continued progress on step-free access, despite the impact of the pandemic and the distraction of funding discussions with Government. However, those funding discussions had distracted management from planning, caused anxiety with staff, contractors and the supply chain and hindered TfL's delivery and delivery by London boroughs who required TfL funding and support to plan and implement their own schemes. The Chair and Members expressed a desire for a reset in relations with Government and for lessons to be learned from the funding process. TfL and Government needed to work together to achieve the aspirations in the Mayor's Transport Strategy and the Government's own aspirations in relation to levelling up, the environment and active travel.

All Members present in the room, except for Bronwen Handyside, voted to agree the funding settlement. Bronwen Handyside respected the effort put in to negotiate on the final offer but asked that her vote against the settlement be recorded as she could not support the ambiguity in relation to pay and pensions. Although not able to vote, the Members joining via Teams (and those who had given their apologies for the meeting) supported accepting the settlement offer.

The Board noted the paper and the exempt supplementary information on Part 2 of the agenda and agreed to accept the funding settlement from the Department for Transport on the terms set out in the draft letter from the Secretary of State for Transport.

Following the decision by the Board, Andy Byford confirmed that the Department for Transport would be informed and once a signed letter had been received from the Secretary of State for Transport and checked, a Market Announcement would be made. Communication plans had been prepared to inform the Trade Union General Secretaries, the top leadership team and all staff and key stakeholders and suppliers.

76/08/22 Date of Next Meeting

The next scheduled meeting of the Board would be held on Wednesday 12 October 2022 10.00am.

77/08/22 Exclusion of the Press and Public

The Board 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 on the Government Funding Settlement.

The meeting closed at 2.00pm.

Chair: _____

Date: _____