

Board



Date: 8 November 2016

Item: Report of the meeting of the Finance Committee held on 13 October 2016

This paper will be considered in public

1 Summary

1.1 To report to the Board on the meeting of the Finance Committee held on 13 October 2016.

2 Recommendation

2.1 **That the Board notes the report.**

3 Background

3.1 The main matters considered by the Committee are listed below. Items marked with an asterisk appear elsewhere on the agenda for this meeting.

- (a) Finance Report – Period 5 2016/17;
- (b) Prudential Indicators – Outturn for the Year Ended 31 March 2016;
- (c) Update on TfL Borrowing;
- (d) Tottenham Court Road West Over Site Development;
- (e) Merchant Acquiring Contract*; and
- (f) Multilateral Interchange Fees.

4 Issues Discussed

Finance Report – Period 5 2016/17

4.1 The Committee noted the Finance Report and discussed the report's format, including recent improvements. Suggestions for further improvements were made and officers confirmed that the methods and presentation used in TfL's new quarterly performance report were to be extended to both the TfL Business Plan and to periodic reporting such as the Finance Report.

Prudential Indicators – Outturn for the Year Ended 31 March 2016

4.2 The Committee noted the paper and discussed the relevance of the Prudential Indicators to TfL's financial management. This topic would be explored at a future Member induction session alongside the Treasury Management policy.

Update on TfL Borrowing

- 4.3 The Committee noted the paper and discussed the current borrowing environment and options for refinancing. Authority was delegated to the Chair of the Committee, in consultation with available Members, to agree any new loan facility with the European Investment Bank for the upgrade of the Metropolitan, District, Circle and Hammersmith and City underground lines, should this be required prior to the next meeting of the Committee in January 2017.

Tottenham Court Road West Over Site Development (OSD)

- 4.4 The Committee noted the paper and discussed the costs in the context of the expected returns on the scheme and the overall Crossrail OSD programme. Members also considered the consequences of delaying completion of the OSD works until after the opening of the station. Given the potential disruption to the public caused by the latter option, the increased authority was agreed.
- 4.5 A paper setting out the programme of Commercial Development activity, including Crossrail projects, would be submitted to the January 2017 meeting of the Committee and a briefing on Commercial Development strategy and processes would be included as part of the Member induction process.

Merchant Acquiring Contract

- 4.6 Ron Kalifa declared an interest in this item and was not present for the discussion or decision.
- 4.7 The Committee noted the paper, which summarised the process undertaken to procure a contractor to provide TfL with the 'merchant acquiring services' needed to accept credit and debit card payments. The Committee recommended that the Board approve award of the contract to the highest scoring bidder.
- 4.8 The role of the Committee in the setting of procurement criteria and weightings was discussed and it was agreed that the Committee would be consulted on these ahead of invitations to tender for key procurement activity falling within its remit. TfL's approach to resilience, in particular in relation to cyber security, was raised and it was agreed that this be discussed at a forthcoming coordination meeting of committee Chairs to ensure there was adequate coverage of the issue at Committee and Panel level.

- 4.9 A paper on the Merchant Acquiring Contract appears elsewhere on the agenda.

Multilateral Interchange Fees

- 4.10 Ron Kalifa had declared an interest in this item and was not present for the discussion or decision.
- 4.11 The Committee was updated on legal proceedings issued by TfL and its subsidiaries against both Visa and MasterCard in relation to Multilateral

Interchange Fees (MIFs) charged by those companies on credit and debit card transactions. A number of claims had been brought in both the US and the UK on the basis that MIFs unlawfully restricted competition and TfL was confident that a significant sum could be recovered. Members confirmed they were content with the approach being taken and the paper was noted.

List of appendices to this report:

None

List of Background Papers:

Papers submitted to the Finance Committee on 13 October 2016

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