

# GREATER LONDON AUTHORITY

## REQUEST FOR MAYORAL DECISION – MD705

**Title:** Independent Investment Programme Advisory Group

### Executive Summary:

It has been agreed by the Mayor and the Secretary of State for Transport that the Investment Programme Advisory Group currently providing independent advice to the TfL Board on the delivery of TfL's Investment Programme has a broader remit and be renamed as the Independent Investment Programme Advisory Group (IIPAG).

As part of the funding agreement for TfL announced on 20 October 2010 the Mayor has decided to direct TfL to implement these proposals.

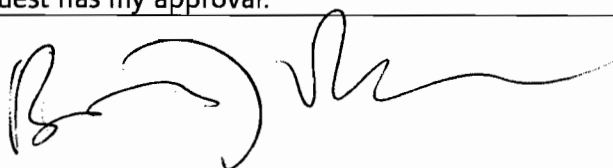
### Decision:

The Mayor is asked to approve the proposed change in scope and name of the TfL Investment Programme Advisory Group, including its terms of reference, and sign the attached Direction to TfL under section 155(1)(c) of the Greater London Authority Act 1999 to implement.

### Mayor of London

The above request has my approval.

**Signature**



**Date**

28/10/10

## **PART I - NON-CONFIDENTIAL FACTS AND ADVICE TO THE MAYOR**

### **Decision required – supporting report**

#### **1. Introduction and background**

- 1.1 In December 2009, the TfL Board approved the establishment of an independent Investment Programme Advisory Group (IPAG) subject to the agreement by the Mayor and the Secretary of State for Transport of the Group's Terms of Reference.
- 1.2 The overall purpose of IPAG was to provide an independent, impartial source of expert advice to the TfL Board and Finance and Policy Committee on all aspects of the delivery of the TfL Investment Programme, including all maintenance, renewal, upgrades and major projects.
- 1.3 The Group was appointed in March 2010 and commenced in activity in May 2010. Since then a number of changes have occurred which have impacted on the role of the Group. In particular, the acquisition of Tube Lines Limited by TfL in June 2010 has resulted in the need to include the Tube Lines programmes within the Group's remit. This followed the transfer of assets of Metronet BCV Limited and Metronet SSL Limited (the TfL Nominees) in 2008.
- 1.4 Since the acquisition of Tube Lines Limited, it has been agreed that certain provisions in the PPP contracts shall cease to have effect and, accordingly, no further references for direction shall be made to the PPP Arbiter, thereby removing his powers to, among other things, collect and analyse benchmarking data relating both to the TfL Nominees and Tube Lines Limited.
- 1.5 It is nonetheless important to ensure that there continues to be independent scrutiny of the delivery by the TfL Nominees and Tube Lines Limited of the maintenance, upgrade and renewal works on the London Underground network, to provide assurance that the works are delivered economically and efficiently, and to ensure funding to Tube Lines Limited and the TfL Nominees does not infringe state aid rules.
- 1.6 The Secretary of State for Transport also wishes to ensure that the financial support provided to Transport for London by Government delivers value for money for the taxpayer.
- 1.7 It has therefore been agreed as part of the funding settlement announced on 20 October 2010 with the Secretary of State for Transport that the remit of IPAG should be extended and that the Group be renamed as the Independent Investment Programme Advisory Group (IIPAG) and that the Mayor directs TfL in relation to this.

#### **• Issues for consideration**

- a) Links to strategies and Strategic Plan
  - 2.1 Overall, the proposal aims to ensure that IIPAG provides advice and assurance concerning TfL's Investment Programme including on the efficiency, effectiveness and economy of delivery of the Investment Programme. The Investment Programme supports the objectives set out in the Mayor's Transport Strategy and is consistent with TfL's Business Plan.
- b) Impact assessments and Consultation
  - 2.2 TfL has been consulted on these proposals.
- c) Risk
  - 2.3 GLA officers consider that implementation risks are minimal.

### **3. Financial Comments**

- 3.1 The costs of IIPAG will be met by TfL. Pursuant to this Direction TfL shall prepare a budget for approval by the Mayor so as to ensure that the Group has adequate resources to enable it to carry out its functions.

