

Transport for London

Minutes of the Land and Property Committee

Conference Rooms 1 and 2, Ground Floor, Palestra,
197 Blackfriars Road, London, SE1 8NJ
1.00pm, Monday 16 January 2023

Members of the Committee

Professor Greg Clark CBE (Chair)
Dr Nina Skorupska CBE (Vice Chair) (from Minute 05/01/23)
Seb Dance (from Minute 06/01/23)
Anne McMeel
Ben Story (via Teams)

Executive Committee

Howard Carter General Counsel
Alex Williams Chief Customer and Strategy Officer

TTL Properties Limited (TTLP) Leadership Team

Graeme Craig Director and Chief Executive Officer, TTL Properties Limited
Mark Farrow Director of TTLP Strategy and Planning
Lester Hampson Property Development Director, Commercial Development
Joanna Hawkes Corporate Finance Director and Chief Finance Officer, TTLP
Daniel Lovatt Director of Asset Management
Lisa-Jane Risk Head of Operations, TTLP

Other staff

Scott Anderson Senior Property Development Manager, TTLP
Jonathan Cornelius Head of Property Development, TTLP
Matt Denham Commercial Director, TTLP
Matt Doman Senior Property Development Manager, TTLP
Lorraine Humphrey Director of Risk and Assurance
Puja Jain Senior Property Development Manager, TTLP
Shamus Kenny Head of Secretariat
Heather Renton Head of Governance and Compliance, TTLP
Ben Tate Head of Property Development, TTLP

Independent Investment Programme Advisory Group

Ray Christopher Chair, TTLP Sub-Group (via Teams)
Peter Cornforth Member, TTLP Sub-Group (via Teams)
Derek Williams Member, TTLP Sub-Group (via Teams)

01/01/23 Apologies for Absence and Chair's Announcements

An apology for absence had been received from Heidi Alexander. Ben Story was attending the meeting via Teams and was able to take part in the discussions but did not count toward the quorum.

As Dr Nina Skorupska CBE and Seb Dance had given apologies for lateness, the meeting was not quorate until Seb Dance joined the meeting in person, after which all decision items were considered.

Lyn Garner, the Greater London Authority observer, was also unable to attend the meeting.

The Chair welcomed everyone to the meeting of the Committee. 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 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.

02/01/23 Declarations of Interests

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.

03/01/23 Minutes of the Meeting of the Committee held on 18 October 2022

The minutes of the meeting of the Committee held on 18 October 2022 were approved as a correct record and the Chair was authorised to sign them.

04/01/23 Matters Arising, Actions List and Use of Delegated Authority

The Committee noted that since the meeting of the Committee on 18 October 2022, there had been no use of Chair's Action, nor use of Procurement Authority by the Commissioner or the Chief Finance Officer. There were also no Mayoral Directions to TfL within the remit of the Committee.

Land Authority was exercised by the Chief Finance Officer in relation to the Build to Rent programme and Land Authority was also exercised to enter into two co-terminus leases at Buckingham Palace Road by the Chief Finance Officer and the Commissioner.

The two actions from the previous meeting had been addressed and there had been a lot of engagement with the TTL Properties Limited leadership team and Alex Williams.

The Committee noted the paper.

05/01/23 TTL Properties Limited Quarterly Performance Report

Graeme Craig, Joanna Hawkes, Daniel Lovatt, Lester Hampson and Mark Farrow introduced the item, which summarised the market context and the financial and business performance of TTL Properties Limited (TTLP).

The Committee welcomed the evolution of the performance report, which provided more information and greater clarity. TTLP benchmarking would include peer property development companies as well as TfL. Members requested that the next iteration include slides on health and safety performance, cash flow and a map showing the location of major projects. **[Action: Graeme Craig]**

The market context was currently challenging due to the impact of inflation and interest rates, though the leadership team believed it could still deliver its high-quality plans. The Committee would shortly be briefed on TTLP's Environmental, Social and Governance Strategy and its Investment Strategy. Members would receive a briefing on market context ahead of the Committee's meeting on 23 March 2023. **[Action: Graeme Craig]**

On finance, the operating performance was better than budget, though that was partly due to phasing and lower than expected headcount. TTLP's capital account was also healthy despite project movements. The impact of post-coronavirus pandemic behavioural change was being considered in the management of assets and the development of the Business Plan.

