

Agenda

Meeting: Finance Committee

Date: Wednesday 18 December 2019

Time: 9.00am

**Place: Conference Rooms 1 and 2,
Ground Floor, Palestra, 197
Blackfriars Road, London, SE1
8NJ**

Members

Ron Kalifa OBE (Chair)
Ben Story (Vice-Chair)
Heidi Alexander

Prof Greg Clark CBE
Anne McMeel
Dr Nina Skorupska CBE

Copies of the papers and any attachments are available on [tfl.gov.uk How We Are Governed](https://www.tfl.gov.uk/How-We-Are-Governed).

This meeting will be open to the public, except for where exempt information is being discussed as noted on the agenda. There is access for disabled people and induction loops are available. A guide for the press and public on attending and reporting meetings of local government bodies, including the use of film, photography, social media and other means is available on www.london.gov.uk/sites/default/files/Openness-in-Meetings.pdf.

Further Information

If you have questions, would like further information about the meeting or require special facilities please contact: Jackie Gavigan, Secretariat Manager; Telephone: 020 7084 2954; email: v_JackieGavigan@tfl.gov.uk.

For media enquiries please contact the TfL Press Office; telephone: 0845 604 4141; email: PressOffice@tfl.gov.uk

Howard Carter, General Counsel
Tuesday 10 December 2019

**Agenda
Finance Committee
Wednesday 18 December 2019**

1 Apologies for Absence and Chair's Announcements

2 Declarations of Interests

General Counsel

Members are reminded that any interests in a matter under discussion must be declared at the start of the meeting, or at the commencement of the item of business.

Members must not take part in any discussion or decision on such a matter and, depending on the nature of the interest, may be asked to leave the room during the discussion.

**3 Minutes of the Meeting of the Committee held on 9 October 2019
(Pages 1 - 8)**

General Counsel

The Committee is asked to approve the minutes of the meeting of the Committee held on 9 October 2019 and authorise the Chair to sign them.

4 Matters Arising and Actions List (Pages 9 - 12)

General Counsel

The Committee is asked to note the updated actions list.

5 Use of Delegated Authority (Pages 13 - 18)

General Counsel

The Committee is asked to note the paper.

6 Finance Report (Pages 19 - 28)

Chief Finance Officer

The Committee is asked to note the report.

7 TfL Business Plan 2019

Chief Finance Officer

The Committee is asked to note the paper and, under the authority delegated by the Board, approve the Business Plan (to follow).

8 TfL Capital Strategy

Chief Finance Officer

The Committee is asked to note the paper and, under the authority delegated by the Board, approve the Capital Strategy (to follow).

9 Treasury Management Policies - Liquidity Policy Update (Pages 29 - 42)

Chief Finance Officer

The Committee is asked to note the paper and the exempt supplemental information on Part 2 of the agenda, and approve the changes to the policy.

10 Strategic Risk Update - Inability to Deliver Predicted Revenue Growth (SR8) (Pages 43 - 50)

Chief Finance Officer

The Committee is asked to note the paper.

11 Debt Management and Enforcement Services (Pages 51 - 54)

Chief Finance Officer

The Committee is asked to note the paper and the exempt supplemental information on Part 2 of the agenda, and grant procurement authority.

12 Member Suggestions for Future Agenda Discussions (Pages 55 - 58)

General Counsel

The Committee is asked to note the forward programme and is invited to raise any suggestions for future discussion items for the forward programme and for informal briefings.

13 Any Other Business the Chair Considers Urgent

The Chair will state the reason for urgency of any item taken.

14 Date of Next Meeting

Wednesday 11 March 2020 at 10.00am

15 Exclusion of the Press and Public

The Committee is recommended to agree to exclude the press and public from the meeting, in accordance with paragraph 3 of Schedule 12A to the Local Government Act 1972 (as amended), in order to consider the following items of business.

16 Treasury Management Policies - Liquidity Policy Update (Pages 59 - 62)

Exempt supplemental information relating to the item on Part 1 of the agenda.

17 Debt Management and Enforcement Services (Pages 63 - 66)

Exempt supplemental information relating to the item on Part 1 of the agenda.

Transport for London

Minutes of the Finance Committee

**Conference Rooms 1 and 2, Ground Floor, Palestra,
197 Blackfriars Road, London, SE1 8NJ
9.00am, Wednesday 9 October 2019**

Members

Ron Kalifa OBE (Chair)
Ben Story (Vice-Chair)
Heidi Alexander
Anne McMeel

Executive Committee

Mike Brown MVO	Commissioner
Howard Carter	General Counsel
Simon Kilonback	Chief Finance Officer

Staff

Tanya Coff	Finance Director, London Underground
Jamie Cole	Business Planning and Efficiencies Manager (for Minute 30/10/19)
Patrick Doig	Finance Director, Surface Transport
Oana Ford-McNicol	Head of Financial Planning and Analysis (for Minutes 24/10/19 and 28/10/19)
Jackie Gavigan	Secretariat Manager
Siwan Hayward OBE	Director of Compliance, Policing and On-Street Services (for Minute 30/10/19)
Shamus Kenny	Head of Secretariat
Tony King	Finance Director, Major Projects Directorate (and Statutory Chief Finance Officer)
Tom Page	Head of TfL Business Strategy (for Minute 28/10/19)
Jonathan Patrick	Group Procurement Director
Rachel Shaw	Head of External Reporting (for Minute 26/10/19)
Alex Sorkina	Head of Capital Markets (Interim) (for Minutes 25/10/19 and 27/10/19)
Clive Walker	Director of Risk and Assurance

19/10/19 Apologies for Absence and Chair's Announcements

Apologies for absence were received from Prof Greg Clark CBE and Dr Nina Skorupska CBE.

To reflect TfL's focus on safety, the Chair invited Members to raise any safety issues in relation to items on the agenda or within the remit of the Committee at the start of the item or under Matters Arising. Any other safety issues could be discussed with General Counsel or an appropriate member of the Executive Committee after the meeting.

20/10/19 Declarations of Interests

Members confirmed that their declarations of interests, as provided to the Secretariat and published on tfl.gov.uk, were up to date and there were no other interests to declare that related specifically to items on the agenda.

21/10/19 Minutes of the Meeting of the Committee held on 11 March 2019

The minutes of the meeting held on 11 March 2019 were approved as a correct record and signed by the Chair.

22/10/19 Matters Arising and Actions List

Howard Carter introduced the item. All of the actions in the action list were either completed or addressed on the agenda.

The Committee noted the Actions List.

23/10/19 Use of Delegated Authority

Howard Carter introduced the paper. The Committee noted that, since the meeting of the Committee on 11 March 2019, there had been no use of delegated authority by the Board or to approve Procurement or Land Authority.

There had been eight uses of Chair's Action since the meeting of the Committee on 11 March 2019, relating to Consolidation of Commercial Property Assets; Statutory Chief Finance Officer (on two occasions); Docklands Light Railway Franchise; Build to Rent; Technical Facilities Management Services; RideLondon Cycling Event Delivery Partner Agreement; and Deep Tube Rolling Stock.

There had been three Mayoral Directions to TfL since the meeting of the Committee on 11 March 2019, relating to fares for up to two time limited research trials of demand responsive bus services in outer London; preparing, financing and implementing the Ultra Low Emission Zone Support Scheme; and payment of the Mayor's legal costs of defending a legal challenge regarding a judicial review of the decision to remove the private hire vehicle exemption from the Congestion Charge and any other costs arising as a consequence of the challenge including any appeals.

The Committee noted the paper.

24/10/19 Finance Report – Quarter 2, 2019/20

Simon Kilonback introduced the report and related supplemental information on Part 2 of the agenda, which set out TfL's financial results to the end of Quarter 2, 2019/20 – the year-to-date period ending 15 September 2019. The report was intended as a high-level update with a fuller update to be presented to the Board in November 2019, which would include the Quarter 2 Quarterly Performance Report.

Strong business performance had continued since the last update, with income up on last year, like-for-like operating costs lower than 2018/19, and improved net cost of operations, which would breakeven by 2022/23.

Against Budget, TfL was performing very well, although some of the variances were too large and suggested it had been overly cautious in some of its budgeting assumptions. It had planned on passenger revenue within a 2-3 per cent range, which was reasonable given the level of economic uncertainty, although journeys had been at the upper end of this budgeted range across London Underground and buses.

TfL was currently producing its Business Plan for the next five years, to be published in December 2019. The priority was to establish a realistic financial forecast, with the right balance of risks and opportunities. It was embarking on more directive, top down target setting based on actual performance in the business areas to assist with planning and critical decision making.

Uncertainty on the UK's exit from the European Union remained, although data from July 2019 saw growth in all sectors across the UK economy, going against trends from the previous quarter. Employment levels remained very high, which seemed to be driving passenger journey growth. TfL also had no longer term certainty over its funding, or the amount the Treasury allowed it to borrow.

Against Budget, the direct net operating surplus was improved. Income was down with Ultra Low Emission Zone (ULEZ) income (£32m) lower and compliance levels much higher than expected. ULEZ costs were also down: £5m in contracted services and a further £8m in other operational costs from lower bad debt.

Project costs were £16m lower than Budget, largely related to lower than expected take up for the new Mayoral-funded air quality schemes, including diesel scrappage and taxi de-licensing. TfL expected to carry forward some of these costs into next year.

The Committee noted the report and the supplementary information on Part 2 of the agenda.

25/10/19 Treasury Activities

Simon Kilonback and Alex Sorkina introduced the paper and related supplemental information on Part 2 of the agenda, which provided an update on the key treasury activities for the period from 21 February to 19 September 2019.

£1.9bn was invested across different instruments and counterparties. Due to Brexit uncertainty, contingency planning had been carried out to ensure liquidity and to reduce reliance on the UK market. Improvements in communication channels and the incorporation of more medium-term forecasts had improved cash flow forecasting. £100m had been raised in borrowing so far and European investment bank facilities had been exhausted for now. Completion of the Medium Term Note programme in the summer allowed access to the capital markets, subject to market conditions. TfL's credit rating remained on negative watch.

TfL's Disclosure Procedures Policy had been updated based on current best practice to improve how it captured and monitored potential inside information, to increase market knowledge and provide a re-cap on its obligations across the organisation.

It was agreed that training sessions on TfL's Disclosure Obligations would be extended to Board Members and the training materials would be circulated to them.

[Action: Howard Carter/Secretariat]

In response to a suggestion from the Chair, Simon Kilonback would review how TfL liaised with its financial regulators.