### **4. Legal Comments**

- 4.1 Under sections 155(1) of the Greater London Authority Act 1999 ("the Act") the Mayor may issue:

- a) general directions as to the manner in which TfL is to exercise its functions; or
- b) specific directions as to the exercise of its functions.

Section 155(3) further provides that such directions may include particular guidance or directions as to the manner in which TfL is to perform its duties.

### **5. Background/supporting papers**

Mayoral Direction to Transport for London  
Terms of Reference for IIPAG

**Public access to information**

Information in this form is subject to the Freedom of Information Act 2000 (FOI Act) and other legislation. Part 1 of this form will be made available on the GLA website within 1 working day of approval. Any facts and advice that should not be made automatically available on request should not be included in Part 1 but instead on the separate Part 2 form. Deferment is only applicable where release before that date would compromise the implementation of the decision being approved.

Is the publication of this approval to be deferred? NO

Is there a Part 2 form - NO

**ORIGINATING OFFICER DECLARATION:**

Tick to indicate  
approval

**Sponsoring Director:**

Martin Clarke, Executive Director of Resources has reviewed the request and is satisfied it is correct and consistent with the Mayor's plans and priorities.

✓

**Mayoral Advisor:**

Kulveer Ranger, Mayoral Adviser on Transport, has been consulted about the proposal and agrees the recommendations.

✓

**Legal Advice:**

The TfL Director of Corporate Governance has commented on this proposal.

✓

**Financial Advice:**

The Executive Director of Resources has commented on this proposal.

✓

**OFFICER APPROVAL****Executive Director, Resources**

I have been consulted about the proposal and confirm that financial and legal advice have been taken into account in the preparation of this report.

Signature

*M. D. Clarke*

Date

27.10.10

**Chief of Staff**

I am satisfied that this is an appropriate request to be submitted to the Mayor

Signature

*[Signature]*

Date

28.10.10

# GREATER **LONDON** AUTHORITY

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**Peter Hendy**

Transport Commissioner  
Transport for London  
Windsor House  
42/50 Victoria Street  
London SW1H 0TL

**Date:**

**28 OCT 2010**

I, BORIS JOHNSON, MAYOR OF LONDON, in exercise of the powers conferred on me by section 155(1)(c) of the Greater London Authority Act 1999 ("the Act") direct Transport for London in accordance with the attached document.

Dated this day **28** of October 2010

A handwritten signature in black ink, appearing to be 'Boris Johnson', written in a cursive style.

**Boris Johnson**  
Mayor of London



**MAYORAL DIRECTION**  
**TO**  
**TRANSPORT FOR LONDON**

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**IN RELATION TO THE ESTABLISHMENT OF THE INDEPENDENT INVESTMENT PROGRAMME  
ADVISORY GROUP (IIPAG) TO PROVIDE INDEPENDENT ADVICE AND ASSURANCE TO THE  
MAYOR IN RELATION TO TRANSPORT FOR LONDON'S INVESTMENT PROGRAMME**

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**Background**

- A. In June 2010 Transport for London acquired Tube Lines Ltd, bringing the PPP company under TfL control. This followed the 2008 transfer of the assets of Metronet BCV Ltd and Metronet SSL Ltd to two wholly owned subsidiaries of TfL (the so-called TfL Nominees), following Metronet's collapse. Since then, the parties to the PPP contracts have agreed that Schedule 1.9 of those contracts shall cease to have effect and, accordingly, no further references for direction shall be made to the PPP Arbiter, thereby removing his powers to, *inter alia*, collect and analyse benchmarking data relating both to the TfL Nominees and Tube Lines Ltd.
- B. It is nonetheless important to ensure that there continues to be independent scrutiny of the delivery by the TfL Nominees and Tube Lines Ltd of the maintenance, upgrade and renewal works on the London Underground network, to provide assurance that the works are delivered economically and efficiently, and to ensure funding to Tube Lines Limited and TfL Nominees does not infringe state aid rules.
- C. The Secretary of State for Transport also wishes to ensure that the financial support provided to Transport for London by Government delivers value for money for the taxpayer.
- D. I have therefore agreed with the Secretary of State for Transport that a Group of independent experts should provide such independent advice and scrutiny in accordance with the Direction below.