Members discussed how TTLP was addressing its void rate, which had risen and was slightly higher than the market. They noted TTLP's approach to improving its collections to reduce arrears with robust targets and the appropriate use of enforcement agents, while ensuring that viable businesses were able to survive.

The Committee noted the success of the vertically integrated Arches team and that this approach would be replicated in other parts of TTLP's operations. A site visit would be arranged to see the work of the Arches team in Kilburn and to see the work on the existing estate at Whitechapel and Victoria. **[Action: Graeme Craig]**

The Committee also noted business performance, covering homes, transport, project delivery and people. Housing delivery was focussed on three main areas: build to rent, the development around Bollo Lane (elsewhere on the agenda) and disposal of land to third parties.

The TTLP leadership team recognised its critical interface with TfL's operations. In addition to minimising the impact of work on developments to operations, it sought to support and enhance TfL's operational performance through a range of initiatives such as improving staff accommodation, supporting a green bus fleet and power generation.

The leadership team was also addressing staff vacancies and working with TfL's Human Resources and Change teams on the future structure. While the recent Viewpoint staff survey results had been disappointing, it was expected that filling vacancies at all levels and involving people on the branding and the development of the ambitious Business Plan would engage, inspire, and motivate staff.

The Committee noted the performance report.

06/01/23 TTL Properties Limited Procurement and Commercial Strategy

Graeme Craig and Matt Denham introduced the item, which summarised the joint activity and work undertaken to date by TfL and TTL Properties Limited (TTLP) on TTLP's Procurement and Commercial Strategy, to design and deliver a more efficient approach to procurement in TTLP. The aim was to work with a supply chain that shared TTLP's values and ambitions to see projects mobilised quicker and delivered effectively, while retaining all the controls and protections currently enjoyed across TfL's wider procurement and commercial activity.

The proposed approach was to build a small core team within TTLP by 1 April 2023, to deliver critical procurement and commercial activities, while TfL's team would continue to deliver generic category services. The approach would help to assure TTLP's delivery and build a centre of procurement and commercial excellence for the property sector within TTLP. Members stressed the importance of a clear link to TfL's head of service and the need to clearly define core and non-core services in the service level agreement with TfL and noted that this had been a key part of the work to date.

The Committee noted the paper.

07/01/23 TTL Properties Limited Assurance Update

Lorraine Humphrey introduced the item and the information on Part 2 of the agenda, which provided an update on progress with programme assurance activity across TTL Properties Limited (TTLP) during Quarter 3 of 2022/23 (18 September to 10 December 2022). Good progress had been made since the last report. Work was underway to develop strong assurance controls at project level as this was the first line of defence (LoD) and had already been identified as a priority.

The second LoD had started to provide assurance on an ongoing continuous basis as well as commencing three Targeted Assurance Reviews on key areas, with two more planned for Quarter 4 of 2022/23.

The Independent Investment Programme Advisory Group (IIPAG) TTLP sub-group, which was the third LoD, had held meetings with the TTLP leadership team and welcomed their engagement and openness, with the leadership team keen to see the IIPAG-TTLP sub-group as a valuable resource to help deliver its mission. The sub-group was initially focused on residential reviews and joint venture management and had also recommended the strengthening of how risks associated with investment decisions were presented in approval papers.

Members recommended that TTLP progress its thinking on a digital operating platform as used by diverse multi-portfolio property companies to drive productivity and decision making. The leadership team were looking at various options and recognised the value this would bring to productivity and reporting.

Members also discussed how TTLP would address risks around attracting the right staff, given remuneration constraints, and environment and climate adaption.

The Committee noted that as the IIPAG-TTLP sub-group obtained a more detailed understanding of the business, it would add additional workstreams to the Integrated Assurance and Audit Schedule.

The Committee noted the paper and the exempt supplementary information in Part 2 of the agenda and approved the IIPAG-TTLP sub-group Terms of Reference.

