

Date: 3 July 2013

Item 11: **Tube Lines (Holdings) Limited Governance and Crossrail Limited Board Appointment**

This paper will be considered in public

1 Summary

- 1.1 This paper asks the Board to agree changes to the governance arrangements for Tube Lines (Holdings) Limited and to appoint a TfL nominated non-executive director to Crossrail Limited.

2 Recommendations

2.1 **That the Board:**

- (a) **approve the proposals for revisions to the governance of Tube Lines (Holdings) Limited, as described in this paper, including the dissolution of Tube Lines (Holdings) Limited in due course;**
- (b) **appoint Daniel Moylan to the board of Crossrail Limited as the TfL nominated non-executive director, as provided for in the Crossrail Sponsors' Agreement; and**
- (c) **authorise General Counsel to make the necessary changes to Standing Orders to give effect to the revisions described in this paper and to do all such things as he considers necessary or desirable to implement the revisions to the governance of Tube Lines (Holdings) Limited as described in this paper.**

3 Tube Lines (Holdings) Limited

- 3.1 TfL acquired Tube Lines in June 2010, including its corporate structure. On 23 June 2010, the Board considered the governance of Tube Lines.
- 3.2 To ensure successful completion of the Jubilee line upgrade and full focus on the 2012 Games, Tube Lines initially operated as a distinct business unit separate from London Underground. Its Chief Executive Officer had a formal reporting line to the Commissioner, although the management of Tube Lines was, for all practical purposes, the responsibility of the Managing Director, London Underground.
- 3.3 The Board appointed three of its Members as statutory directors (together with the Commissioner and Managing Director, Finance) to Tube Lines (Holdings) Limited (TL(H)L). Authority was delegated to TL(H)L at the financial levels at

which the Commissioner had authority for other parts of the TfL group under Standing Orders.

- 3.4 Given the successful integration of Tube Lines into the Rail and Underground business, the need for separate decision-making arrangements is no longer considered necessary. Therefore it is proposed that the governance arrangements that apply to the other parts of the TfL Group apply in respect of Tube Lines.
- 3.5 To provide further consistency with the administration of other subsidiary companies within the TfL Group, it is proposed that the board of directors of TL(H)L be changed to comprise TfL officers. As TL(H)L sits beneath Transport Trading Limited in the TfL Group structure, approval of those changes will be handled by the relevant shareholding companies.
- 3.6 As noted in the paper to the Board on 23 June 2010, TfL seeks to reduce the number of companies in the TfL Group where practicable and it is proposed that consideration be given to dissolving TL(H)L in due course, subject to confirming that there would be no adverse legal or financial consequences from doing so.

4 Appointment to the Board of Crossrail Limited

- 4.1 Crossrail Limited (CRL) is a wholly owned subsidiary of TfL (through Transport Trading Limited (TTL)). TfL and the Department for Transport (DfT) are the “Sponsors” charged with overseeing the delivery of the Crossrail Project.
- 4.2 The Board of CRL comprises an executive chairman (appointed by TfL with the consent of the DfT), two executive directors and at least four independent non-executive directors. In addition, under the Sponsors’ Agreement, there is provision for DfT and TfL to nominate one additional director each. The appointments of non-executive directors are subject to the consent of TfL and the DfT.
- 4.3 TfL has previously exercised its right to nominate an additional non-executive director, to ensure an appropriate link between the respective TfL and CRL Boards. TfL’s nominated non-executive director was Sir Mike Hodgkinson, up until he left the TfL Board in June 2012.
- 4.4 It is proposed that Daniel Moylan be appointed as the TfL nominated non-executive director to the CRL Board for a period of up to three years.

List of appendices to this paper:

None

List of Background Papers:

TfL Board Paper on Tube Lines Governance, 23 June 2010.

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