[Action: Simon Kilonback]

The Committee noted the paper, including the draft updated Disclosures Procedures Policy at Appendix 1, and the supplementary information on Part 2 of the agenda.

26/10/19 Prudential Indicators – Outturn for the Year Ended 31 March 2019

Tony King introduced the paper, which reported on TfL's performance against the prudential indicators for the financial year 2018/19, which supported decision making on planned capital expenditure, borrowing and treasury management activities.

Details of the outturn prudential indicators were set out at Appendix 1. Key measures were the authorised limit and the operational boundary for external debt, each of which had direct and indirect components, which had been adhered to. The exception was the breach which reflected the additional spend incurred in delivering the Crossrail project where ongoing spend was being monitored.

The Committee noted the paper.

27/10/19 Foreign Exchange Risk Management

Simon Kilonback and Alex Sorkina introduced the paper and related supplemental information on Part 2 of the agenda. The paper set out TfL's approach to managing foreign exchange risk due to exchange rate fluctuations in both the procurement of goods and services and receipt of grants or revenues, in foreign currencies.

Foreign exchange risk in large procurements continued to be consistently managed where the risk was held by TfL until the point where it could be efficiently mitigated either by agreeing Sterling contract price with suppliers or through hedging internally. Decisions to accept or transfer risk were made on a case by case basis, taking a range of relevant factors into account.

There were a small number of contracts where TfL received revenues from overseas clients, which presented a relatively minor risk but would continue to be monitored. Benefits of aggregating foreign exchange risk for small projects was also being explored.

The Committee noted the paper and the supplementary information on Part 2 of the agenda.

28/10/19 2019/20 TfL Scorecard Update

Simon Kilonback and Tom Page introduced the paper, which sought to update some of the approved Scorecard targets for 2019/20 following the release of 2018/19 year end results. The approved targets were based on a forecast year end position and it was necessary to revise the targets in certain areas where the actual result differed significantly from the forecast.

In response to a suggestion from a Member regarding the reduction in people killed and seriously injured measures, it was agreed that a note be added alongside stating that the real target was zero and that this would be built into the Scorecard.

[Action: Simon Kilonback]

The Committee noted the paper and:

- 1 in accordance with authority delegated by the Board on 27 March 2019, approved the 2019/20 Elizabeth line milestone and target;**
- 2 noted the revised 2019/20 TfL Scorecard targets set out in the paper and recommended to the Board for approval;**
- 3 noted the 2019 target was a stretch target, in light of the final 2018 outturn for the reduction in people killed and seriously injured on roads measure;**
- 4 noted the change in presentation for this measure and the reduction in people killed and seriously injured on roads in accidents involving buses, to state the year on year change in numbers rather than the percentage change against the 2005-09 baseline; and**
- 5 noted the ongoing work on the 'reduction in customer and workforce killed and seriously injured' measure.**

29/10/19 Strategic Risk Update – Financial Sustainability (SR7)

Simon Kilonback and Tony King introduced the paper and related supplemental information on Part 2 of the agenda, which provided an update on the risks to TfL's financial sustainability, the causes and controls relating to the risk and any mitigating actions to reduce the risk likelihood or impact.

TfL was operating in an unprecedented climate and the extent of the macroeconomic risks were challenging to mitigate. Prudent steps were being taken to improve its internal controls environment and forecasting process. Where certain influences were beyond its control, the consequences and impact reduction measures were considered. Recent discussions on risk would inform the emerging Business Plan, with an additional section on financial risks.

The Committee noted that SR7 had numerous interdependencies and was impacted by, or impacted on, almost all other strategic risks. The outcome of a review of the maturity and interdependencies of TfL's strategic risks and the development of better post event

controls reporting would be reported to the Audit and Assurance Committee in March 2020.
[Action: Nico Lategan/Tony King]

The Committee noted the paper and the supplementary information on Part 2 of the agenda.

30/10/19 Pan-TfL Revenue Protection Programme

Siwan Hayward OBE and Jamie Cole introduced the paper and related supplemental information on Part 2 of the agenda, which provided an overview of TfL's new programme of activity to reduce the amount of revenue lost to fare evasion and ticket fraud and included information requested at the Board meeting on 24 July 2019.

Fare evasion was not a victimless crime as it took away re-investment in services for customers and visible prevention helped to maintain a safe and secure transport environment. TfL was taking a robust and systematic approach to tackling fare evasion and ticket fraud. It had developed a new model which would provide an evidence-based approach to making a sustainable impact on the level and cost of fare evasion.

The Committee noted the paper and the supplementary information on Part 2 of the agenda.

31/10/19 Member Suggestions for Future Agenda Discussions

Howard Carter introduced the forward programme. There were no suggestions raised for future discussion items.

The Committee noted the forward programme.

32/10/19 Any Other Business the Chair Considers Urgent

There was no urgent business.

33/10/19 Date of Next Meeting

The next scheduled meeting of the Committee would be held on Wednesday 11 December 2019 at 10.00am.

Exclusion of the Press and Public

The Committee agreed to exclude the press and public from the meeting, in accordance with paragraphs 3, 5 and 7 of Schedule 12A to the Local Government Act 1972 (as amended), when it considered the exempt information in relation to the items on: Finance Report – Quarter 2, 2019/20; Treasury Activities; Foreign Exchange Risk Management; Strategic Risk Update – Financial Sustainability (SR7); and Pan-TfL Revenue Protection Programme.

34/10/19 Close of Meeting

The meeting closed at 10.58am.

Chair: _____

Date: _____

[page left intentionally blank]

Finance Committee



Date: 18 December 2019

Item: Matters Arising and Actions List

This paper will be considered in public

1 Summary

1.1 This paper informs the Committee of progress against actions agreed at previous meetings of the Finance Committee.

2 Recommendation

2.1 **The Committee is asked to note the Actions List.**

List of appendices to this report:

Appendix 1: Actions List

List of Background Papers:

Minutes of previous meeting of the Finance Committee.

Contact Officer: Howard Carter, General Counsel
Number: 020 3054 7832
Email: HowardCarter@tfl.gov.uk

[page left intentionally blank]

Finance Committee Action List (to be reported to the meeting on 18 December 2019)

Actions from the meeting of the Finance Committee held on 9 October 2019

Minute No.	Description	Action By	Target Date	Status note
25/10/19	<p>Treasury Activities</p> <p>In relation to the Disclosure Procedures Policy, the training sessions on TfL's Disclosure obligations would be extended to Board Members and the training materials circulated to Members.</p>	Howard Carter/Secretariat	January 2020	The training materials were circulated to Members on 10 October 2019. All Members have been offered training, date to be arranged.
25/10/19	<p>Treasury Activities</p> <p>In response to a suggestion from the Chair, Simon Kilonback would review how TfL liaised with its financial regulators.</p>	Simon Kilonback	March 2020	Under review.
28/10/19	<p>2019/20 TfL Scorecard Update</p> <p>In relation to the reduction in people killed and seriously injured measure, a note would be added alongside stating that the real target was zero and this would be built into the Scorecard.</p>	Simon Kilonback	November 2019	Completed. Approved by Board 20 November 2019.
29/10/19	<p>Strategic Risk Update – Financial Sustainability (SR7)</p> <p>The Committee noted that SR7 had numerous interdependencies and was impacted by, or impacted on, almost all other strategic risks. The outcome of a review of the maturity and interdependencies of TfL's strategic risks and the development of better post event controls reporting would be reported to the Audit and Assurance Committee in March 2020.</p>	Nico Lategan / Tony King	March 2020	On Audit and Assurance Committee forward plan.

[page left intentionally blank]

Finance Committee



Date: 18 December 2019

Item: Use of Delegated Authority

This paper will be considered in public

1 Summary

- 1.1 This is a standing item on the agenda to inform the Committee of any use of delegated authority by the Committee, through Chair's Action or of Procurement or Land Authority (in respect of matters within the Committee's remit) granted by the Commissioner and the Chief Finance Officer in accordance with delegated authorities under TfL's Standing Orders since the last meeting of the Committee. The paper also provides information on Mayoral Directions to TfL within the Committee's remit.
- 1.2 Since the meeting of the Committee on 9 October 2019, there have been:
- (a) three decisions taken under Chair's Action, relating to; the Deep Tube Rolling Stock project; the sale of Earls Court Partnership PLC, in which TfL has an interest; and Taxi Fares and Tariffs;
 - (b) a current consultation on the use of Chair's Action, relating to Energy Purchasing 2022-2023, the outcome of which will be reported at this meeting; and
 - (c) one Mayoral Direction, in relation to implementing a freeze on all TfL fares under the Mayor's control with effect from 2 January 2020.
- 1.3 There has been no use of authority delegated by the Board nor Procurement or Land Authority granted by the Commissioner or the Chief Finance Officer.
- 1.4 A similar report is submitted to the Programmes and Investment Committee in respect of any use of Chair's Action or Procurement Authority and Programme and Project Authority granted by the Commissioner and the Chief Finance Officer in respect of matters within that Committee's remit.

2 Recommendation

- 2.1 **The Committee is asked to note the paper.**

3 Use of authority delegated by the Board since 9 October 2019

- 3.1 There has been no use of authority delegated by the Board since the meeting on 9 October 2019.

4 Use of Chair's Action since 9 October 2019

4.1 Under Standing Order 114, in situations of urgency, the Board delegates to each of the Chair and the Chairs of any Committee or Panel the exercise of any functions of TfL on its behalf, including the appointment of Members to Committees and Panels. Any use of Chair's Action is reported to the next ordinary meeting.

4.2 There have been three uses of Chair's Action since the meeting of the Committee on 9 October 2019. These relate to; the Deep Tube Rolling Stock project; the sale of shares in Earls Court Partnership PLC, in which TfL has an interest; and Taxi Fares and Tariffs.

Deep Tube Rolling Stock

4.3 On 23 October 2019, the Chair (in consultation with members of the Committee) approved matters in relation to the programme. The use of Chair's Action was considered appropriate as a decision was required ahead of this meeting of the Committee.

4.4 The information contained in the paper seeking Chair's Action remains exempt from publication under paragraphs 3 and 5 of Schedule 12A of the Local Government Act 1972 in that it contains information relating to the business affairs of TfL and issues where a claim to legal professional privilege could be made.

Earls Court - Capital and Counties Properties PLC sale

4.5 On 31 October 2019, the Chair (in consultation with members of the Committee) approved matters in relation to the proposed sale by Capital and Counties Properties PLC (Capco) of its entire interest in Earls Court Partnership PLC (ECPL), the joint venture vehicle created in 2014 between TfL and Capco for the development of the former exhibition centres at Earls Court. Through its wholly owned subsidiary, TTL Earls Court Properties Limited, TfL owns 37 per cent of ECPL, with an indirect subsidiary of Capco owning the remaining 63 per cent.