08/01/23 Commercial Office Investment Portfolio Joint Venture

Graeme Craig introduced the item and the exempt supplementary information on Part 2 of the agenda, which set out proposals for TTL Properties Limited (TTLP) to invest in a joint venture to create a growing long-term income stream from a portfolio of high-quality, commercial office assets with best-in-class environmental and wellbeing credentials located near central London transport interchanges. The joint venture proposal was a core element of TTLP's Investment Strategy. As well as long-term income and financial returns that could be reinvested across the portfolio, it would provide investment diversification and should enhance TTLP's environmental sustainability performance and credentials.

The Committee noted the proposal to form a joint venture with a culturally aligned, financially strong, proven office investor / developer to bring forward suitable opportunities on TTLP's land. The three development sites at Bank station, Southwark station and Paddington station were the initial sites for this joint venture.

Members discussed the progress of the tender exercise to select the joint venture partner, which was almost complete, but with current market conditions, the level of authority being sought was within a broad range. The Committee was supportive of the proposal but agreed that a further paper be circulated once the bids had been fully assessed and the level of Land Authority required was more certain. The decision would then be taken by Chair's Action. Members were particularly interested in understanding the experience of the joint venture partner in developments in London, the ownership and control of the joint venture company and the oversight the Committee would have on the progress of schemes and the company's finances.

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

09/01/23 Bollo Lane and West London Development Joint Venture

Graeme Craig and Jonathan Cornelius introduced the item and the exempt supplementary information on Part 2 of the agenda. The Committee had previously received a detailed briefing on the proposals for a residential-led property development at Bollo Lane, Ealing and the procurement of a joint venture development partner to undertake development management and construction

works for sites within TTL Properties Limited's (TTLP) west London land portfolio, potentially comprising some 2,500 new homes with a value of £1bn. The Committee noted the progress to date and the request for Land Authority to enable the disposal of the first two phases at Bollo Lane and entry into contractual agreements with the preferred bidder, which would deliver 900 new homes, 50 per cent of which would be affordable, and new train crew accommodation.

The proposed formation of a company would be a wholly owned subsidiary of TTLP, itself a wholly owned subsidiary company of TfL. A briefing would be provided to Members on how joint venture companies operated, so that they understood how the Committee had oversight of investment decisions and performance and how operational assets were protected. **[Action: Graeme Craig]**

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

- 1 Land Authority in the sum set out in the paper on Part 2 of the agenda for the transaction (the Transaction) as described in the paper and in the paper on Part 2 of the agenda; and**
- 2 the formation of a wholly owned subsidiary company of TTL Properties Limited, for the purposes of entering into the contractual agreements relating to the Transaction.**

10/01/23 Build to Rent Programme Update

Graeme Craig introduced the item and the exempt supplemental information on Part 2 of the agenda, which set out the progress made by TTL Properties Limited in its Connected Living London joint venture with Grainger plc to develop and manage a portfolio of Build to Rent homes. The joint venture was now ready to start construction at four sites at Arnos Grove, Montford Place, Nine Elms and Southall that would see 1,240 homes come forward. Members noted and welcomed the cultural alignment with Grainger plc on values as well as finance.

The investment partnership with Grainger plc was initially approved in 2019, with additional authority granted in July 2022, reflecting an increase in the estimated peak equity requirement resulting from increased construction cost inflation. As market conditions had worsened further, a further increase in Land Authority was sought, while it was acknowledged that there remained risk to the financial performance of these developments. Authority approval would mitigate the risks while allowing the developments to progress to help meet the need for housing, including affordable housing, in London.

The Committee note the paper and the exempt supplementary information on Part 2 of the agenda and approved additional Land Authority across four of the sites, as set out in the paper on Part 2 of the agenda.

11/01/23 Members' Suggestions for Future Discussion Items

Howard Carter introduced the item. Members noted the forward plan and that briefings scheduled for March 2023 would include market conditions and the operation and oversight of joint venture companies.

The Committee noted the forward plan.

12/01/23 Any Other Business the Chair Considers Urgent

There was no other urgent business to discuss.

13/01/23 Date of Next Meeting

The next scheduled meeting of the Committee would be held on Thursday 23 March 2023 at 10.00am.

14/01/23 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: TTL Properties Limited Assurance Update; Commercial Office Investment Portfolio Joint Venture; Bollo Lane and West London Development Joint Venture; and Build to Rent Programme Update.

The meeting closed at 4.05pm.

Chair: _____

Date: _____