*In accordance with his powers under section 155 of the Greater London Authority Act 1999, the Mayor hereby directs Transport for London as set out in this Direction.*

- 1. Transport for London shall operate and provide all necessary support to an independent group to support the management, governance and assurance of Transport for London's investment programme, such group to be known as the Independent Investment Programme Advisory Group and to carry out the functions specified in this Direction in accordance with its terms and the terms of reference referred to in paragraph 8.

2. The function of the Independent Investment Programme Advisory Group shall be to provide independent advice and assurance to the Mayor of London concerning Transport for London's Investment Programme as published from time to time, including on the efficiency, effectiveness and economy of delivery of the Investment Programme, including all maintenance, renewal, upgrades and major projects; such assurance and any evidence supporting it shall also be made available to the Board of Transport for London.
3. The Independent Investment Programme Advisory Group shall comprise independent expert advisers selected from a shortlist agreed between the Mayor of London and the Secretary of State for Transport, taking into account the need for expertise in relevant specialist fields including, without limitation, rail signalling and costs benchmarking. Transport for London shall undertake an open recruitment process as often as may be necessary in order to identify candidates for the shortlist agreed between the Mayor of London and the Secretary of State for Transport. Appointments to the Group, including the selection of a chairman and the termination of such appointments, will be made by the Mayor of London.
4. It shall be for the Independent Investment Programme Advisory Group to develop and consult with Transport for London and the Secretary of State for Transport on an annual programme of work, prior to its submission to the Mayor for his approval. Significant amendments to the work programme will also be subject to consultation with Transport for London and the Secretary of State for Transport prior to seeking the Mayor's approval.
5. Transport for London shall prepare each year a budget for approval by the Mayor so as to ensure that the Group has adequate resources and appropriate support to enable it to carry out effectively its role as described in this Mayoral Direction.
6. The activities of the Independent Investment Programme Advisory Group shall be:
  - 6.1 continuation of the activities which to date have been undertaken by Transport for London's "Investment Programme Advisory Group".
  - 6.2 oversight of the "gateway" reviews undertaken of Transport for London's projects including consideration of the system of gateway reviews and ensuring they are undertaken thoroughly and efficiently, and (where necessary) recommending that further reports or reviews be commissioned.
  - 6.3 oversight of projects at any stage considered by the Independent Investment Programme Advisory Group to be appropriate including oversight of the adequacy of progress and delivery status of major projects between formal approval gates.



6.4 oversight of Transport for London's Investment Programme including consideration of management and organisational capability and the efficiency, effectiveness and economy of delivery of the Investment Programme, including maintenance, renewal, upgrades and major projects.

6.5 benchmarking of the costs of maintenance and project delivery on the London Underground network, using data provided by London Underground and such other materials as the Group considers appropriate, including international benchmarking.

6.6 to notify the Mayor, and TfL Board of any issues of significant concern in relation to the value for money or delivery of the Investment Programme.

6.7 to support its work, provide advice in relation to the selection of appropriate engineering and project management consultancies in accordance with Transport for London's policies and procedures on procurement as they may vary from time to time.

6.8 examination and commentary upon draft Asset Management Plans relating to the infrastructure of London Underground.

6.9 to publish annually a report to the Board of Transport for London on the overall delivery of the Transport for London Investment Programme. The Group may also publish additional reports throughout the year as it sees fit, after consulting the Mayor and subject to appropriate obligations relating to confidentiality and conflicts of interest.

7. For the avoidance of doubt, the Independent Investment Programme Advisory Group's role shall not extend to any operational matters.

8. The terms of reference for the Independent Investment Programme Advisory Group shall be approved by the Mayor of London and the Secretary of State for Transport.

9. Transport for London will engage people with relevant skills and experience to form a professional benchmarking unit whose work will support and be reported directly to the Independent Investment Programme Advisory Group.

10. Transport for London shall, in taking decisions on the procurement, funding and delivery of the TfL Investment Programme, including through London Underground Ltd and the ex-PPP subsidiaries, take into account the outcome of the IIPAG's benchmarking of costs and other findings.

11. Transport for London and its subsidiaries (with the exception of Crossrail Ltd) shall co-operate fully with and make available to the Independent Investment Programme Advisory Group, subject to confidentiality obligations and requirements and appropriate arrangements as to conflicts of interest, all

information that is requested by the Group that is relevant to the activities of the Independent Investment Programme Advisory Group including without limitation draft Asset Management Plans relating to the infrastructure of London Underground.