4.6 The use of Chair's Action was considered appropriate as decisions to protect TfL's interests were required ahead of this meeting of the Committee.

4.7 Following the exercise of Chair's Action, Capco announced that it had exchanged contracts with APG (a Dutch pension fund) and Delancey for £425m and the transaction was subsequently completed.

4.8 The acquisition by Delancey marks a very positive step in the long-awaited development of this important site, including a commitment from Delancey to deliver a London Plan compliant scheme with higher levels of affordable housing and the return of the West Kensington and Gibbs Green estates to the London Borough of Hammersmith & Fulham.

4.9 The information contained in the paper seeking Chair's Action remains exempt from publication under paragraphs 3 and 5 of Schedule 12A of the Local Government Act 1972 in that it contains information relating to the business affairs of TfL and issues where a claim to legal professional privilege could be made.

Taxi Fares and Tariffs Update

- 4.10 On 14 November 2019, the Chair (in consultation with members of the Committee) noted an update on the annual taxi fares and tariffs review and:
- (a) approved increasing the minimum fare from £3.00 to £3.20;
 - (b) approved increasing Tariffs 1 and 2 by 1.9 per cent;
 - (c) approved freezing Tariffs 3 and 4;
 - (d) approved extending the fuel charge arrangements for a further year;
 - (e) approved a change to when Tariff 4 starts so that the distance at which it starts is linked to the distance units for Tariffs 1, 2 and 3; and
 - (f) noted that the changes will be implemented by Officers in accordance with TfL's Standing Orders.
- 4.11 The use of Chair's Action was considered appropriate as taxi fares and tariffs are normally updated annually in April and any approved changes to fares and tariffs take around six weeks to implement to allow for the taximeter companies to create their taximeter updates, for these to be tested and verified and for arrangements to roll out the update across the taxi fleet to be put in place.
- 4.12 Following approval by the Committee changes to taxi fares and tariffs will come into effect on 11 January 2020. The date for changes coming into effect has been moved following concerns being raised by the taximeter companies and testing companies. The taxi driver associations and taxi booking companies have been informed of the date when change will take affect.
- 4.13 In approving the Chair's Action, Members requested that future papers be arranged to go to an ordinary meeting, at a regular time each year, to provide the taxi trade and users with greater certainty about fares. Members also requested a wider strategic discussion on the regulation of the Taxi and Private Hire industries given technological changes and how they can support delivery of the Mayor's Transport Strategy.
- 4.14 A link to the paper seeking approval is provided under background papers.

Energy Purchasing 2022-23

- 4.15 At the time that this paper was published, the Chair (in consultation with members of the Committee) was being asked to consider approval of Procurement Authority for the purchase of electricity and natural gas across TfL during the 2022/23 financial year, under frameworks set up by the Crown Commercial Service.
- 4.16 The use of Chair's Action is considered appropriate to ensure continuity of TfL's energy risk management strategy, which provides TfL budget protection against potentially volatile wholesale energy markets.
- 4.17 The decision on the use of Chair's Action will be reported to this meeting. If approved, the paper seeking approval will be published on the website via the link under background papers.

5 Procurement and Land Authority Approvals since 9 October 2019

- 5.1 Procurement Authority is the authority to make a binding or contractual commitment with a supplier for the purchase of goods, services, land or works or to receive income arising from TfL Group activities in the areas of goods, services land or works.
- 5.2 Land Authority is the authority to engage in a Land Transaction or to dispose of any assets.
- 5.3 The Board had delegated to the Committee approval of unlimited Procurement Authority and Land Authority in relation to Transactions and Commercial Development opportunities. The approvals delegated to the Commissioner are up to £100m and the Chief Finance Officer up to £25m.
- 5.4 Since the meeting of Committee on 9 October 2019, there has been no use of delegated authority to approve Procurement or Land Authority.

6 Mayoral Directions to TfL

- 6.1 The Greater London Authority Act 1999 (as amended), permits the Mayor to issue to TfL general directions as to the manner in which TfL is to exercise its functions or specific directions as to the exercise of its functions (or not to exercise a power specified in the direction). Directions are also often made in relation to the implementation of matters in respect of which the Mayor delegates statutory powers to TfL.
- 6.2 The Mayor makes Mayoral Directions through Mayoral Decisions. Proposed Mayoral Decisions (including Mayoral Directions) are considered within the GLA by its Corporate Investment Board before being considered by the Mayor. Papers for Mayoral Directions set out the financial and other implications. If those implications change over time, that will be reported to the GLA.
- 6.3 All Mayoral Decisions are issued in writing, with the information that is not exempt from publication included on the GLA's Decisions Database on its website: <https://www.london.gov.uk/about-us/governance-and-spending/good-governance/decisions?order=DESC>.
- 6.4 Mayoral Directions fall into three broad categories: those addressing technical issues relating to statutory powers; those related to commercial development activities; and those related to projects and programmes. Mayoral Directions relating to TfL are reported to the Board's Committees for discussion as soon as possible after they are received by TfL. Regular reports will list the relevant Directions for as long as they are applicable.
- 6.5 Annually the Audit and Assurance Committee considers the list as part of its consideration of the annual audit plan to ensure that appropriate audit resource is applied to assurance on TfL's work in implementing Mayoral Directions. This will also be kept under review at each quarterly meeting of that Committee.
- 6.6 A summary of current Mayoral Directions to TfL is now maintained on the "How we are governed" page on our website, with links to the relevant Mayoral Decisions: <https://tfl.gov.uk/corporate/about-tfl/how-we-work/how-we-are-governed>. That page will be updated as and when further Directions are made.

- 6.7 Mayoral Directions to TfL addressing technical issues with our statutory powers or related to our commercial development activities are reported to this Committee.
- 6.8 Since the last meeting of the Committee, there has been one direction to TfL to implement a freeze on all TfL fares under the Mayor's control with effect from 2 January 2020. (MD2537 on 4 November 2019).

List of appendices to this report:

None

List of Background Papers:

Finance Committee Use of Chair's Action since last meeting:

<http://content.tfl.gov.uk/fincom-20191218-item05-chair-action-taxi-fares-fees.pdf>

Mayoral Directions: <https://www.london.gov.uk/about-us/governance-and-spending/good-governance/decisions?order=DESC>

Contact Officer: Howard Carter, General Counsel

Number: 020 3054 7832

Email: HowardCarter@tfl.gov.uk

[page left intentionally blank]

Finance Committee

Date: 18 December 2019

Item: Finance Report – Period 8, 2019/20

This paper will be considered in public

1 Summary

- 1.1 The Finance Report presentation sets out TfL's financial results to the end of period 8, 2019/20 - the year-to-date period ending 9 November 2019.

2 Recommendation

- 2.1 **The Committee is asked to note the Finance Report.**

3 Financial Reporting to the Committee

Finance Report – Period 8, 2019/20

- 3.1 The Finance Report presentation provides a summary of year-to-date financial performance against the 2019/20 as well as last year. The presentation is consistent with how we have presented the 2018 Business Plan and the 2019/20 Budget. The objective is to provide this information in a consistent and transparent way so that the progress and financial performance of the business become much clearer.
- 3.2 Year-to-date performance is shown against the revised Budget, and against last year's actuals. This report also incorporates trends on passenger journeys.

List of appendices to this report:

Appendix 1: Finance Report – Period 8, 2019/20

List of Background Papers:

None

Contact Officer: Simon Kilonback, Chief Finance Officer
Number: 020 3054 8941
Email: SimonKilonback@tfl.gov.uk

[page left intentionally blank]



TfL Finance Committee Finance report Period 8, 2019/20

Management results to 9 November 2019

18 December 2019



Period 8 financial performance

Page 22



Net cost of operations in line our revised budget

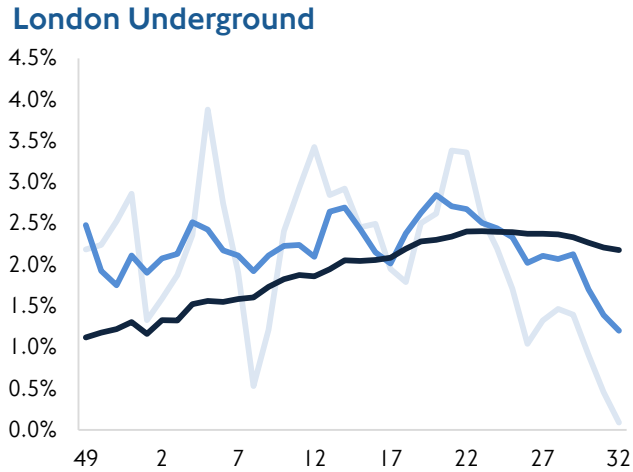
Operating income behind expectations owing to recent softening in demand trends

£m	2019/20 YTD				2018/19 YTD		
	Actuals	Revised budget	Variance to revised budget	% variance to revised budget	Last year actuals	Variance to last year	% variance to last year
Operating account							
Passenger income	3,011	3,017	(6)	0%	2,940	71	2%
Other operating income	616	614	2	0%	497	119	24%
Total operating income	3,627	3,631	(4)	0%	3,437	190	6%
Business Rates Retention	573	573	0	N/A	568	5	1%
Revenue grant	53	53	0	N/A	36	17	47%
Total income	4,253	4,257	(4)	0%	4,041	212	5%
Operating costs	(3,833)	(3,827)	(6)	0%	(3,735)	(98)	-3%
Net operating surplus	420	430	(10)	-2%	306	114	37%
Capital renewals	(252)	(264)	12	5%	(231)	(21)	-9%
Net cost of operations before financing	168	167	1	1%	74	93	125%
Net financing costs	(275)	(274)	(1)	0%	(275)	(0)	0%
Net cost of operations	(107)	(107)	0	1%	(201)	93	46%

Passenger income growth from earlier in the year has stalled

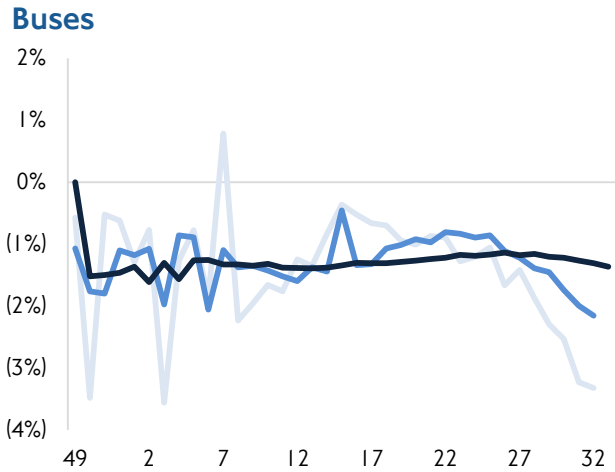
Recent periods have seen reduced growth in LU and greater decline on buses.

