

# TfL Board Members and Conflicts of Interest

## 1. Introduction

- 1.1 TfL Board Members are appointed on terms which require them to faithfully and diligently perform the duties of the Appointment and use [their] best endeavours to promote the interests of TfL. When acting as a Board Member, Members are required to put TfL's interests above any personal interests and not to use that position in order to further their own interests or the interests of others. This is a duty which attaches personally to each Board Member.
- 1.2 Conflicts of interest (whether actual or apparent) have the potential seriously to undermine public confidence in TfL and to make decisions of the Board vulnerable to legal challenge. In addition, failure to comply with the legal requirements is a criminal offence and as such can lead to prosecution and the imposition of a fine on individual Board Members.
- 1.3 TfL has processes to assist Board Members to take appropriate action in relation to conflicts of interest. However, ultimately it is for each Board Member to decide whether a conflict of interest arises and to be personally responsible for taking appropriate action where necessary.

## 2. Statutory Requirement to Declare Interests

- 2.1 Board Members are subject to statutory requirements in relation to conflicts of interest. Schedule 10 paragraph 13 of the Greater London Authority Act (GLA Act) states:
  - (1) If a member of TfL has any interest, whether direct or indirect, and whether pecuniary or not, in any matter that is brought up for consideration at a meeting of TfL he shall disclose the nature of the interest to the meeting; and, where such a disclosure is made:
    - (a) the disclosure shall be recorded in the minutes of the meeting; and
    - (b) the member shall not take part in any deliberation or decision of TfL, or any of its committees or sub-committees with respect to that matter. [...]
  - (6) If any person fails to comply with the provisions under sub-paragraph (1) above, he shall for each offence be liable on summary conviction to a fine not exceeding level 4 on the standard scale unless he proves that he did not know that the contract, proposed contract or other matter in which he had the interest was the subject of consideration at the meeting.
- 2.2 The effect of these provisions is to impose two separate but related duties on Board Members: first, to disclose any interest, whether direct or indirect, pecuniary or non-pecuniary in a matter to be considered at a meeting; and second, to ensure that they take no part in any deliberation or decision of TfL in respect of that matter. To assist Board Members and facilitate compliance, TfL has set out the procedure for making declarations in its Standing Orders.



### 3. TfL Standing Orders

3.1 Standing Orders 62 to 67 set out procedures for dealing with Board Members' interests, as follows:

- (a) If a Member has any interest (including any interest recorded on the register of interests) in any matter that is brought up for consideration at a meeting, the Member shall disclose the nature of the interest to the meeting. (SO 62)
- (b) Disclosure should be made either at the meeting or prior to the meeting to the General Counsel. (SO 64)
- (c) Disclosure of an interest will be recorded in the minutes. (SO 64)
- (d) Following disclosure of an interest by a Member:
  - that Member will not take any part in any deliberation or decision of the Board in relation to any matter to which the interest relates; and
  - that Member will be excluded from that part of the meeting at which that matter is under consideration, except where that part of the meeting is open to the public. (SO 65)
- (e) Standing Order 65 is subject to the Mayor's power under paragraph 13(3) of Schedule 10 of the GLA Act to allow any or all of the affected Members to participate if the number of Members that would be affected is so great a proportion of the whole as to impede the transaction of business. (SO 66)
- (f) If the power referred to in Standing Order 66 is exercised then the circumstances must be recorded in the minutes. (SO 67)

3.2 Standing Orders 87 to 94 provide for a general right for Members to inspect documents. However, access to documents may be refused where those documents relate to a matter in which a Member has an interest (SO 90 (c)). Further, Standing Order 92 provides that a Member must not knowingly apply to inspect, or request a copy of, any document or class of documents relating to a matter in which the Member has any interest, including any interest not yet declared.

3.3 Standing Order 62 refers to Members' interests in this context as any interest **including** any interest recorded on the register of interests which makes clear that there may be other declarable interests in addition to those recorded on the register. Although the register is a useful tool for identifying potential conflicts in advance, it does not obviate the need for Board Members to consider before each meeting whether there is a matter in which they have a declarable interest such that they should not participate in the decision-making process.

### 4. What is an "interest"?

4.1 As set out above, Schedule 10 paragraph 13(1) of the GLA Act deals with the requirements for declarations of interests at TfL Board Meetings. The rules applicable to TfL Board Members apply equally to pecuniary and non-pecuniary interests (this is



different from the position applicable to local government bodies under the Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012 (made under the Localism Act 2011)).