12. Any notification of issues of significant concern raised by the Group in accordance with paragraph 6.6 shall be passed to the Secretary of State for Transport together, where so requested by the Secretary of State and subject to appropriate confidentiality obligations, with such other reports and related data which the Group may produce for the Mayor or the TfL Board and its committees. The Secretary of State shall pass such material to the European Commission as necessary.

## **Terms of Reference for the Independent Investment Programme Advisory Group (IIPAG)**

### **Purpose**

The IIPAG will provide independent assurance and expert advice to the Mayor of London concerning Transport for London's Investment Programme as published from time to time; including all maintenance, renewal, upgrades and major projects, but not operational issues or the activities of Crossrail Limited. The IIPAG will consider issues of economy, efficiency and value for money in preparing its advice.

The Secretary of State for Transport also wishes to be assured that the financial support provided to TfL delivers value for money to the taxpayer, and will be consulted in relation to the work of the Group and will receive copies of reports and other materials that are provided to the Mayor as set out in this Terms of Reference.

### **Membership**

Six to eight Members

### **Frequency of Meetings**

The Group shall meet at least twice a year. The Chair of the IIPAG will determine the frequency of any additional meetings should they be required for the group to function effectively.

Group members may be required to attend relevant meetings of the Finance and Policy Committee or TfL Board.

### **Terms of Reference**

1. The Group will advise the Mayor, the Finance and Policy Committee and the TfL Board, sending reports also to the Secretary of State for Transport with regard to:
  - (a) the delivery of the TfL Investment Programme. This may include consideration of systemic or generic issues such as organisational capability and structure, and the efficiency, effectiveness and economy of delivery of the Investment Programme, including all maintenance, renewal, upgrades and major projects;
  - (b) the approval of projects by the TfL Board and/or Finance and Policy Committee, by overseeing the system of gateway reviews and ensuring they are undertaken thoroughly and efficiently, and (where necessary) recommending that further reports or reviews be commissioned;
  - (c) the adequacy of progress and delivery status of major projects between formal approval gates;
  - (d) other aspects of the Investment Programme it considers appropriate; and
  - (e) examination and commentary upon the draft Asset Management Plans relating to the infrastructure of London Underground.

The remit of the Group does not include operational issues or the activities of Crossrail Limited.

2. The Group will be responsible for the direction of a team undertaking benchmarking of the costs of maintenance and project delivery on the London Underground network, using data provided by London Underground and such other materials as the Group considers appropriate, including international benchmarking. The Group will broaden benchmarking to other areas of TfL undertaking delivery of the Investment Programme at an appropriate time.
3. The Group will assign members to review and report on specific high value and/or high risk projects or programme areas within the TfL Investment Programme.
4. Annually, the IIPAG will consult with TfL and the Secretary of State for Transport and propose a workplan for the year to the Mayor for his approval. The plan will cover both the Group's involvement in the review of specific projects and its activities to form a broader assessment of the delivery of the Investment Programme. The workplan will be kept under review by the Group, and changes will be proposed to the Finance and Policy Committee as required. Significant changes will be agreed with the Mayor, having consulted with the Secretary of State, prior to implementation.
5. The Group may, to support its work, provide advice in relation to the selection of appropriate engineering and project management consultancies in accordance with TfL's policies and procedures on procurement and conflicts of interest as they may vary from time to time.
6. Annually, the Group will review the level of resource required to undertake the activities set out in the terms of reference and will recommend a budget to the Finance and Policy Committee for consideration, prior to a budget being submitted by TfL to the Mayor for his approval.
7. The Group will publish an annual report on TfL's delivery of its Investment Programme from its work during the year, drawing out any common themes, systemic issues and lessons learnt. The Group may also publish additional reports throughout the year as it sees fit, after consulting the Mayor and subject to appropriate obligations relating to confidentiality and conflicts of interest.
8. The Group will notify the Mayor and TfL Board of any issues of significant concern in relation to the value for money or delivery of the Investment Programme. Any notification of such issues shall be passed to the Secretary of State for Transport together, where so requested by the Secretary of State and subject to appropriate confidentiality obligations, with such other reports and related data which the Group may produce for the Mayor or the TfL Board and its committees. The Secretary of State shall pass such material to the European Commission as necessary.