Passenger journey trends Trends to end of Period 8, 9 November 2019



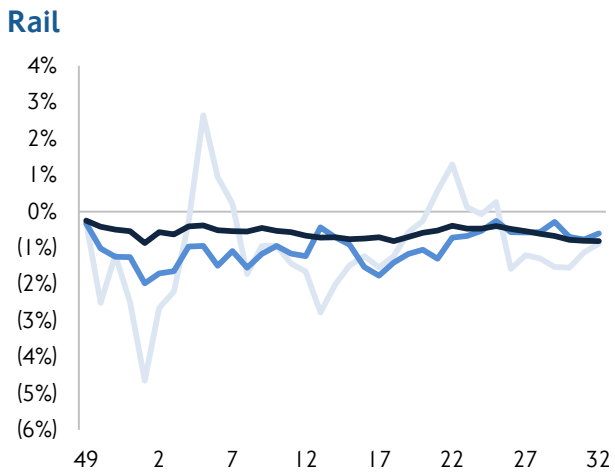
52 week	12 week	4 week
2.2%	1.2%	0.1%

- Journey demand growing at 2.2% over past 52 weeks; growth at 0.1% in Period 8 (compared to same period last year)
- Journeys 5 million lower than revised budget in Period 8
- Jubilee line reliability has been a factor for 0.5% of the erosion.



52 week	12 week	4 week
(1.4%)	(2.3%)	(3.5%)

- Journeys declined by 1.4% over past 52 weeks, less than anticipated
- Last 4 weeks seen significant drop in journeys
- Journeys 5 million lower than revised budget in Period 8



52 week	12 week	4 week
(0.8%)	(0.6%)	(0.9%)

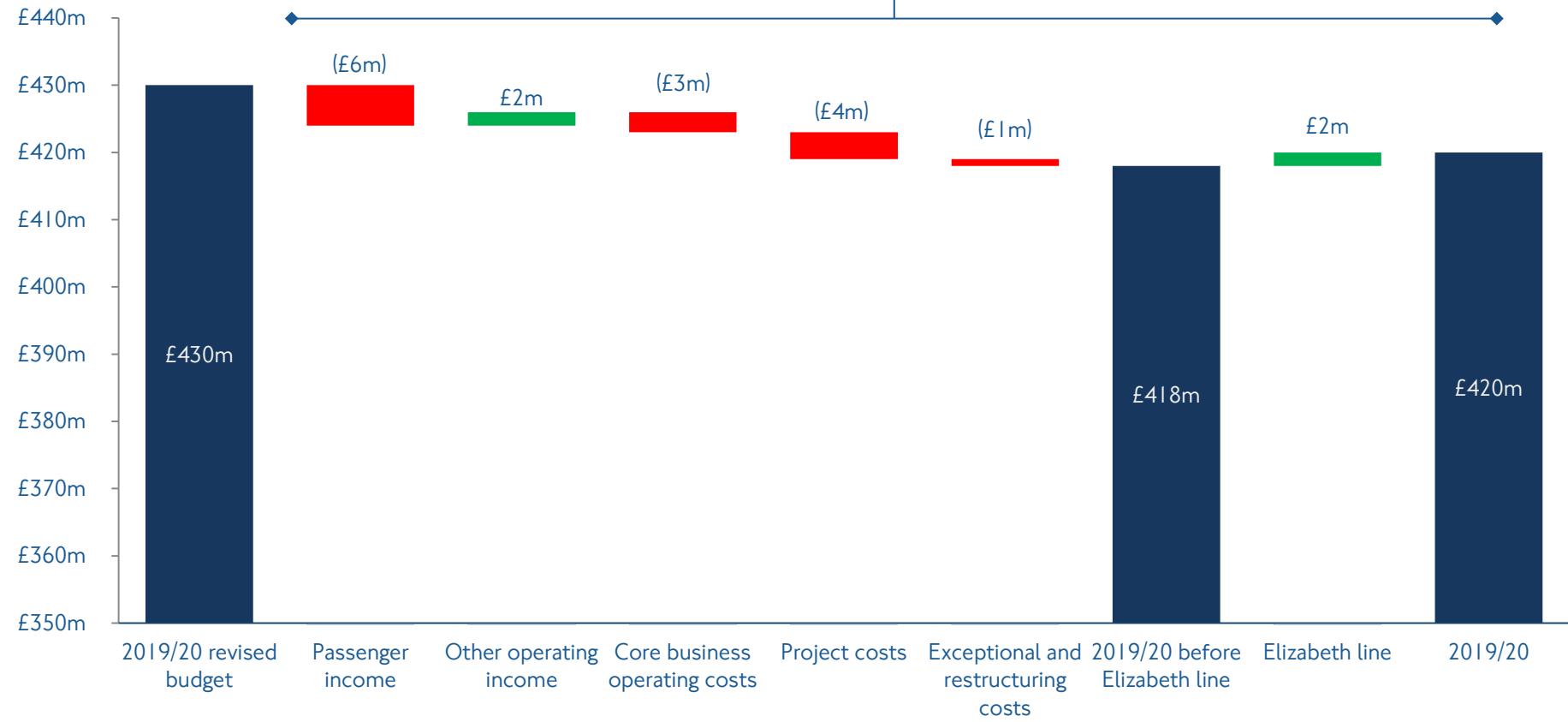
- Rail demand showing some signs of strengthening in earlier periods; National Rail recently reported strong rebound on journeys, mainly from commuting
- Demand broadly in line with expectations

Note: includes London Overground, Trams and DLR

Summary: behind budget driven by revenue

Net operating surplus Our approximation for EBITDA

(£10m) behind revised Budget



Operating cost
variances driven by
timing and phasing of
spend and expected to
reverse in future periods

Capital spend continues to track below Budget

Page 26

Final delivery dates not expected to be impacted at this stage

£m	2019/20 YTD				2018/19 YTD		
	Actuals	Revised budget	Variance to revised budget	% variance to revised budget	Last year actuals	Variance to last year	% variance to last year
Capital account							
New capital investment	(619)	(642)	23	4%	(870)	251	29%
Crossrail	(638)	(643)	5	1%	(899)	261	29%
Total capital expenditure	(1,257)	(1,285)	28	2%	(1,769)	512	29%
<i>Financed by:</i>							
Investment grant	536	536	0	0%	586	(50)	-8%
Property and asset receipts	149	148	1	0%	82	67	82%
Borrowing	-	-	-	0%	708	(708)	-100%
Crossrail funding sources	538	537	1	0%	246	292	118%
Other capital grants	110	111	(1)	-1%	112	(2)	-2%
Total	1,333	1,332	1	0%	1,733	(401)	-23%
Net capital account	76	47	29	62%	(36)	111	308%
TfL capital expenditure							
Capital renewals	(252)	(264)	12	5%	(231)	(21)	-9%
New capital investment	(619)	(642)	23	4%	(870)	251	29%
Total capital expenditure	(871)	(906)	35	4%	(1,101)	230	21%

90% of the investment programme milestones are forecast to be achieved on time

Page 27

Budget milestones



[page left intentionally blank]

Finance Committee

Date: 18 December 2019

Item: Treasury Management Policies – Liquidity Policy
Update (minimum cash)

This paper will be considered in public

1 Summary

- 1.1 This paper asks the Committee to approve the proposed update to the Liquidity Policy included within the Treasury Management Policies. This paper sets out the proposed changes and impact.
- 1.2 The Board delegated authority to the Committee on 20 November 2019 to approve those matters reserved to the Board in relation to the approval of changes to the Treasury Management Policies – Liquidity Policy.
- 1.1 A paper is included on Part 2 of the agenda, which contains exempt supplemental information and documentation. The information is exempt by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972 in that it contains information relating to the financial affairs of TfL or of a sensitive nature to our listed counterparties. Any discussion of that exempt information must take place after the press and public have been excluded from this meeting.

2 Recommendations

- 2.1 **The Committee is asked to note the paper and the supplementary information on Part 2 of the agenda and approve the changes to the Treasury Management Policies set out in Appendix 1.**

3 Background

- 3.1 Our existing Liquidity Policy, approved by the Board on 27 March 2019, states that we will maintain a minimum level of cash and short-term investments of, on average, at least 30 days' worth of forecast annual operating expenditure.
- 3.2 The purpose of this minimum cash policy is to ensure that we have enough cash to meet payment obligations as they become due and provide sufficient headroom to allow us to deal with emergencies, such as loss of income or large unforeseen expenditure. As the amount of additional borrowing that we can undertake is constrained by the limits agreed with central government, cash reserves are a key source of liquidity.
- 3.3 Liquidity is a key factor that credit rating agencies take into consideration when assessing TfL's creditworthiness. We therefore also monitor these

liquidity ratios against the rating criteria to ensure we maintain our credit rating. Strong liquidity and reserves support our outstanding debt portfolio of around £11bn, by demonstrating that the debt can be serviced even if there are problems with liquidity, thereby minimising the probability of default.

- 3.4 While our existing policy requires us to hold a minimum of 30 days' worth of operating costs, for financial planning purposes, we aim to hold a more prudent cash balance between 60-90 days.

4 Proposed changes

- 4.1 We have reviewed our existing Liquidity Policy in response to a number of recent developments and external factors, including potential credit rating methodology changes and the current economic and operating environment. We have also looked at the liquidity positions of our international peers.
- 4.2 Following this review, we propose to change the Liquidity Policy (see paragraphs 2.12 to 2.16 of Appendix 1: Treasury Management Policies (with changes compared to existing Treasury Management Policies tracked)), by increasing the minimum cash days from 30 to 60 and providing more information on different purposes of the cash balances. The updated Liquidity Policy within the Treasury Management Policies will be as set out below:

“For prudent financial management purposes, TfL will aim to maintain a minimum level of cash reserves of at least 60 days' worth of forecast annual operating expenditure, on average, with respect to TfL Group (excluding ring fenced subsidiaries; Crossrail Limited, London Transport Insurance (Guernsey) Limited and London Transport Museum Limited). Cash reserves include cash and short-term investments.

The total minimum cash reserve will consist of an operating cash reserve that allows TfL to meet its ongoing payment obligations and a strategic cash reserve that aims to provide contingency in case of unexpected events.

