

Transport for London

Minutes of the Meeting

**Conference Rooms 1 and 2, Palestra, 197 Blackfriars Road,
London, SE1 8NJ
10.00am, Wednesday 12 October 2022**

Members

Sadiq Khan (Chair)
Seb Dance (Deputy Chair)
Heidi Alexander
Kay Carberry CBE
Anurag Gupta
Anne McMeel
Dr Mee Ling Ng OBE
Dr Nelson Ogunshakin OBE
Mark Phillips
Marie Pye (via Teams)
Dr Nina Skorupska CBE (via Teams)
Dr Lynn Sloman MBE (via Teams)
Ben Story (via Teams)
Cllr Kieron Williams (for part - via Teams)

Government Special Representative

Becky Wood
John Hall (Department for Transport, Observer)

Executive Committee

Andy Byford	Commissioner
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
Alex Williams	Interim Chief Customer and Strategy Officer
Tricia Wright	Chief Officer – Pensions Review
Fiona Brunskill	Interim Chief People Officer

Staff

Andrea Clarke	Director of Legal
Sarah Gasson	Chief of Staff to the Commissioner
Jackie Gavigan	Secretariat Manager
Lorraine Humphrey	Director of Risk and Assurance
Shamus Kenny	Head of Secretariat
Zoe Woodhams	Chief of Staff to the Chief Finance Officer

78/10/22 Apologies for Absence and Chair's Announcements

Apologies for absence had been received from Professor Greg Clark CBE, Bronwen Handyside and Peter Strachan. Councillor Kieron Williams had to leave the meeting at 11am.

Members Marie Pye, Dr Nina Skorupska CBE, Dr Lynn Sloman MBE, Ben Story and Councillor Keiron Williams were joining the meeting by Teams and therefore did not count toward the quorum. The meeting was quorate.

The Chair welcomed everyone to the meeting, which was being broadcast live on the Greater London Authority website and would also be available on TfL's YouTube channel to ensure the public and press could observe the proceedings. He welcomed Councillor Kieron Williams to his first meeting as a Member of the Board, following his appointment on 10 October 2022, and John Hall from the Department for Transport, who was attending as an observer pending an appointment of the Government's strategic special representative by the Secretary of State for Transport.

The Commissioner, Andy Byford, had announced that he would leave TfL in October 2022. He had rejoined TfL in June 2020, bringing over 33 years of experience from transport roles across three continents. One of his top two objectives was to see TfL through one of, if not the, most difficult periods in its existence given the impact of the coronavirus pandemic and the actions taken to manage it on TfL's staff, operations and finances. His efforts, with his team, achieved a series of short-term Government funding settlements, culminating in a longer-term settlement. In addition to securing funding, he had prepared TfL for the future by restructuring the top management and by engaging staff in developing the Vision and Values that would drive the future culture of the organisation.

Andy Byford's other key priority was to get the Crossrail project under direct TfL control to achieve the opening of the Elizabeth line without further delay. The line opened successfully on 24 May 2022 and Bond Street station would open on 24 October 2022, followed by through running and further timetable enhancements in early November 2022. Among the other notable operational achievements were the delivery of Northern line extension to Battersea and TfL's extensive contribution to the logistical challenges to support the mourning and funeral arrangements following the sad passing of Her Majesty Queen Elizabeth II. The Chair thanked Andy Byford for his service and wished him every success in the future in his new life in America.

The appointment of a permanent Commissioner is a matter reserved to the Board and an open and international recruitment campaign would be undertaken, led by the Deputy Chair, Seb Dance with a panel of Board Members to consider the applications, interview the short-listed candidates and make a recommendation for appointment to the Board. Members would be briefed on the process, Board engagement and timelines after this meeting.

Andy Lord, the Chief Operating Officer and Deputy Commissioner, would be the interim Commissioner until a permanent appointment was made. TfL would make an interim appointment to the role of Chief Operating Officer. An announcement on the appointment to the role of Chief Finance Officer would also be made shortly, following the conclusion of an open recruitment campaign.

