

# Transport for London

## Minutes of the Land and Property Committee

Paddington Room, 10<sup>th</sup> Floor, Palestra,  
197 Blackfriars Road, London, SE1 8NJ

11.00am, Wednesday 30 June 2022

### Members of the Committee

Professor Greg Clark CBE (Chair)  
Dr Nina Skorupska CBE (Vice Chair)  
Heidi Alexander (via Teams)  
Seb Dance  
Anne McMeel  
Ben Story

### Greater London Authority (GLA) Observer

Lyn Garner                      Chief Executive London Legacy Development Corporation (via Teams)

### Executive Committee

Howard Carter                General Counsel (via Teams)  
Gareth Powell                Chief Customer and Strategy Officer

### Staff

Graeme Craig                Director, Commercial Development  
Justine Curry                Head of Commercial Law  
Lester Hampson             Property Development Director, Commercial Development (via Teams)  
  
Joanna Hawkes              Director of Corporate Finance  
Lorraine Humphrey        Director of Risk and Assurance  
Paul Hymers                Head of Business Partnering (via Teams)  
Shamus Kenny              Head of Secretariat  
Daniel Lovatt                Head of Property Management (via Teams)  
Helen Murphy               Director of Consulting and International Operations, Commercial Development (via Teams)  
  
Heather Renton              Head of Governance and Compliance, Commercial Development (via Teams)  
  
Heather McStay             Programme Manager, Commercial Development (via Teams)  
Amy Thompson              Public Affairs and External Relations Lead (via Teams)  
Ken Youngman               Divisional Finance Director, Commercial Development

### Other attendees:

Tim Steer                     Director of Housing and Land, GLA (via Teams)  
Elliott Treharne             Assistant Director of Transport, Infrastructure and Connectivity, GLA

## **01/06/22 Apologies for Absence and Chair's Announcements**

The Chair welcomed everyone to the first meeting of the Committee, including Lyn Garner as the Greater London Authority observer. 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 Committee had been established to provide the Board with oversight of the land and property development function within TfL, which was key to supporting TfL's future financial sustainability and the Mayor's housing policies. The terms of reference, agreed by the Board on 23 March 2022, had been recirculated to Committee Members and attendees. Several items on the agenda laid the ground for a launch meeting and had therefore previously been discussed by the Board and other Committees. The Chair thanked the authors for the quality of the papers. The Committee would meet quarterly and have regular site visits and briefings.

The Chair noted that Gareth Powell had announced that he would leave TfL in September 2022, after almost 19 years at TfL, to take on an exciting new opportunity. He commended Gareth for his service to TfL in a variety of roles in London Underground, then as Managing Director of Surface Transport and most recently as the Chief Customer and Strategy Officer and Deputy Commissioner. The Chair and Committee wished him every success for the future.

The Chair reminded those present that safety was paramount at TfL and encouraged Members to raise any safety issues during discussions on a relevant item or with TfL staff after the meeting. No matters were raised.

## **02/06/22 Declarations of Interests**

Ben Story 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.

As reported at the meeting of the Board on 8 June 2022, the Chair of the Committee, Professor Greg Clark CBE, has stood down from his role at HSBC Group on 26 May 2022. This removed any potential issues on funding discussions, though decisions on those matters would continue to be made by the Finance Committee.

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

## **03/06/22 Evolution of TfL Property**

Graeme Craig introduced the item, which set out the evolution of TfL's approach to commercial property since 2012, when activity was first brought together from across the organisation. A huge amount has been done since then and, in TTL Properties Limited (TTLP), TfL had the opportunity to establish a commercially focused property company that could support delivery of the Mayor's housing policies and generate

significant additional asset value, alongside delivering an annual dividend that could be reinvested in the transport network.

The Committee commended the team for the work done to date, including securing the debt facility. Members acknowledged that more would be required to maximise the benefits of TTLP and noted that the team was looking to drive forward with plans to deliver what London required.