Actual cash balances fluctuate on a daily basis and could temporarily fall below the minimum requirement, but they are expected to stay within the operating cash reserve in the normal course of business. An assessment will be made as to whether any action is required to address such temporary fluctuations, taking into account any undrawn credit facilities and access to commercial paper programme. If required, TfL may use short-term borrowing for working capital purposes, provided the position is temporary and TfL remains within the Authorised Limit at all times.

The strategic cash reserve will be held at a target level and, if the cash balance falls below the operating cash reserve and into the strategic cash reserve, it must be replenished as soon as possible.

The statutory and managing Chief Finance Officers will be notified of any material changes in the usage of short-term sources of liquidity.”

- 4.3 We are updating our processes to include monitoring of this proposed policy. We estimate the required operating cash reserve is approximately £300m, which we will keep under review.

5 Impact of proposed changes

- 5.1 We do not expect an immediate impact resulting from this increase, as for financial planning we already use 60-90 days. As our credit rating is based on our actual and planned cash balances rather than the minimum stated in our policy, we also do not expect any immediate changes in our credit rating.

List of appendices to this report:

Appendix 1: Treasury Management Policies (with changes compared to existing Treasury Management Policies tracked)

A paper containing exempt supplemental information is included on Part 2 of the agenda.

List of background papers:

None

Contact Officer: Paul Mason, Group Treasurer
Number: 020 7535 5321
Email: paul.mason@tfl.gov.uk

[page left intentionally blank]

TRANSPORT FOR LONDON

TREASURY MANAGEMENT POLICIES

TREASURY MANAGEMENT POLICIES

1 BACKGROUND

- 1.1 The establishment and review of a policy for TfL in relation to treasury management is a matter reserved to the Board. This document (including the Treasury Management Policy Statement, Treasury Management Policies, Treasury Authorities and Delegations and Treasury Management Practices) is therefore subject to Board approval.
- 1.2 This document has been prepared having regard to the Local Government Act 2003 and the Local Authorities (Capital Finance and Accounting) Regulations 2003 (as amended), as well as the key recommendations of (i) the Code of Practice and Cross-Sectoral Guidance Notes for Treasury Management in the Public Services (the 'Treasury Management Code') issued by the Chartered Institute of Public Finance & Accountancy (CIPFA) and last updated in 2017, (ii) the Prudential Code for Capital Finance in Local Authorities (the 'Prudential Code') issued by CIPFA and last updated in 2017, and (iii) the Statutory Guidance on Local Authority Investments (the 'Investments Guidance') issued by the Ministry of Housing, Communities and Local Government (MHCLG) in 2018, with respect to treasury investments.
- 1.3 This document sets out TfL's policies and practices, including approach to risk management of its treasury management activities. It also sets out authorities and delegations for treasury management activities.

2 TREASURY MANAGEMENT POLICY STATEMENT

- 2.1 TfL defines its treasury management activities as:
 - (i) the management of the organisation's investments and cash flows;
 - (ii) its financing, banking, money market, capital market and derivative transactions;
 - (iii) the effective control of the risks associated with those activities; and
 - (iv) the pursuit of optimum performance consistent with those risks.
- 2.2 TfL regards the successful identification, monitoring and control of treasury risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks.

- 2.3 TfL also acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable performance measurement techniques, always in the context of effective risk management.
- 2.4 The following sections detail TfL's overarching policies for treasury management, including high level policies for borrowing and investments, as recommended by the Treasury Management Code.

Borrowing Policy

- 2.5 As required by the Local Government Act 2003, at all times, the aggregate of all TfL's borrowings will be within the Authorised Limit set by the Mayor and adopted by the Board.
- 2.6 TfL's borrowing to fund capital expenditure is to be contained within the profile agreed with HM Treasury. As confirmed by HM Treasury in a letter dated 2 March 2016, from the financial year 2016/17 onwards TfL is able to defer borrowing from one year to the next until needed, provided TfL informs the relevant HM Treasury officials at least eight weeks ahead of the end of the financial year.
- 2.7 Under section 2(3) of the Local Government Act 2003, TfL may not, without the approval of HM Treasury, borrow other than in Sterling. All borrowings will be in Sterling unless HM Treasury grants approval to borrow in alternative currencies, in which case TfL may borrow in any currency approved by HM Treasury.
- 2.8 Under section 13(1) of the Local Government Act 2003, TfL (the local authority) may not charge any of its property as security for money which it has borrowed or which it otherwise owes. All money borrowed by TfL (the local authority) shall be charged indifferently on all revenues of the authority. TfL subsidiaries however may charge their property as security for money which they borrow or otherwise owe, pursuant to Section 4 of the Transport for London Act 2016¹.
- 2.9 Where TfL is issuing new debt, or refinancing existing debt, it may be necessary or commercially desirable to draw the new debt prior to the repayment of the debt being refinanced, which may result in a temporary increase in liabilities above the planned incremental borrowing for the year. Borrowing in excess of the incremental amounts agreed with Central Government is permitted, provided the position is temporary and that TfL remains within the Authorised Limit at all times (i.e. it reflects the temporary utilisation of headroom between the planned incremental borrowing and the legal limit on TfL's liabilities).

Investment Policy

- 2.10 All cash balances will be invested having regard to the relevant Investments Guidance, as applicable to treasury investments, and the GLA Responsible Investment Policy.
- 2.11 If any investment or derivative limit applicable to a counterparty under the Treasury Management Policies or Treasury Management Strategy changes while TfL has an

¹ Section 4 of the Transport for London Act 2016 has not yet entered into force. It will enter into force on a day appointed by TfL.

outstanding investment or derivative with that counterparty, it will not be considered a breach of these limits. TfL may seek to bring its exposure down to within the revised limits, or at the Corporate Finance and Strategy Director's discretion, may decide to allow an investment or derivative to run its course for economic reasons.

Liquidity Policy

2.12 For prudent financial management purposes, TfL will aim to maintain a minimum level of cash reserves of at least 60 days' worth of forecast annual operating expenditure, on average, with respect to TfL Group (excluding ring fenced subsidiaries; Crossrail Limited, London Transport Insurance (Guernsey) Limited and London Transport Museum Limited). Cash reserves include cash and short-term investments.

Deleted: The TfL Group's (excluding ring fenced subsidiaries; Crossrail Limited, London Transport Insurance (Guernsey) Limited and London Transport Museum Limited)

Deleted: and short-term investments will be, on average,

Deleted: 3

2.13 The total minimum cash reserve will consist of an operating cash reserve that allows TfL to meet its ongoing payment obligations and a strategic cash reserve that aims to provide contingency in case of unexpected events.

2.14 Actual cash balances fluctuate on a daily basis and could temporarily fall below the minimum requirement, but they are expected to stay within the operating cash reserve in the normal course of business. An assessment will be made as to whether any action is required to address such temporary fluctuations, taking into account any undrawn credit facilities and access to commercial paper programme. If required, TfL may use short-term borrowing for working capital purposes, provided the position is temporary and TfL remains within the Authorised Limit at all times.

2.15 The strategic cash reserve will be held at a target level and, if the cash balance falls below the operating cash reserve and into the strategic cash reserve, it must be replenished as soon as possible.

2.16 The statutory and managing Chief Finance Officers² will be notified of any material changes in the usage of short-term sources of liquidity.

Deleted: <#>TfL may also have undrawn credit facilities in place to supplement the cash balances, as required.¶

<#>TfL may borrow short-term for working capital purposes, provided the position is temporary and that TfL remains within the Authorised Limit at all times. ¶

TREASURY MANAGEMENT AUTHORITIES AND DELEGATIONS

3 RESPONSIBLE OFFICERS

3.1 The Treasury Management Policies will be implemented, operated and administered through the Treasury team within the Corporate Finance Directorate and will be applied to TfL and all its subsidiaries whose monies are under the control of Treasury.

3.2 The managing Chief Finance Officer is responsible for advising the Board on investments, borrowing, derivatives, financial risk management, capital financing and also for the establishment and operation of banking arrangements necessary for the TfL Group business. On an operational basis, this will be discharged through the Corporate Finance and Strategy Director.

² References to statutory Chief Finance Officer in this document mean the Chief Finance Officer under sections 114 and 115 of the Local Government and Finance Act 1988 and section 127 of the Greater London Authority Act 1999. References to managing Chief Finance Officer mean the Managing Director (Chief Finance Officer).

- 3.3 The statutory Chief Finance Officer is responsible for ensuring the execution of the Treasury Management Policies, as the designated Section 127 officer under the Greater London Authority Act 1999. On an operational basis, this will be discharged through the Corporate Finance and Strategy Director.
- 3.4 The Corporate Finance and Strategy Director and Treasury officers will implement, execute, operate and administer a Treasury Management Strategy (TMS).
- 3.5 The arrangements for the implementation, execution, operation and administration of the TMS, including the arrangements for banking, cash management, investment of cash balances, borrowing, liquidity management and financial risk management are delegated to the managing Chief Finance Officer and the Corporate Finance and Strategy Director, provided no decision contravenes the TMS, the Treasury Management Policies or the TfL Group Policy Relating to the Use of Derivative Investments. Subject as otherwise provided for in the TMS, the Treasury Management Policies or the TfL Group Policy Relating to the Use of Derivative Investments, the Treasury officers will enter into any appropriate documentation.
- 3.6 The statutory or managing Chief Finance Officers or the Corporate Finance and Strategy Director will appoint relevant Treasury officers to be authorised signatories for the purposes of paragraph 3.5.
- 3.7 Subject as otherwise provided for within these policies, no investments, borrowings or entry into credit arrangements (including, but not limited to any lease³ or other such arrangement that might count towards TfL debt or liabilities under relevant accounting standards) shall be permitted without the consent of the statutory or managing Chief Finance Officer or Corporate Finance and Strategy Director.
- 3.8 The managing Chief Finance Officer or Corporate Finance and Strategy Director will provide guidance for accepting financial guarantees, performance bonds, letters of credit and other credit enhancing products, and this must be followed by TfL and/or its subsidiaries at all times.
- 3.9 For the purposes of this document, TfL Officers means the Commissioner, managing Chief Finance Officer, General Counsel and Corporate Finance and Strategy Director.