The Commissioner had also made two further changes to the leadership team. Fiona Brunskill had been appointed as the interim Chief People Officer as Tricia Wright had been seconded to a new and temporary role of Chief Officer – Pensions Review to lead a small team to review TfL’s pension arrangements, which was a requirement of TfL’s funding settlement with Government.

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.

79/10/22 Declarations of Interests

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. As Councillor Kieron Williams had only just been appointed, his declaration had not yet been published but would be available as soon as possible. A cross-check with his entry for the London Borough of Southwark raised no potential conflicts for this meeting.

There had been no changes to declarations made by Members since the last meeting of the Board.

80/10/22 Minutes of the Meetings of the Board held on 27 July and 9 and 30 August 2022

The minutes of the meetings of the Board held on 27 July and 9 and 30 August 2022 were approved as a correct record and the Chair was authorised to sign them.

81/10/22 Matters Arising, Actions List and Use of Delegated Authority

Andrea Clarke introduced the item. Since the meeting on 27 July 2022, there had been two uses of Chair’s Action by the Chair of the Finance Committee: one in relation to a short extension from 28 July to 3 August of the funding settlement with Government (prior to a long-term settlement being agreed by the Board on 30 August 2022); and one in relation to changes to the Santander Cycles – 2022 Scheme Tariff Change. There had been no other use of specific authority delegated by the Board to Committees. There had been two Mayoral Directions to TfL relating to: revision of the Mayor’s Transport Strategy and road-user charging guidance; and September 2022 fares revision.

Members noted the progress against the actions from previous meetings, as set out in Appendix 1 to the paper.

Following the appointment of Councillor Kieron Williams to the Board, authority was sought to delegate authority to the Deputy Chair to appoint him to Committees and Panels of the Board. All appointments would be notified to the Board.

As the meeting of the Safety, Sustainability and Human Resources Panel, scheduled for 14 September 2022, had been cancelled following the sad death of Her Majesty Queen Elizabeth II on 8 September 2022, approval was sought to waive the requirement for it to meet four times a year in 2022/23.

Following the publication of the paper, the secondment of Tricia Wright to a new and temporary role of Chief Officer – Pensions Review had been announced. The new role required a change to the definition of Chief Officer in Standing Orders, which would be made by the General Counsel under the authority granted by Standing Order 5.

The Board noted the paper and:

- 1 noted the use of Chair’s Action since the last meeting and the receipt of Mayoral Directions to TfL;**
- 2 noted the appointment of Councillor Kieron Williams to the Board to 8 September 2024 and delegated to the Deputy Mayor authority to appoint Councillor Williams to Committees and Panels of the Board; and**
- 3 waived the requirement for the Safety, Sustainability and Human Resources Panel to meet four times in 2022/23.**

82/10/22 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 On 30 August 2022, TfL agreed a new funding settlement with the Government covering a 19-month period until March 2024. TfL could now avoid the managed decline scenario, which would have been a disaster for London, and recover from the impact of the coronavirus pandemic, let contracts with confidence and progress with capital investment.
- 2 The Commissioner was grateful to the Government for the settlement, irrespective of the difficult negotiations, and to have secured around £6bn in support at such a crucial time. He was also grateful to the Mayor, and Heidi Alexander and more recently Seb Dance in their role as Deputy Mayor for Transport and the Greater London Authority for the support provided throughout, including the additional financing facility to assist with the funding gap. He also thanked John Hall and Becky Wood for their role in the discussions with the Government.
- 3 Work remained to secure a long-term financial settlement for capital investment, just like every other major transport system around the world. The funding model whereby TfL relied upon 72 per cent fare box recovery could not continue, particularly during pandemics and other uncertainties, and a more sustainable and stable funding arrangement was needed for the future.