**The Committee noted the paper.**

## **04/06/22 Assurance Framework for TTL Properties Limited**

Lorraine Humphrey introduced the item, which set out the assurance proposals for TTLP. These were consistent with the overall assurance approach across other TfL functions but tailored, where appropriate, so that assurance was done by the right team, at the right time and avoided duplication.

TTLP would have its own Enterprise Risk Framework and risk appetite and its own Integrated Assurance Framework and Audit Schedule.

TfL's Three Lines of Defence model would include a new specialist sub-group of the Independent Investment Programme Advisory Group (IIPAG) to provide assurance, replacing the previous Commercial Development Advisory Group which provided advice. This model had worked effectively to provide assurance to the Crossrail project. The chair of the IIPAG sub-group would have experience in property development and house building and Board Members would be involved in the second round of interviews.

Expertise would also be drawn from staff across the Greater London Authority (GLA) Group, including the Mayoral Development Corporations, where this would add value. Discussions had been held with the Mayoral Development Corporations when considering the approach to audit and assurance. TfL and TTLP would continue to harness the knowledge and experience of the wider GLA Group.

A separate cost centre had been established so that the cost of assurance was clear and recharged to TTLP.

Regular briefings on the property market would be provided to Members. While many Members of the Board had property experience, any gaps in this knowledge would be considered for future Board appointments.

**The Committee noted the paper and approved the assurance proposals.**

## **05/06/22 Financial Framework for TTL Properties Limited**

Graeme Craig, Joanna Hawkes and Ken Youngman introduced the item, which provided information on TTLP financial framework to enable it to operate as a financially separate company within TfL.

From 1 April 2022, TTLP began operating on the basis that no further funding would be provided by TfL and that TTLP would operate purely from its own financial resources. TTLP was separated from the TfL cash pooling arrangements and now ran independent banking arrangements.

Members noted that affordability analysis and stress testing exercises had been undertaken and that assurance had been sought on the ability of TTLP to borrow, given recent changes to the Chartered Institute of Public Finance and Accountancy Prudential Code, which TfL was obliged to have due regard to. Members also noted the non-recourse implications in relation to guarantees and directors.

On 22 June 2022, the Finance Committee had given approval in relation to securing a Revolving Credit Facility, which had subsequently been completed on 29 June 2022. The accounts of TTLP were being audited and would be approved by its directors, ahead of approval of the TfL Group accounts.

The Greater London Authority (GLA) and by HM Treasury have indicated they were content with the financial framework. While matters relating to the financing of TTLP were reserved to the Finance Committee, this Committee would be kept informed through papers and through the cross-over of Members on both Committees.

The Committee discussed and noted the need to balance the primary but competing objectives of meeting the Mayor's housing policies to build 20,000 homes in 10 years, while meeting his affordable housing targets, against the need to generate income to support TfL's financial sustainability. A deep dive was underway on the practicality of meeting the first 10,000 homes, particularly given the challenging market due to economic conditions. The Committee would receive more information on large development sites that were key to hitting early targets and would also be invited to site visits.

TTLP would focus on delivering against its Business Plan and take a very prudent approach to borrowing. Following advice, the proportion of its balance sheet that would be developing at any one time had been reduced from 33 per cent to 25 per cent. As each development moved to a set level of maturity and income generation, the next would begin. TTLP was looking at its disposal programme and investment in existing assets. TTLP's cash balance was also not included in TfL's cash forecasts.

Members discussed how the size and scale of TTLP's programme, in tandem with the wider GLA Group and other public sector bodies, was expected to help address systemic issues with the property development industry, such as the cyclical nature of development and lack of investment in off-site manufacturing.

A robust and transparent reporting mechanism was being developed to ensure that the Committee was kept up to date with progress against the Business Plan. Site visits to some of the larger development sites would be included on the forward plan.

**The Committee noted the paper.**

## **06/06/22 Investment Strategy and Business Plan**

Graeme Craig introduced the item on TTLP Investment Strategy and associated Business Plan. These reflected the experience of the lead transport authorities in the world and sought to bring operational as well as financial benefits where possible. Together they provided a framework for TTLP's decision-making in relation to all its investments by allowing the organisation to deliver on its objectives in a way that optimised returns and managed risk across the investment programme.