4 BORROWING

- 4.1 The managing Chief Finance Officer is authorised to approve, notwithstanding the value of the borrowing, any new borrowings (subject to this falling within the TfL's Authorised Limit). The Corporate Finance and Strategy Director is authorised to approve, notwithstanding the value of the borrowing, any new borrowings (subject to this falling within the TfL's Authorised Limit) for a tenor of not more than 12 months.
- 4.2 Without further reference to the statutory or managing Chief Finance Officer, Treasury officers will use the Euro Commercial Paper programme and any other

³ Consent not required if the impact of the debt or liability is driven by the reclassification of existing leases as a result of the adoption of IFRS 16

short-term facilities (e.g. overdraft, commercial paper, back-stop facilities or revolving credit facilities) to manage its liquidity requirements.

- 4.3 Approval of, and entry into any required agreements or other documentation in relation to the implementation of permitted borrowing is delegated from the Board to TfL Officers.
- 4.4 The managing Chief Finance Officer may approve the pre-payment or refinancing of loans or re-purchase or redeeming of existing debt instruments.
- 4.5 TfL officers will follow ongoing compliance and disclosure procedures set out in the TfL Prudential Borrowing Process for Ensuring Compliance in relation to the Medium Term Note Programme.

5 INVESTMENTS

- 5.1 The Corporate Finance and Strategy Director and Treasury officers may enter into investment related agreements and/or documentation required to execute the TMS.
- 5.2 The managing Chief Finance Officer or Corporate Finance and Strategy Director will set individual investment counterparty exposure limits, which will be within any limits approved by the Board in the Treasury Management Strategy.
- 5.3 The managing Chief Finance Officer or Corporate Finance and Strategy Director will approve investment and derivative counterparties.

6 BANKING

- 6.1 The Corporate Finance and Strategy Director shall as and when necessary be authorised to:
 - (a) supply to TfL's financial institutions, lists of officials authorised to sign in respect of each and any account(s) of TfL and/or any TfL subsidiary together with specimen signatures;
 - (b) open further accounts for and on behalf of TfL and/or any TfL subsidiary and supply to the financial institutions, details of the signatories together with specimen signatures in respect of such account(s);
 - (c) notify the financial institutions of any restrictions on the operation of any such accounts; and,
 - (d) agree on behalf of TfL and/or any TfL subsidiary the terms of any facility or service provided by the financial institutions including but not limited to general banking services, bonds, guarantees and credit limits.
- 6.2 The financial institutions shall be entitled to rely on any such details or notifications supplied by the Corporate Finance and Strategy Director or any Corporate Finance officer confirmed in writing as having the same authority as the Corporate Finance and Strategy Director.

TREASURY MANAGEMENT PRACTICES (TMPs)

7 TREASURY RISK MANAGEMENT – TMP1

7.1 The Corporate Finance and Strategy Director will:

- (a) design, implement and monitor all arrangements for the identification, management and control of treasury management risk;
- (b) report annually to the Finance Committee on the adequacy/suitability thereof, and on any specific issues as directed by the Finance Committee; and,
- (c) report, as a matter of urgency, the circumstances of any actual or likely difficulty in achieving the organisation's objectives in this respect to the statutory and managing Chief Finance Officers.

8 PERFORMANCE MEASUREMENT – TMP2

- 8.1 TfL is committed to the pursuit of value for money in its treasury management activities, and to the use of performance methodology in support of that aim within the framework set out in its Treasury Management Policy Statement.
- 8.2 The actual performance of the treasury management function will be measured using criteria to be agreed by the managing Chief Finance Officer.

9 DECISION-MAKING AND ANALYSIS – TMP3

- 9.1 TfL will maintain records of its key treasury management decisions and for demonstrating that reasonable steps were taken to ensure that issues relevant to those decisions were taken into account at the time.

10 APPROVED INSTRUMENTS, METHODS AND TECHNIQUES – TMP4

- 10.1 TfL will undertake its treasury management activities by employing recognised and approved instruments, methods and techniques and within the limits and parameters defined in its policies and practices.
- 10.2 Where TfL uses derivative instruments for the management of risks, these will be approved in accordance with the TfL Group Policy Relating to the use of Derivative Investments.
- 10.3 TfL and relevant subsidiaries intend to maintain their classification as professional clients with financial institutions under MiFID II in respect of all products and services that they receive.
- 10.4 All decisions on capital/project financing, borrowing, investment and derivatives will be made in accordance with TfL Standing Orders and relevant policies and strategies.

11 ORGANISATION, CLARITY AND SEGREGATION OF RESPONSIBILITIES, AND DEALING ARRANGEMENTS – TMP5

- 11.1 TfL considers it essential, for the purposes of effective control and monitoring of its treasury management activities, for the pursuit of optimum performance, and for

the reduction of the risk of fraud or error, that activities are structured and managed in a fully integrated manner, and that there is at all times clarity of treasury management responsibilities.

- 11.2 The principle on which this will be based is a clear distinction between those charged with setting Treasury Management Policies and those charged with implementing and controlling these policies, particularly with regard to the execution and transmission of funds, the recording and administering of treasury management decisions, and the audit and review of the treasury management function.
- 11.3 If for any reason there is intended to be or has been any departure from these principles, the Corporate Finance and Strategy Director will ensure that the reasons are properly reported in accordance with TMP6 Reporting requirements and management information arrangements (below), and the implications properly considered and evaluated.
- 11.4 The Corporate Finance and Strategy Director will ensure that there are clear lines of responsibilities, objectives and guidance for each post engaged in treasury management, and that arrangements are in place for absence cover. The Corporate Finance and Strategy Director will also ensure that at all times those engaged in treasury management will follow the policies and procedures set out.
- 11.5 The Corporate Finance and Strategy Director will ensure all transactions are recorded, and that procedures exist for the effective transmission of funds. The Corporate Finance and Strategy Director will fulfil all such responsibilities in accordance with TfL's Treasury Management Policy Statement and Treasury Management Practices.

12 REPORTING REQUIREMENTS AND MANAGEMENT INFORMATION ARRANGEMENTS – TMP6

- 12.1 TfL will ensure that regular reports are prepared and considered on the implementation of its Treasury Management Policies; on the effects of decisions taken and the transactions executed in pursuit of those policies; on the implications of changes, particularly budgetary, resulting from regulatory, economic, market or other factors affecting its treasury management activities; and on the performance of the treasury management function.
- 12.2 As a minimum, the following reports will be produced:
 - (a) an annual report to the Board on the strategy to be pursued in the coming year;
 - (b) a mid-year report to the Finance Committee on the performance of the treasury management function; and,
 - (c) an annual report to the Finance Committee on the performance of the treasury management function, on the effects of decisions taken and the transactions executed in the past year, and on any non-compliance with the organisation's Treasury Management Policy Statement and Practices.
- 12.3 The statutory and managing Chief Finance Officers will receive regular monitoring reports on treasury management performance, activities and risks.

12.4 In addition to the regular reporting requirements set out above, any non-compliance with the Treasury Management Policies or the Treasury Management Strategy must be immediately reported to the statutory and managing Chief Finance Officers. If the breach is material in the view of either the statutory or managing Chief Finance Officer, it must be reported to the Finance Committee as soon as practicable.

13 BUDGETING, ACCOUNTING AND AUDIT ARRANGEMENTS – TMP7

- 13.1 The Corporate Finance and Strategy Director will prepare and, if necessary, from time to time will amend, an annual budget for treasury management, which will bring together all of the costs involved in running the treasury management function, together with associated income.
- 13.2 TfL will account for its treasury management activities, for decisions made and transactions executed, in accordance with accounting practices and standards, and with statutory and regulatory requirements in force for the time being.
- 13.3 TfL will ensure that its auditors, and those charged with regulatory review, have access to all information, and papers supporting the activities of the treasury management function for the proper fulfilment of their roles, and that such information and papers demonstrate compliance with external and internal policies and practices.
- 13.4 The Audit and Assurance Committee will have responsibility for the scrutiny of Treasury Management Policies and this responsibility will be discharged through its regular scrutiny of the reports received from internal audit.

14 CASH AND CASH FLOW MANAGEMENT – TMP8

- 14.1 Unless statutory or regulatory requirements demand otherwise, all monies (with the exception of London Transport Insurance (Guernsey) Limited and London Transport Museum Limited) in the hands of the TfL Group will be under the control of the Corporate Finance and Strategy Director, and will be aggregated for cash flow and investment management purposes. Cash flow projections will be prepared on a regular and timely basis, and the Corporate Finance and Strategy Director will ensure that these are adequate for the purposes of monitoring compliance with the policy statement.

15 MONEY LAUNDERING – TMP9

- 15.1 TfL is alert to the possibility that it may become the subject of an attempt to involve it in a transaction involving the laundering of money. Accordingly, if required by law or regulation, it will maintain procedures for verifying and recording the identity of counterparties and reporting suspicions, and will ensure that staff involved in this, are properly trained.

16 TRAINING AND QUALIFICATIONS – TMP10

- 16.1 TfL recognises the importance of ensuring that all staff involved in the treasury management function are fully equipped to undertake the duties and responsibilities allocated to them. It will therefore seek to appoint individuals who

are both capable and experienced and will provide training for staff to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills. The Corporate Finance and Strategy Director will recommend and implement the necessary arrangements.

17 USE OF EXTERNAL SERVICE PROVIDERS – TMP11

17.1 TfL recognises that it retains responsibility for treasury management decisions at all times. TfL recognises that there may be potential value in employing external providers of treasury management services, in order to acquire access to specialist skills and resources. When it employs such service providers, it will ensure it does so for reasons, which will have been submitted to a full evaluation of the costs and benefits. It will also ensure that the terms of their appointment and the methods, by which their value will be assessed, are properly agreed and documented, and subjected to regular review. The monitoring of such arrangements rests with the Corporate Finance and Strategy Director.

18 CORPORATE GOVERNANCE – TMP12

- 18.1 TfL is committed to the pursuit of proper corporate governance throughout its businesses and services, and to establishing the principles and practices by which this can be achieved. Accordingly, the treasury management function and its activities will be undertaken with openness and transparency, honesty, integrity and accountability.
- 18.2 TfL has adopted and implemented the key principles and recommendations of the Treasury Management Code. This document is considered vital to the achievement of proper corporate governance in treasury management. The Corporate Finance and Strategy Director will monitor and, if and when necessary, report upon the effectiveness of these arrangements.

[page left intentionally blank]

Finance Committee

Date: 18 December 2019

Title: Strategic Risk Update – Inability to Deliver Predicted Revenue Growth (SR8)

This paper will be considered in public

1 Purpose

- 1.1 This paper provides an update on Strategic Risk 8 (SR8), the inability to deliver the predicted revenue growth. It explains the status of the risk and details the controls and mitigation measures being undertaken to manage the risk going forward.
- 1.2 The paper describes risk control and mitigation activities for property and media. These are considered separately as the management and control of these activities are now distinct.