- 4.2 In order to facilitate compliance by Board Members with their obligations, TfL sends to its Board members a Declaration of Interest form, which sets out the categories of interests that must be declared. These are:
- (a) Employment: Details of any employment, office, trade, profession or vocation carried on for profit or gain by the Member or their *partner* (this includes trade union membership).
  - (b) Contracts: Details of any contract which is made between:
    - a. the Member, their partner or close member of their family;
    - b. a firm in which the Member, their partner or a close family member is a partner;
    - c. a body corporate of which the Member, their partner or a close family member is a director;
    - d. a firm or a body corporate in the securities of which the Member, their partner or a close family member has a beneficial interest;
    - e. a firm in which the Member, their partner or a close family member has a beneficial interest;and TfL which (a) goods or services are to be provided or works are to be executed and (b) which has not been fully discharged.
  - (c) Land: Details of any beneficial interest that a Member or their partner has in land within the geographical boundary of the relevant body/bodies specified at section A that entitles a Member or their partner to occupy (alone or jointly with another) that land, or to receive income from it.
  - (d) Licences: Details of any licence that entitles the Member or their partner (alone or jointly with others) to occupy land in the geographical boundary of TfL for a month or longer.
  - (e) Corporate tenancies: Details of any tenancy where, to the Member's knowledge, (a) TfL is the landlord; and (b) the tenant is (i) a firm in which the Member or their partner is a partner, (ii) a body corporate of which the Member or their partner is a director, or (iii) (i) a firm or a body corporate in the securities of which the Member or their partner has a beneficial interest.
  - (f) Securities: Details of beneficial interest that a Member or their partner has in the securities of a body where (a) that body (to the Member's knowledge) has a place of business or land in the geographical boundary of the relevant body/bodies specified at section A; and (b) either (i) the total nominal value of the securities that the Member or their partner has exceeds £25,000 or one hundredth of the total issued share capital of that body; or (ii) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the Member or their partner has a beneficial interest exceeds one hundredth of the total issued share capital of that class.



- (g) Other interests not declared elsewhere on the form:
  - a. names and positions in non-profit making organisations with which TfL has dealings where the Member or their partner is a trustee or participate(s) in management of that body;
  - b. any other office or position which the Member holds (including companies, trade associations and industry forums);
  - c. any other directorships of companies which the Member holds, whether paid or not; and
  - d. any other Interest which the Member holds which might reasonably be likely to be perceived as affecting the Member's conduct or influencing their actions in relation to their role with TfL.

4.3 This is not an exhaustive list of the interests which a Board Member may have to disclose for the purpose of a Board Meeting. The category of interests covered in 4.2(g) is very wide in scope and might be expected to cover most declarable interests. This also makes clear that Board Members must consider whether objectively an interest may give rise to the appearance of some sort of influence or bias, even where there is no actual bias.

4.4 Some examples of instances where conflicts may or may not arise are provided for illustrative purposes in Appendix I.

## **5. TfL Board Members Terms of Appointment**

5.1 The terms of appointment (paragraph 3.2) require Board Members to notify TfL of all direct and indirect pecuniary and non-pecuniary interests which may be perceived to influence your conduct or affect your actions in relation to fulfilling your responsibilities as a Board Member.

5.2 The terms of appointment (paragraph 3.3) cross-refer to those provisions of the GLA Act (referred to above) relating to the declaration of interests. There are also provisions on confidentiality. Members agree to safeguard the confidentiality of TfL information and to observe any instructions issued by TfL in this regard. Specifically, Board Members agree (paragraph 8.1) not to comment to the media without TfL's prior agreement from the Managing Director, Customers, Communication and Technology.

## **6. TfL Code of Conduct**

6.1 All Board Members must comply with TfL's Code of Conduct, which sets out the standards of behaviour required of TfL personnel in order to ensure that the organisation conducts its business with honesty and integrity. The Code reflects the standards set out in the Nolan Report on standards of behaviour in public life. All Board Members are expected to uphold these standards.

### **Nolan Principles**

6.2 The seven principles are: selflessness; integrity; objectivity; accountability; openness; honesty; and leadership. Of these principles it can be seen that several are particularly relevant in the context of potential conflicts of interest.