- 4 On 8 September 2022, upon the sad news of the passing of Her Majesty Queen Elizabeth II, TfL started to implement its comprehensive arrangements for Operation London Bridge, the plans for the state funeral and associated events. Andy Lord led the operation with the support of Gareth Powell. The logistical challenge included removing over 300 sets of traffic lights for ceremonial processions, diverting hundreds of bus routes, cancelling engineering works and putting on an hour of extra services on trains after the state funeral. TfL also deployed its most significant customer and stakeholder communications campaign of the last decade, including hundreds of employees being travel ambassadors, to help the millions who travelled to London to pay their respects. Andy Byford commended all the staff involved.
- 5 The next stage of the Elizabeth line project was the opening of Bond Street station on 24 October 2022, subject to final safety assurance checks. Shortly thereafter the progressive connecting up of the three sections would start with through-running services to be introduced from 6 November 2022, with trains from the east going through the central tunnel to Paddington and from the west through the central tunnel to Abbey Wood, without customers having to change trains. There would be an uplift from 12 trains per hour to 22 trains per hour. In May 2023, the whole railway would join up. The Elizabeth line was already a success story for London, with superb levels of ridership.
- 6 On 26 September 2022, TfL introduced a new timetable on the Docklands Light Railway to better support current and future demand. Not only had the timetable increased, which would complement the Elizabeth line service, but the trains themselves had also been strengthened and lengthened.
- 7 TfL had a busy summer assisting with events including the Union of European Football Associations Women's European 2022 final at Wembley Stadium, the London Triathlon, the Notting Hill Carnival and the London Marathon, all of which were delivered smoothly.
- 8 TfL continued to improve the Santander Cycles hire service with the launch of 500 new e-bikes distributed over key London locations, which could be docked at any of the 800 docking stations.
- 9 The opening of the Northern line extension in 2021 had seen an average 17-minute reduction in journey time between the area and the City and the West End, with five million journeys over the year.
- 10 The Chair, Members and Andy Lord, on behalf of the Executive Committee, commended Andy Byford for his successful tenure as Commissioner, which had occurred during the pandemic and the difficult funding negotiations with Government, during which he continued to boost morale, invest in projects and plan for the future. He left the organisation stronger than when he started, which was testament to his good leadership and Members wished him the very best for the future. Andy Byford thanked the Chair, Heidi Alexander and Seb Dance as Deputy Mayors, all Members for their kind comments and support during his time as Commissioner. He also thanked his Executive Committee, past and present, his office support team and all 27,000 staff at TfL and its contractors for their support and hard work.

- 11 Andy Lord thanked the Chair for asking him to act as Interim Commissioner, which he was honoured to do. Building on Andy Byford's success, there were great opportunities for TfL going forward to deliver its commitments under the Mayor's Transport Strategy, to deliver its Business Plan, to continue to deliver safe and reliable services to Londoners, and to encourage customers back onto the network.
- 12 Members discussed TfL's successful operations during the recent extreme heat temperatures. Andy Lord confirmed that an operational review was underway to look at the impact of the measures taken, lessons learnt and future investment, the results of which would be brought to the Customer Service and Operational Performance Panel. Lilli Matson confirmed that TfL's climate adaptation plan would be brought to the Safety, Sustainability and Human Resources Panel and the learnings shared more widely with the Board. **[Action: Andy Lord / Lilli Matson]**
- 13 Fiona Brunskill confirmed that the next cohort of TfL's graduate and apprenticeship schemes had 127 new starters on 20 September 2022. The diversity statistics would be brought to a future meeting of the Safety, Sustainability and Human Resources Panel. **[Action: Fiona Brunskill]**
- 14 Investigations were ongoing into the two fatalities involving collisions with buses that occurred in August 2022. Members asked if the buses involved in the collisions met the Bus Safety Standard and to understand what the consequences were of not being able to implement the bus safety measures as fast as TfL would have liked due to funding uncertainty. The Safety, Sustainability and Human Resources Panel would be updated when the investigations had been fully examined. **[Action: Lilli Matson]**
- 15 Alex Williams confirmed that the workshop with people with disabilities on 17 August 2022 on how the Ultra Low Emission Zone scheme should be modified and how the scrappage scheme could be shaped had been very insightful. The responses would be included in the report to the Mayor. **[Action: Alex Williams]**
- 16 On the 4G rollout on buses, Alex Williams confirmed that he would circulate the key milestones to the Board when available. **[Action: Alex Williams]**
- 17 Alex Williams confirmed that the e-scooter trial with London Councils included a review of the impact of vehicles being left across pavements, causing a barrier for the public particularly disabled people. An update would be provided to a future meeting of the Safety, Sustainability and Human Resources Panel. **[Action: Alex Williams]**
- 18 Members asked what the long-term plan was around cyber security and future challenges presented by inter-dependent networks, including systems upgrades, funding arrangements and having an Executive Committee champion. A position paper on cyber security would be provided to Board Members. **[Action: Shashi Verma]**

The Board noted the report.