2 Recommendation

- 2.1 **The Committee is asked to note the paper.**

3 Background

- 3.1 TfL's SR8 identifies several causes that potentially threaten the predicted growth in revenue. These include economic conditions, lack of capital investment and poor performance of commercial partners. The control measures identified to reduce the risk include the use of external advisors, performance reporting and investment scrutiny and approval.
- 3.2 The status of the risk was considered as adequately controlled by TfL executive Committee based on the control measures in place and actions taken to manage the risk. We consider that the control measures will be enhanced over the coming months, particularly with the creation of a property focused function to drive additional income alongside more affordable housing from TfL's land holdings.

4 Current Status

Property

- 4.1 Delivery of income on the existing property rental roll (predominantly retail and arches) is mainly driven by the following key factors:
 - (a) market conditions;
 - (b) condition and quality of property; and
 - (c) location and customer volume.

4.2 Investment risks to achieve capacity growth are managed using internal and external analysis, supported by internal processes managing the investment decisions. The role of the Commercial Development Advisory Group (CDAG) is important. Chaired by Francis Salway, the former Chief Executive of Land Securities, CDAG has a remit that includes:

- (a) considering recommendations for approval on all major Commercial Development (CD) projects and disposals;
- (b) considering recommendations for approval of CD Business Plan – one-year and 10-year;
- (c) monitoring of adherence to the CD Business Plan on one-year and five-year bases;
- (d) considering recommendations on which sites are to be sold and which are to be developed;
- (e) considering recommendations on allocation of additional capital;
- (f) considering recommendations on which sites and in what form TfL should take ongoing investment in its completed projects;
- (g) considering recommendations on selection of development partners; and
- (h) giving advice on the property market cycle and the tactics to be adopted at different stages of the cycle.

4.3 Future income growth will continue to be driven by local and sector market conditions. We have developed relationships with specialist external valuers to ensure we obtain best value for new leases, renewals and rent reviews. An open market process is used for new leases, maximising revenues unless an alternative approach is adopted where it is considered appropriate to meet wider business objectives and financial returns. This is supported by robust credit checking of potential tenants to minimise the risks of bad debt.

4.4 Each quarter we receive reports from and attend presentations by Property Market Analysis (PMA). PMA is an independent property consultancy that provides regular forecasts of commercial property market performance in all key office, retail and industrial markets in the UK, continental Europe, Asia-Pacific and the USA. PMA also provides headline projections for all the major global residential markets. The PMA data identifies sector trends to help inform future investment strategies.

4.5 In addition, we monitor sector indices published by Investment Property Databank (IPD) so that we can benchmark against the different sectors of the property market. The IPD compiles monthly, quarterly and annual indices for retail, office and industrial properties and is considered the standard benchmark for investors to analyse the different aspects of UK property market performance.

- 4.6 In terms of returns from its property estate, TfL has generally outperformed the market with results that have tracked closely to budget. This is in no small part due to both the stability of the portfolio and the quality and location of assets.
- 4.7 On 28 March 2019, the Committee approved a recommendation to consolidate property assets within TfL, creating a new balance sheet that can deliver improved management and higher financial returns. The new function will enable a more property-focused asset management approach that has the specific objective of further increasing operating income within each of our asset classes. Additional growth is therefore identified in the new business plan, including in both the in-station retail and arches portfolios.
- 4.8 The consolidation of commercial assets is well underway and is being combined with new, dedicated governance and risk management arrangements for property that are modelled on external best practice. This is necessary given the increasing exposure to risk through the impact of the property development programme, which will see TfL become one of the largest residential developers in London over the next two years.

Commercial Media

- 4.9 The performance of the contracts between TfL and its multiple media partners, and the ability to generate the expected revenue growth, is influenced by a range of factors, including:
- (a) status of the economy – there is a long-standing direct correlation between gross domestic product and media spend;
 - (b) capital investment - across our bus shelter estate, JCDecaux made a significant investment into digital screens that drove higher revenue, and across the rail network, we are now seeing the impact of significant capital investment delivered as part of our contract with Global; and
 - (c) media partner performance - the Commercial Media team works closely with external media partners and internal subject matter experts to monitor market conditions and anticipate tactical sales approaches.
- 4.10 Ultimately, the ability to closely monitor performance across a range of partners provides the Commercial Media team with the key insight that helps assess current delivery and the risks to the business plan. Senior TfL managers are therefore in a position to both review performance periodically and guide decisions such as future investment to maximise returns.

5 Summary

- 5.1 SR8 identifies the causes that potentially threaten the predicted growth in revenue. These causes are not specific to our portfolio and we can continue to learn from external best practice. The separation of property and outdoor advertising into

separate teams and the consolidation of property assets into a single vehicle will support the required performance and risk analysis. Following industry norms, our approach relies on the use of specialist external advisors and robust investment analysis. This is supplemented by ongoing performance reporting and monitoring from CD's Finance team, supported by the Finance functions across the TfL Group.

List of appendices to this report:

Appendix –SR08 Strategic Risk Assessment

List of Background Papers:

None

Contact Officer: Graeme Craig, Director of Commercial Development
Number: 020 3054 3420
Email: GraemeCraig@tfl.gov.uk

RISK DETAILS

Risk Level:

Stakeholders:

Risk Owner (Accountable):

Responsible Manager:

Business Area:

Risk Title:

Risk Description:

MTS / Corporate Strategy:

Panel / Committee oversight:

Risk ID (ARM):

Objective:

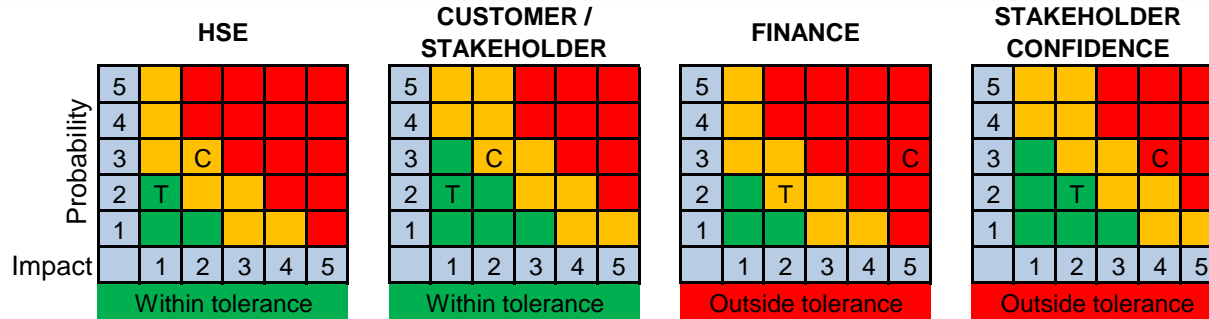
Doc Version:

Overall Control Effectiveness Rating:

Last update:

RISK ASSESSMENT

Threat



	CURRENT	
	Assessment	Score
Probability:	3: Medium: 25% to <50%	3
HSE:	2: Low	2
Customer/Stakeholder:	2: Low	2
Finance (£m):	5: Very High: • £50m	5
Stakeholder Confidence:	4: High	4
Overall Risk Rating:	22	

	TARGET	
	Assessment	Score
	2: Low: 5% to <25%	2
	1: Very Low	1
	1: Very Low	1
	2: Low	2
	2: Low	2
Overall Risk Rating:	5	

ASSESSMENT RATIONALE

Targeting significant levels of income from telecoms and consulting.

Key Risk Indicator	Location
Operating income	Scorecard
Capital income	Scorecard
Operating surplus/ funding gap	Scorecard
Milestone delivery	Scorecard

PRE-RISK EVENT

CAUSES	
Title	Description
Challenging economic conditions	Uncertainty in the wider economy , challenging retail, media and property market conditions
Contractual issues	Joint venture partners do not deliver expected returns
Operational interface	Station retail, advertising and consulting rely on high levels of cooperation with operational teams, particularly in London Underground.
Management of legal, financial and commercial risks	Inability to manage legal, financial and commercial risks
Poor performance from contractor or commercial partner	Poor performance from delivery teams, contractor or commercial partner
Lack of identified capital investment	Growth depends on investment funds from new sources of capital as well as delivery of disposal proceeds / profits on development activity

CONTROLS (preventative)			Control Effectiveness		Assurance
Title	Description	Owner	Design	Operation	1st/2nd/3rd line
Commercial Development Advisory Group (CDAG)	Providing strategic oversight and input on major investment decisions as well as agreeing the overall Growth and Development strategy framework	Craig, Graeme	Effective	Effective	1st line
Commercial Development Performance Committee	Financial reporting across all areas of activity discussed each period	Youngman, Ken	Effective	Effective	1st line
Progress, Milestone and KPI Management	Project management milestones are tracked and reviewed each period	Youngman, Ken	Effective	Partially effective	1st line
Procurement Management	Providing expert advice and ensuring value for money	Andrews, David	Effective	Partially effective	1st line
Commercial Development Investment Group (CDIG)	Development and property investment decisions are subject to review and approval at weekly meetings. Scheme appraisal assumptions and outputs are agreed and documented at CDIG.	Youngman, Ken	Effective	Partially effective	1st line
Discuss market trends each quarter	Discuss market trends each quarter – (PMA report) as part of Strategy Leadership meeting	Youngman, Ken	Effective	Partially effective	1st line
Monthly performance meetings	Monthly meetings with CFO which include performance update	Craig, Graeme	Effective	Effective	
Quarterly Performance Report	Publishing Commercial Development data as part of Quarterly Performance Report	Youngman, Ken	Effective	Effective	1st line

ACTIONS					
Title	Description	Owner	Start Date	Due Date	Status
Competitive Site Development Processes	Competitive tenders for choosing partners in progress	Hampson, Lester		30/06/2020	In Progress
Review options to deliver additional advertising revenue	Strategic reviews of our media portfolio in the wider out of home market	Reader, Chris		30/06/2020	In Progress
Review of Earls Court development opportunity	Earls Court development opportunity assessed through membership of the JV Board which sets an annual business plan, holds quarterly board meetings and six-weekly executive committees	Hampson, Lester		30/06/2020	In Progress
Strategic decision making to increase revenue	Reviewed as part of TFL Business Planning process	Craig, Graeme		31/03/2020	In Progress
Work with the operational business to maximize opportunities	Work with the operational business to ensure we maximize opportunities notably In-Station Retail and advertising	Woodhead, Brian		30/06/2020	In Progress
Options for funding programmes	Vehicle being set up to support funding for additional growth, subject to approvals	Youngman, Ken		30/03/2020	In Progress
Recruit Estates Management Director	Recruitment of Estates Director to oversee facilities projects and operational property budgets, improve efficiencies, and deliver group cost saving targets	Craig, Graeme		31/01/2019	Complete