- **Selflessness** – Members should take decisions solely in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their family or friends.
- **Integrity** – Members should not place themselves under any financial or other obligation to outside individuals or organisations that might influence them in the performance of their official duties.
- **Objectivity** – In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, Members should make choices on merit.
- **Honesty** – Members have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

## 7. Recommended Process

- 7.1 TfL's General Counsel maintains a register of the interests of all TfL Board Members, which is published on the TfL website. All TfL Board Members must complete or confirm the accuracy of their register of interests at least every six months. Board Members must inform TfL's General Counsel within 28 days (but preferably as soon as possible) of becoming aware of any change to their specified interests or of acquiring any new interest(s) in order to bring up to date the information on their register.
- 7.2 Interests declared on the register of interests do not need to be declared again at individual meetings unless they relate to a matter to be considered at a meeting.
- 7.3 Before each meeting Board Members should consider on the basis of the agenda whether there is likely to be consideration of any matter in which they have an interest. In any case where the Board Member is unsure whether he/she has a declarable interest, informal advice can be sought from TfL's General Counsel.
- 7.4 Having identified a declarable interest, a Board Member should ensure that it is notified to TfL's General Counsel as soon as possible. Board Members with an interest will not be provided with any papers that are exempt from publication relating to matters in which they have an interest, where this is known in advance. Board Members should inform the Chair of the meeting at the beginning of a meeting or as soon as it becomes apparent that a conflict of interest may arise. If a Member receives any paper that is exempt from publication relating to matters in which they have an interest, they should notify TfL's General Counsel and return the paper unread.
- 7.5 If TfL's General Counsel or another Board Member considers that a Board Member has a declarable interest and should not participate in deliberations on a particular matter and the Board Member in question has not identified any such interest, and where there is a disagreement as to whether it should be declared, the Chair of the meeting will decide whether an interest arises after taking advice from TfL's General Counsel.



- 7.6 At a meeting where an interest has been declared by a Board Member, that Board Member must not take part in any deliberation or decision of the Board on that issue. The minutes of the meeting will record the interest that has been declared and that the relevant Member did not participate in the decision-making process on that issue.
- 7.7 In order to minimise the risk of any Board Member being perceived to have an influence on the decision-making process:
- (a) it would be prudent for that Member to leave the room where the meeting is being held in public. At the very least, where the issue is to be discussed in public the Member should leave the Board table and go to sit in the public gallery for the duration of the deliberation and decision; and
  - (b) where the meeting is not open to the public, the Board Member must leave the meeting completely for the duration of any such deliberations and decisions.
- 7.8 These requirements apply to all TfL Board and Committee meetings. The same principles apply to Panel meetings and all other engagement that a Board Member may have with or on behalf of TfL. Whilst the basic requirements concerning integrity and conduct continue to apply at all times the specific statutory requirement in relation to declarations does not apply to Panels and other less formal events when the guiding principles will be for integrity and openness about any relevant interests.

## **8. Further Advice and Guidance**

- 8.1 Board Members are free at any time to seek further guidance from TfL's General Counsel and if they are concerned about the handling of a conflict of interest situation then the matter can be raised with the Deputy Chair of the Board.

Howard Carter, General Counsel  
14 September 2016



## 1. Likely conflict of interests

### Example 1:

A TfL Board Member holds a voluntary position on the organising committee of a football club. The club's training ground backs on to a railway line and includes a parcel of land which TfL wishes to acquire using CPO powers.

### Example 2:

A TfL Board Member purchases shares for his children in a construction company employed as a subcontractor on a TfL project.

### Example 3:

A TfL Board Member is on the Board of Governors of a local secondary school. At a charity fundraising day, the local branch of a national chain of businesses makes a generous financial donation to the school. The same business subsequently bids for a contract being tendered by TfL.

### Example 4:

A TfL Board Member is employed by an organisation which is considering or taking legal action against TfL in relation to the matter on the agenda.

### Example 5:

A TfL Board Member is employed by an organisation which is directly (or through a parent company) a significant investor in an organisation or development that will be impacted by a TfL decision.

### Example 6:

A TfL Board Member is a member and Secretary of an environmental interest group which is opposed to a very significant land development in which TfL is involved. Following the grant of planning permission to TfL for the project, the interest group issues legal proceedings to challenge it.

## 2. Unlikely conflict of interests

### Example 7:

A Board Member is TfL's nominated representative on the Board of Crossrail Limited. That Member is able to participate in discussions on the Crossrail project.

### Example 8:

At its last meeting, the Board considered a proposal relating to the introduction of extensive new parking restrictions and charges on roads within the TLRN as part of a package of measures aimed at decreasing motorised vehicle use. A Board Member expressed strong views against the proposals at that meeting but has no other interest in relation to the issue. Following the consultation, the proposals have come back to the Board to approve implementation.

**Example 9:**

A TfL Board Member who regularly commutes into central London by car becomes aware that the Board is to consider at the next meeting proposals on congestion charge policy but the Member has no other interest in relation to the issue.

**Example 10:**

For two years prior to his appointment by TfL, a Board Member held a senior position in a lobbying organisation which campaigned to promote the interests of cyclists. The Member resigned from the role on appointment to the Board. The Board is shortly to consider a package of proposals aimed at making cycling in London safer.