83/10/22 Elizabeth Line Operations and Further Opening Stages

Andy Byford introduced the item and highlighted the early success of the Elizabeth line since its launch on 24 May 2022, with more than 45 million journeys made and almost half in the Central Section between Paddington and Abbey Wood and very good performance metrics. He commended everyone involved in bringing the Crossrail project to fruition as an operational railway. The next steps were the opening of Bond Street station on 24 October and then the introduction of the first stage of through-running from 6 November 2022.

The main challenge in terms of reliability had been the performance of services on the surface section between Paddington and Reading. TfL had modelled how the most recent disruption would have impacted through-running services and was working closely with Network Rail and the Concessionaire, MTR Elizabeth line, to address the underlying issues. Between November 2022 and full end-to-end services in May 2023 timetabling issues meant some services would be delayed entering Paddington and some would continue to terminate there. Members were assured that communication plans were in place to keep customers informed on these services, as well as plans to keep customers informed of all potential service disruptions across TfL's modes to enable them to manage their journeys.

TfL was keen to look at the impact of the line on travel patterns and revenue but this work had been delayed due to the impact of industrial action, severe weather and other major events that prevented a reliable baseline. As previously requested, this information would be presented to the Elizabeth Line Committee when available.

The Board noted the paper.

84/10/22 Finance Report

Patrick Doig introduced the item, which set out TfL's financial results to the end of Period 5, 2022/23 (year-to-date from 1 April to 20 August 2022). It also provided a summary of the funding settlement, year-to-date financial performance results, a forward look and details of risks and opportunities, and the debt position and credit rating.

On 30 August 2022, the Board approved a new funding settlement with Government, which avoided financial catastrophe for TfL and years of disruption and delay for Londoners as services would have degraded. TfL was grateful to the Government for the support since 2020, but it was recognised that the settlement while being the best that could be achieved at this time, was less than required and presented risks and challenges. The key risks and challenges included delivering the existing efficiencies programme, the additional savings target of £230m on top of an already stretching efficiency programme, inflation risk on capital expenditure and risks to non-passenger income. Given the shortfall, a key part of managing these risks was the £500m financing facility provided by the Greater London Authority (GLA) which, if drawn down, would be recoverable from future grants so was not additional funding. The GLA financing facility alongside the Government funding allowed TfL to maintain a balanced budget if the risks crystallised but did not avoid the need to make further savings or tough choices in the Business Plan. TfL had committed to meeting all of the funding conditions.

TfL's external auditors noted the importance of the GLA financing facility in its audit report. The presence of the financing facility allowed the auditors to provide an unqualified audit opinion, and enabled the Audit and Assurance Committee to approve the accounts at its last meeting.

Each of the three credit rating agencies had recently reaffirmed their ratings, each noting the importance of the financing facility, with TfL retaining its A+ rating with Standard & Poor's.

As the funding settlement differed from the budget assumptions, TfL was currently preparing a new budget and Business Plan, which would be presented to the Board in December 2022, with two Member briefings scheduled prior to the December meeting.

Quarter 1 2022/23 performance in July 2022 was within one per cent of the income budget, within one per cent of operating cost budget and within one per cent of the capital investment budget. Since then, anticipated risks including inflation, rising bad debt and cost of living had started to crystallise. TfL was managing these risks as planned, using its contingency and savings on pension contributions following the last valuation.

Some favourable financial trends had also emerged, which were a combination of some external tailwinds and the product of continued efforts to deliver further savings and raise non-passenger income. Performance in the year to date provided confidence that TfL could deliver the £90m further savings required by the funding settlement in the 2022/23 financial year but the medium-term risks were increasing, making the target of £140m in 2023/24 more challenging.

