

Board



Date: 7 December 2022

Item: Report of the Meeting of the Land and Property Committee held on 18 October 2022

This paper will be considered in public

1 Summary

- 1.1 This paper provides a summary of the items considered by the Land and Property Committee at its meeting on 18 October 2022.

2 Recommendation

- 2.1 **The Board is asked to note the report.**

3 Committee Agenda and Summary

- 3.1 The papers for the meeting of the Committee held on 18 October 2022 were published on 10 October 2022 and are available on the [TfL website](#) with a link to the video recording of the meeting on [TfL's YouTube channel](#).
- 3.2 The main matters considered by the Committee were:
- (a) Use of Delegated Authority;
 - (b) TTL Properties Limited Half-Year Performance;
 - (c) Investment, Business and Corporate Planning 2023/24; and
 - (d) TTL Properties Limited Assurance Update.
- 3.3 A summary of the items considered and decisions taken is provided below. The more detailed minutes of the meeting will be published ahead of the next meeting of the Committee on 18 January 2023.

4 Issues Discussed

- 4.1 The Chair welcomed the new Independent Investment Programme Advisory Group (IIPAG) TTLP Sub-Group members to the meeting: Ray Christopher (Chair), Peter Cornforth and Derek Williams. The Sub-Group would form an essential part of the assurance framework for the work of TTL Properties Limited (TTLP) and would be an invaluable resource for the Committee.

Use of Delegated Authority

- 4.2 The Committee noted one use of Land Authority by the Chief Finance Officer in relation to the disposal of land at Aldgate High Street. There had been no use of Chair's Action nor other approvals of authority by the Commissioner or Chief Finance Officer, nor any Mayoral Directions to TfL, within the Committee's remit.

TTL Properties Limited Half-Year Performance

- 4.3 The Committee noted the financial and operational performance of TTLP in the first half of 2022/23. This would inform the strategic activity TTLP was undertaking over the next six months to be ready for the financial year 2023/24.
- 4.4 The paper covered the market context, financial performance, capital, operational performance and property development. The uncertain economic outlook provided challenges for TTLP and its tenants but TTLP's increasingly diverse asset base helped protect revenue at the business level. The long-term approach of investment and steady asset growth also created a more resilient business that could better withstand short-term economic downturn.
- 4.5 TTLP's capital commitments would be taken forward cautiously to ensure resilience and liquidity through economic cycles. TTLP would aim to deliver throughout the property cycle, accepting that its returns would not always be as high as would otherwise have been the case. Market conditions would be continuously reviewed, while bringing forward medium-density, high-amenity, high-accessibility, low-carbon places that supported vibrant life and commerce meant TTLP was confident that it was well placed to meet its long-term targets.
- 4.6 Results from the first six months showed both income, costs and operating margin performing better than budget. Housing delivery remained challenging in the current market, though TTLP was starting to operate at or above the pace required to deliver 20,000 homes over the next 10 years. The housing programme, along with commercial office developments and investment in the existing estate, would transform TTLP's finances and the city itself in the years ahead.
- 4.7 Senior managers engaged with tenants regularly and had processes in place to assess credit risks and ability to pay so that sound and rational judgements could be made on how to support them. TTLP also had regular engagement with its delivery partners as it sought to develop strategic relationships with shared values, which did not undermine the competitive process but allowed learning from each project to be applied to future projects.
- 4.8 Members discussed some of the key developments and, since the meeting, had visited the development site at Earls Court.

- 4.9 Members welcomed the performance report. The TTLP management team would evolve the reporting to provide similar information to listed peers in their half-year and annual reports. Members were keen to see key performance indicators and profit and loss summaries for each business area and key developments would include occupancy, void performance and yield.

Investment, Business and Corporate Planning 2023/24

- 4.10 The Committee noted the strategic activity TTLP was undertaking over the next six months in preparation for the financial year 2023/24. This activity built on the current TTLP Investment Strategy and Business Plan and reflected TTLP's half-year performance and the wider market conditions.
- 4.11 Significant work had been undertaken on the development of the TTLP Purpose, which included a vision statement and nine operating principles, which aligned with TfL's Vision and Values. By April 2023, this work would be extended through the creation of a new document that would outline TTLP's purpose and vision and its corporate objectives, along with the measurement criteria to achieve these. This document, alongside the Investment Strategy, Environmental, Social and Governance (ESG) Strategy and Business Plan would set out how TTLP would deliver its Corporate Strategy. The Investment Strategy provided a framework for investment decisions to enable TTLP to deliver its objectives in a way that maximised returns and mitigated risks. The ESG Strategy was key to the financial sustainability of its portfolio and would demonstrate the significant potential of TTLP's business to deliver environmental and social benefits to London.
- 4.12 The Business Plan update for April 2023 would focus in detail on the short-term including known and committed projects, with a high-level update on the medium and long-term elements. Members also discussed the importance of TTLP's digital strategy and the development of its People Plan.
- 4.13 An update on the development of these documents would be reported to the next meeting ahead of their submission to the meeting in March 2023. The Committee would then receive regular progress reports on their delivery.
- 4.14 Members would sponsor different elements of TTLP's work:
- (a) Branding and Position – Ben Story;
 - (b) ESG (with an initial focus on energy systems and electric vehicle charging) – Dr Nina Skorupska CBE; and
 - (c) Finance and Assurance – Anne McMeel.
- 4.15 The Committee welcomed the commitment and activity to build communities and placemaking sustainable spaces and the work to support tenants and small and medium enterprises to achieve this along with the work to reduce the living costs of its tenants.

TTL Properties Limited Assurance Update

- 4.16 The Committee received an update on progress with programme assurance activity across TTLP during Quarter 2 of 2022/23 (26 June to 17 September 2022). It noted that recruitment to the IIPAG TTLP Sub-Group had been completed, which would form an essential part of the assurance framework for the work of TTLP and would be an invaluable resource for the Committee.
- 4.17 The Committee approved the Integrated Audit and Assurance Schedule, which set out the indicative workplan of continuous assurance and targeted reviews for the next six-months. Members discussed risks relating to finance – including current economic conditions impacting both tenants and the supply chain, market conditions, stakeholders and security (including cyber security) and the importance of learning lessons from similar enterprises.

List of appendices to this report:

None

List of Background Papers:

Papers submitted to the Land and Property Committee on 18 October 2022

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