

Board



Date: 20 September 2012

Item 11: Report of the meeting of the Finance and Policy Committee held on 11 July 2012

This paper will be considered in public

1 Summary

- 1.1 To report to the Board on the meeting of the Finance and Policy Committee held on 11 July 2012.

2 Recommendation

- 2.1 **That the Board note the report.**

3 Background

- 3.1 The main matters considered by the Committee were:
- (a) Renewal of TfL's Medium Term Note Programme;
 - (b) A4 Hammersmith Flyover Further Strengthening Works;
 - (c) Deep Tube Programme – Feasibility Phase;
 - (d) London Underground Power Public Finance Initiative; and
 - (e) DLR Lewisham Concession.

4 Issues Discussed

Renewal of TfL's Medium Term Note Programme

- 4.1 The Committee approved updates to TfL's existing Euro Medium Term Note (MTN) Programme, including the Prospectus and related documentation. It also agreed specific delegations to Officers to make further changes to the documentation, the issuance and content of any Supplemental Prospectus and the issuance of Notes under the MTN Programme between 11 July and 17 October 2012.
- 4.2 Following that decision, TfL has conducted two bond transactions in July 2012. On 12 July TfL successfully issued a £500m bond for 30 years at a record low coupon of 3.875 per cent. Strong investor demand meant that on 31 July TfL successfully issued a £500m bond for 10 years at a record low fixed rate coupon of 2.25 per cent.

- 4.3 Members were informed of the negotiated terms of both issuances by email and a paper will be submitted to the next meeting of the Committee on 17 October 2012.

A4 Hammersmith Flyover Further Strengthening Works

- 4.4 The Committee noted the current status and scope of the Hammersmith Flyover Further Strengthening Works and approved Project Authority for early design activity. Further authority would be sought from the Committee, following the completion of the early design activity.

Deep Tube Programme – Feasibility Phase

- 4.5 Under the authority to approve projects or transactions over £100m, delegated by the Board to the Committee on 15 March 2012, the Committee granted additional project authority until December 2012 for the continuation of the Deep Tube Programme Foundation phase beyond the current Outcome Definition stage into a further, more detailed Feasibility stage during 2012/13. Further authority would be sought from the Board in due course, following the outcome of the detailed Feasibility stage.

London Underground Power Public Finance Initiative

- 4.6 Under the authority to approve projects or transactions over £100m, delegated by the Board to the Committee on 15 March 2012, the Committee approved the discretionary termination of the Power Services Contract that London Underground (LU) had with the Powerlink and PADCo Project companies for the operation, maintenance and renewal services for LU's high voltage power network. Although the contract had been performing well, early termination would enable significant savings to be made without any adverse impact on the day to day operation of the Underground.
- 4.7 Following that decision, on 16 August 2012, LU served formal notice on Powerlink that the contract would come to an end in August 2013. LU and Powerlink would work together to ensure a smooth transfer of staff and activities back to LU.

DLR Lewisham Concession

- 4.8 Under the authority to approve projects or transactions over £100m, delegated by the Board to the Committee on 15 March 2012, the Committee approved specific matters in relation to the DLR Lewisham concession. These are currently the subject of commercial negotiations and Members will be informed of the details once those discussions are concluded.

List of appendices to this report:

None

List of Background Papers:

Papers for the meeting of the Finance and Policy Committee held on 11 July 2012.

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