Key trends within 2022/23 included total income at two per cent below budget as journey demand continued to recover. The underlying position on passenger demand was very close to budget, with the negative variance predominantly due to the impact of industrial action on national rail and on TfL's services. This highlighted the benefit of the revenue mechanism that relied on passenger income in the funding settlement. Although other income was also two per cent below budget, this was driven by Elizabeth line regulatory charges. The underlying position on other operating income was strong, with better-than-expected advertising income due to strong management and broader market conditions.

Core operating costs remained within one per cent of budget, with overall operating costs at four per cent under budget. Some underlying favourable tailwinds included the funding settlement underpinning renewals spend, which enabled savings on maintenance spend and avoided stranded project staff time that would have resulted from the managed decline scenario. TfL was also saving on a portion of contingency costs, which was needed to meet the new funding settlement requirement.

Capital enhancements were within three per cent of budget, which demonstrated strong delivery in uncertain times. The Period 6 (21 August to 17 September 2022) results had just been finalised, with TfL even closer to budget at two per cent. The bulk of the variance was due to slippage on third-party funded projects, largely because of factors outside of TfL's control.

Capital renewals were nine per cent lower than budget, which was similar for the Period 6 result. This was one of the key issues TfL was managing as, given asset condition and the funding settlement, delivering the programme of essential renewals was critical. Delivery was behind schedule, largely due to resource constraints but the renewals portfolio was being actively managed and TfL was confident in delivering the full year

budget of £600m. It was striving to deliver the increased renewals budget provided in the funding settlement of £635m, although the delays to agreeing the funding settlement made it challenging to increase delivery by this amount over the remainder of the financial year.

TfL had mitigated the largest risk by resolving the funding situation with Government. The funding settlement also provided protection on passenger demand volatility and inflation on operating costs. TfL faced several external headwinds and risks to achieving financial sustainability especially into next year but remained confident it could mitigate them through active management of remaining contingency and use of the GLA financing facility if required.

The key risks included economic uncertainty as UK economic growth remained weak, with latest forecasts suggesting this could continue. TfL was protected on passenger income with the funding settlement but was still exposed to risks on non-passenger income. Continued cost of living challenges and inflationary pressures were reducing disposable income and increasing bad debt levels, which TfL was monitoring carefully.

TfL's exposure to inflation was greatest into 2023/24, which would largely be determined by inflation rates in February to April 2023. Currently TfL was well hedged on energy prices but had exposure in 2023/24. Whilst the new inflation mechanism in the funding settlement provided protection, subject to Ministerial approval, TfL's cost base would still rise and create a pressure beyond the settlement period.

Interest rates were on an upward trajectory and TfL had around £13bn of debt, the vast majority incurred pre-2016 to fund investment in Tube upgrades and a contribution to Crossrail. Around 90 per cent of its debt was based on fixed interest rates and, as maturing debt was refinanced, TfL would be exposed to the difference between the interest rate on the maturing borrowing and the interest rate available to TfL at the time of refinancing. However, it had limited maturities in the near term and the weighted average tenure of its borrowing was over 18 years and would take some time for higher interest rates to materially impact ongoing financing costs. The interest costs of its short-term commercial paper, which was the remaining 10 per cent of debt, was effectively hedged by investing cash reserves.

The savings programme was challenging and TfL was committed to delivering £730m of savings to 2024/25. In addition, it had a target to save £230m by the end of 2023/24 to ensure a balanced budget. It had a strong track record of delivering savings and remained confident it could deliver the existing programme of change and the additional savings. This was being managed closely at Executive level and enhanced reporting would be provided to the Finance Committee so progress could be monitored at Board level.

The Finance Committee had requested more visibility on TfL's plans to meet the Government's funding conditions, including opportunities and strategies to reduce costs and to develop an income strategy to move away from an over reliance on fares.

[Action: Patrick Doig]

Members remained concerned about the loss of senior staff as a result of funding uncertainty and measures taken to freeze recruitment. The funding settlement, a positive Business Plan and the work on TfL's Vision and Values were anticipated to help attract and retain staff. Members would be kept informed through papers on the forward plans

for the Remuneration Committee and the Safety, Sustainability and Human Resources Panel. **[Action: Fiona Brunskill]**

Patrick Doig confirmed that TfL's Pension Fund was well managed and diverse and so had a low exposure to the current market turbulence following the recent mini-budget statement by the Chancellor of the Exchequer, but that the pensions team was monitoring the situation.