The Investment Strategy for TTLP is the first consolidated Investment Strategy created in relation to the TTLP portfolio and would be reviewed annually to reflect its evolution over time. The Investment Strategy and Business Plan underpinned the positive engagement with lenders and, as well as supporting an annual dividend for TfL, set out the commercial investment to deliver 20,000 homes by 2031 to meet a key Government and Mayoral target for TTLP. Members asked that the plan be explicit on its definition of affordable housing.

The Committee noted the asset mix and how TTLP activity could also support the transport network (for example through step-free access). One change had been made to the investment strategy measures where the equity metric for the maximum amount of TTLP's gross asset value to be invested as equity in development projects had been reduced from no more than 33 per cent to no more than 25 per cent.

The Committee supported the ambitions in the plan and strong controls. Members were keen that the long-term Investment Strategy be kept under review and a debt ceiling considered. A balanced scorecard was being developed so that the Committee could monitor progress against all objectives and an Environmental, Social and Governance framework. The metrics would be refined and submitted to the Committee for review.

**The Committee noted the paper.**

## **07/06/22 Purpose and Branding**

Graeme Craig introduced the item and summarised the work undertaken on the Purpose and Operating Principles of TTLP. The work on branding was at a much earlier stage. The aim was to build on the relationship with TfL, while recognising that TTLP, as a commercial property company with its own objectives, needed its own strategies and culture, albeit aligned with TfL's Vision and Values.

Members supported the ambition, particularly around environmental and sustainability leadership. It was recognised that this was a challenge and would require investment in and retro-fitting to TfL's existing estate as well as progress that could be implemented from the start with new development. It was agreed that TfL's heritage in relation to architecture and design and the impact this had on place making would be reflected in the purpose and branding.

The Committee would have a future deep dive briefing on the Purpose and Branding and an update on progress. This would be included in the forward plan.

**The Committee noted the paper.**

## **08/06/22 People Plan**

Graeme Craig and Paul Hymers introduced the item, which set out the work undertaken on a strategic People Plan for TTLP as it moved from a department of TfL to be a commercial property vehicle.

The People Plan work would begin with a review of the leadership team and subsequently encompass all elements of the TTLP's strategies, policies and culture in relation to its people.

Members fully supported the plan to create a diverse and inclusive team and the desire to utilise and retain talent across the Greater London Authority (GLA) Group. TTLP offered an opportunity to encourage a rounded career path and to develop leadership talent. While TTLP would need to benchmark against the industry, it would not be able to compete on remuneration. The 'Review of GLA Group Housing Delivery' report by Lord Kerslake had recommended that steps be taken to reduce fragmentation across the GLA Group and so the People Plan would be mindful of roles and salaries, as well as improved collaboration on induction, training and expertise sharing. It was expected that TTLP's ambition and social objectives would provide a compelling package to attract and retain talent.

The Committee would have a future deep dive briefing on the People Plan and an update on progress. This would be included in the forward plan.

**The Committee noted the paper.**

## **09/06/22 Members' Suggestions for Future Discussion Items**

Howard Carter introduced the item. The Committee would establish a programme of deep-dive briefings and site visits, particularly to some of the larger sites, to enhance its knowledge, in addition to quarterly meetings.

Future papers would include updates on Purpose and Branding and the People Plan, as discussed above and discussions on the refinancing strategy and how success was monitored and evaluated.

**The Committee noted the proposals for a forward plan of business items and for informal briefings.**

## **10/06/22 Any Other Business the Chair Considers Urgent**

Members welcomed the progress of the first meeting and the contributions from Members, the observer and staff.

There was no urgent business.

### **11/06/22 Date of Next Meeting**

The next scheduled meeting of the Committee would be set shortly and it would then meet quarterly. [Post meeting note: the date was subsequently set for 18 October 2022 at 11.00am]

The meeting closed at 1.05pm.

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

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