POST-RISK EVENT

CONSEQUENCES		Insurance		Quantified Financial Impact		
Title	Description	Type	Excess	Minimum	Most Likely	Maximum
Failure to deliver growth in net operating surplus	Reduced operating surplus compared to plans affects group achievement of a balanced financial budget			£0	£50m	£150m
Failure to deliver capital funding	Lack of funds to achieve growth strategy			£0	£200m	£500m
Failure to achieve targeted disposals and Joint venture income	Group cash flows impaired plus lack of funds to achieve growth strategy			£0	£400m	£750m

CONTROLS (corrective)			Control Effectiveness		Assurance
Title	Description	Owner	Design	Operation	1st/2nd/3rd line
Escalation to ExCo	Escalation to ExCo as part of ExCo performance review	Craig, Graeme	Effective	Effective	1st line
Quarterly performance report	Responses to issues and corrective action reported to Finance Committee	Craig, Graeme	Effective	Effective	1st line

ACTIONS					
Title	Description	Owner	Start Date	Due Date	Status
In Station retail programme	Establish and embed a programme team to deliver In-Station Retail improvements within LU Customer Service	Woodhead, Brian	01/04/2019	31/03/2020	In Progress
TfL Property Function	Establish the TfL property function to support revenue growth, and include a dedicated risk management role within the structure	Craig, Graeme	01/04/2019	31/03/2020	In Progress
Build To Rent programme	Enter into a programme of seven development sites to generate long-term revenue.	Hampson, Lester	01/07/2019	31/03/2020	In Progress

Finance Committee



Date: 18 December 2019

Item: Debt Management and Enforcement Services

This paper will be considered in public

1 Summary

- 1.1 This paper seeks Procurement Authority to award three contracts for UK debt management and enforcement services.
- 1.2 A paper is included on Part 2 of the agenda, which contains exempt supplemental information. The information is exempt by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972 in that it contains information relating to the business affairs of TfL. Any discussion of that exempt information must take place after the press and public have been excluded from this meeting.

2 Recommendation

- 2.1 **The Committee is asked to note the paper and the supplementary information contained in Part 2 of the agenda and grant Procurement Authority for debt management and enforcement services, to be let to three suppliers in the sums and proportions set out in the paper at Part 2.**

3 Background

- 3.1 TfL operates and enforces a number of Road User Charging (RUC) and Traffic Enforcement (TE) schemes throughout Greater London such as the Congestion Charge and Low Emission Zones. These together contribute to the delivery of the Mayor's Transport Strategy, specifically Healthy Streets and Healthy People, by improving air quality and managing congestion.
- 3.2 Debt management and enforcement services play a key supporting role in the delivery of these schemes. If the registered keeper of a vehicle fails to comply with the schemes or any TE regulations, TfL will issue a Penalty Charge Notice (PCN) to them.
- 3.3 The enforcement of PCNs is governed by legislation and regulations. If the registered keeper does not pay the PCN, TfL will seek a court order, an "Order for Recovery Notice". If this remains unpaid, TfL will apply for a warrant to be issued. Once the warrant is confirmed it is referred to a debt management and enforcement agent to execute and collect the PCN plus the statutory enforcement fees from the registered keeper. The average time from contravention to warrant is 82 days. The statutory fees are set by the Ministry of Justice under the Taking Control of Goods (Fees) Regulations 2014.
- 3.4 For the last ten years, UK debt management and enforcement services have been provided by four suppliers; JBW Group, Marston Holdings, Equita Limited

and Task Enforcement Limited. The suppliers have performed well under the contract KPIs and the contracts all expire on 30 April 2020.

- 3.5 The new contracts are to start on the 1 May 2020 for an initial term of five years, with extension provisions for up to an additional five years. If the contracts are proposed to be extended beyond the initial term further Procurement Authority will be sought.
- 3.6 Due to advances in data analytics within the industry, historical performance of current suppliers and management resources, the procurement strategy set out to appoint a minimum of three suppliers and the circumstances under which a fourth would be appointed. TfL reserved the right to award a contract to a fourth bidder if their score was within five per cent of the third placed bidder.

4 Procurement Process

- 4.1 TfL is undertaking an OJEU compliant procurement process.
- 4.2 TfL required all bidders to be members of The Civil Enforcement Association (CIVEA) whose members adhere to the enhanced level of professional and ethical conduct.
- 4.3 Following the evaluation process and in accordance with the procurement documents, the three highest scoring bidders are recommended to be awarded contracts. The details of the winning bidders are set out in the paper on Part 2 of the agenda.

5 Financial Implications

- 5.1 These contracts generate revenue for TfL; the debt management and enforcement agents earn income through the collection of statutory fees from the debtor. Forecast revenue is based on historical figures and includes provision for new schemes such as Ultra Low Emission Zone (ULEZ) and Silvertown Tunnel. Forecast revenue may fluctuate if these schemes change or do not come into effect. The current average collection rate across schemes is 23 per cent, comparable benchmarks are closer to 20 per cent, and it is anticipated that collection rates will improve during the life of the new contracts.
- 5.2 There are mechanisms within the contract that will allow for additional income to be generated throughout the life of the contact which include:
 - (a) The collection of unpaid expired warrant debt;
 - (b) intelligent warrant allocation based upon performance; and
 - (c) enhanced use of data analytics
- 5.3 Supplier performance will be measured via performance indicators and service level agreements. These will be monitored periodically via performance review meetings. If a supplier does not collect a warrant within the required time period, TfL has reserved the right to reallocate that warrant to another supplier. Warrants

will be reallocated according to collection rate, so that those suppliers who have the highest rates will be reallocated the most warrants.

List of appendices to this report:

None

List of background papers:

None

Contact Officer: Patrick Doig, Divisional Finance Director, Surface Transport
Number: 020 3054 0748
Email: Patrick.Doig@tfl.gov.uk

[page left intentionally blank]

Finance Committee



Date: 18 December 2019

Item: **Members' Suggestions for Future Discussion Items**

This paper will be considered in public

1 Summary

- 1.1 This paper presents the current forward programme for the Committee and explains how this is put together. Members are invited to suggest additional future discussion items for the forward programme. Members are also invited to suggest items for future informal briefings.

2 Recommendation

- 2.1 **The Committee is asked to note the forward programme and is invited to raise any suggestions for future discussion items for the forward programme and for informal briefings.**

3 Forward Plan Development

- 3.1 The Board and its Committees and Panels have forward plans. The content of the plans arise from a number of sources:
- (a) Standing items for each meeting: Minutes; Matters Arising and Actions List; and any regular quarterly or periodic reports. For this Committee these are the Finance Report and Group Treasury Activities.
 - (b) Regular items (annual, half year or quarterly) which are for review and approval or noting: Examples for this Committee include the Prudential Indicators Outturn.
 - (c) Matters reserved for annual approval or review: Examples include the treasury management strategy and policies on derivative investments.
 - (d) Programmes, Projects and Land Transactions at a level requiring Committee approval or review prior to Board approval. These are scheduled following advice from the operating business.
 - (e) Items requested by Members: The Deputy Chair of TfL and the Chair of this Committee will regularly review the forward programme and may suggest items. Other items will arise out of actions from previous meetings (including meetings of the Board or other Committees and Panels) and any issues suggested under this agenda item.

4 Current Plan

- 4.1 The current plan is attached as Appendix 1. Like all plans, it is a snapshot in time and items may be added, removed or deferred to a later date.

List of appendices to this report:

Appendix 1: Finance Committee Forward Plan

List of Background Papers:

None

Contact Officer: Howard Carter, General Counsel
Number: 020 3054 7832
Email: HowardCarter@tfl.gov.uk

Finance Committee Forward Planner 2019/20

Membership: Ron Kalifa OBE (Chair), Ben Story (Vice-Chair), Heidi Alexander, Prof Greg Clark CBE, Anne McMeel and Dr Nina Skorupska CBE

Abbreviations: CFO (Chief Finance Officer), CTO (Chief Technology Officer), D (Director), Comm Dev (Commercial Development), CPOS (Compliance, Policing and On-Street Services)

11 March 2020		
Use of Delegated Authority	General Counsel	To note.
Finance Report	CFO	To note.
Treasury Management Update	CFO	To note.
Treasury Management Strategy	CFO	To recommend Board approval.
Treasury Management and Derivative Instruments Policies	CFO	To recommend Board approval.
TfL Budget	CFO	To recommend Board approval.
Prudential Indicators	CFO	To recommend Board approval.
TfL Capital Strategy 2020/21	CFO	To recommend Board approval.
TfL Investment Strategy	CFO	To recommend Board approval.
TfL Scorecard 2020/21	CFO	To recommend Board approval.
Connect Radio Base Station (MTS) Upgrade	D Strategy & CTO	To approve authority.
Telecommunications Commercialisation Project	D Strategy & CTO	To approve.
Energy Purchasing	D City Planning	To approve.

Finance Committee Forward Planner 2019/20

Regular items:

- Use of Delegated Authority (General Counsel) covers Chair's Action, Procurement Authority etc.
- Finance Report (progress against budget including revenue generation targets like fares and Commercial Development activities) (CFO)
- Business Plan (annual – December) (CFO)
- Budget (annual informal – March) (CFO)
- Prudential Indicators Outturn (outcome from previous year - October) (CFO)
- Prudential Indicators (setting for current year - March) (CFO)
- Southwark Station Development (update)
- Treasury Management update (semi-annual – September/October and March) (CFO)
 - Additional updates to be provided where necessary.
- Treasury Management Strategy (annual – March) (CFO)
- Treasury Management Policies (annual – March) (CFO)
- Developer income (MCIL/CIL/s.106) (annual – June/July) (D. City Planning)

Additional items to be scheduled:

- Spending Review Issues (e.g. Business Rates Devolution) (CFO)
- Income Generation Proposals (CFO & CCT)
- Securing new income streams (CFO & CCT)
- TfL Strategy on Working Capital
- Commercial Development: Royal Oak
- Broadway Sale
- Victoria Coach Station
- App Based Culture – paper to cover TfL perspective on the strategy, plans and issues for TfL e.g. TPH regulation
- Applied Solutions – pending the outcome of review on Consulting

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

[page left intentionally blank]

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

Document is Restricted

[page left intentionally blank]