The Board noted the report.

85/10/22 Report of the meeting of the Audit and Assurance Committee held on 21 September 2022

The Chair of the Committee, Mark Phillips, introduced the item. As authorised by the Board, the Committee had approved the TfL Annual Report and Statement of Accounts for the Year Ended 31 March 2022 and thanked the external auditors, Ernst and Young (EY) and management for their work during a challenging period. On the effectiveness of the external auditors, issues around the availability and continuity of partners had been fed back to EY.

The Committee noted the Risk and Assurance programme, including improvements in the internal audit programme, and requested more information on lost revenue through fraud. It also approved the Independent Investment Programme Advisory Group Work Programme for 2022/23 and noted the good progress being made in the recruitment of additional members.

On Freedom of Information requests, the Committee noted that TfL continued to outperform other public bodies and was significantly above the requirements of the Information Commissioner's Office, despite receiving some of the highest numbers of requests.

The Committee reviewed the Enterprise Risk on Significant Security Incident (ER4). There were no issues to bring to the attention of the Board.

The Board noted the report.

86/10/22 Report of the meeting of the Elizabeth Line Committee held on 29 September 2022

The Chair of the Committee, Heidi Alexander, introduced the item. Most of the key issues considered by the Committee had been covered earlier in this meeting.

The Committee noted the overview of the Elizabeth line benefits framework and that the interim findings would be published in 2023 and discussed by the Committee. It also approved proposed amendments to the Crossrail Sponsors Agreement and/or Project Development Agreement and any other matters consider necessary to implement the lease restructuring arrangements set out in the paper, subject to related approvals by the Finance Committee (see Minute 88/10/22 below) and approval by the Department for Transport as joint Sponsor.

Unbudgeted Financial Authority and additional Programme and Project Authority were approved for the remainder of the Crossrail project following receipt of the 30 August 2022 funding settlement from Government.

The Board noted the report.

87/10/22 Report of the meeting of the Customer Service and Operational Performance Panel held on 4 October 2022

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

The Panel considered operational performance for Quarter 1 of 2022/23 (1 April to 25 June 2022). It reviewed the customer care metrics impacted by the recent industrial action and discussed the recent consultation on step-free access, which required additional capital resources to develop the programme. It requested a paper on lessons learnt from TfL's contribution to Operation London Bridge, the planning and execution of arrangements to support the events marking the passing of Her Majesty Queen Elizabeth II.

The Panel also reviewed the Enterprise Risk on Asset Condition Unable to Support TfL Outcomes (ER12).

The Board noted the report.

88/10/22 Report of the meeting of the Finance Committee held on 6 October 2022

The Chair of the Committee, Anne McMeel, introduced the item. The Committee had met after the papers for the meeting of the Board had been published. It noted TfL's financial position, which had been covered earlier in this meeting, treasury activities and the outturn of prudential indicators for 2021/22. It also discussed the potential collaboration between TfL and the Greater London Authority in respect of management of cash investments.

The Committee noted the impact of the changes to taxi fares and tariffs made in April 2022 and an overview of the forthcoming taxi fares and tariffs consultation.

Following the approval of the Elizabeth Line Committee (see Minute 86/10/22 above), the Committee approved elements of a restructure and simplification of the intragroup lease arrangements for the Crossrail Central tunnel Operating Section land and related assets. Approval discussions were ongoing with the Department for Transport as joint Sponsor.

The Committee approved authorities in relation to extending the Premises and Fabric Maintenance contract to cover the Elizabeth line, the Connect contract that delivered London Underground's digital radio and transmission system and the Bus Shelter Advertising concession with JCDecaux.

The Board noted the report.

89/10/22 Any Other Business the Chair Considers Urgent

There was no other urgent business.

90/10/22 Date of Next Meeting

The next scheduled meeting of the Board would be held on Wednesday 7 December 2022 at 10.00am.

The meeting closed at 12.23pm.

Chair: _____

Date: _____