

Board

**Transport
for London**



Date: 27 March 2013

**Item 20: Report of the meeting of the Finance and Policy
Committee held on 13 March 2013**

This paper will be considered in public

1 Summary

- 1.1 To report to the Board on the meeting of the Finance and Policy Committee held on 13 March 2013.

2 Recommendation

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

3 Background

- 3.1 The main matters considered by the Committee were:
- (a) TfL Budget 2013/14;
 - (b) Group Treasury Activities;
 - (c) Treasury Management and Derivative Investments Policies 2013/2014
 - (d) Treasury Management Strategy for 2013/14;
 - (e) Prudential Indicators;
 - (f) Crossrail: Plumstead Transport and Works Act Order;
 - (g) Crossrail: Paddington Station Bakerloo Line Link Transport and Works Act Order;
 - (h) Safety Camera Replacement Project;
 - (i) Structures and Tunnels Investment Programme;
 - (j) Cycle Superhighways;
 - (k) Transport for London Road Network Capital Renewals 2013/14;
 - (l) Crossrail 2;
 - (m) Northern Line Extension to Battersea Transport and Works Act Order;

- (n) Stations Stabilisation Programme;
- (o) Approved Investments List;
- (p) Foreign Exchange Risk Management; and
- (q) East London Line Main Works Contract.

4 Issues Discussed

TfL Budget 2013/14

- 4.1 The Committee noted the key changes since the latest Business Plan published in December 2012 and recommended that the Board approve the proposed Budget for 2013/14. A paper on the Budget for 2013/14, including the views of the Committee, appears as a separate item elsewhere on the agenda.

Group Treasury Activities

- 4.2 The Committee noted the update on Group Treasury's activities for the period from 1 April 2012 to date. Members congratulated Group Treasury on its outstanding achievements, which had been recognised by the team winning the International Finance Review Sterling Bond of the Year, in January 2013 and receiving a "highly commended" award as runner-up in the Association of Corporate Treasurers Treasury Team of the Year Awards, in February 2013. The Special Recognition Award in the Treasurer magazine stated that "a world-class business is being served by a world-class treasury team".
- 4.3 The Committee was provided with information on the resettlement process for Repurchase Agreements and the checks on the daily reports produced by CREST and HSBC.

Treasury Management and Derivative Investments Policies 2013/14

- 4.4 The Committee recommended that the Board approve the proposed policies for 2013/14. A paper on the Treasury Management and Derivative Investments Policies 2013/14 appears as a separate item elsewhere on the agenda.

Treasury Management Strategy for 2013/14

- 4.5 The Committee recommended that the Board approve the proposed Treasury Management Strategy for 2013/14. A paper on the Treasury Management Strategy, including the views of the Committee, appears as a separate item elsewhere on the agenda.

Prudential Indicators

- 4.6 The Committee recommended that the Board approve the proposed TfL borrowing limits and other Prudential Indicators under the CIPFA Prudential

Code. A paper on the Prudential Indicators, including the views of the Committee, appears as a separate item elsewhere on the agenda.

- 4.7 The borrowing limits and indicators were consistent with the proposed Treasury Management Strategy for 2013/14 and were based on figures in the 2013/14 TfL Budget, both of which also appear elsewhere on the agenda for approval.

Crossrail: Plumstead Transport and Works Act Order

- 4.8 The Committee recommended that the Board approve Crossrail Limited making an application for a Transport and Works Act Order authorising the construction and operation of a depot to provide infrastructure maintenance facilities and passenger train stabling at Plumstead. A paper on the Plumstead Transport and Works Act Order, including the views of the Committee, appears as a separate item elsewhere on the agenda.

Crossrail: Paddington Station Bakerloo Line Link Transport and Works Act Order

- 4.9 The Committee recommended that the Board approve Crossrail Limited making an application for a Transport and Works Act Order authorising the construction of a passenger subway between the new Crossrail Paddington station and the London Underground Bakerloo line (the Bakerloo Line Link). On 7 November 2012, the Board had agreed an application but revised authority was required as an alternate construction method, including the temporary possession of the Royal Mail building at 31 London Street, was now proposed.
- 4.10 A paper on the Paddington Station Bakerloo Line Link Transport and Works Act Order, including the views of the Committee, appears as a separate item elsewhere on the agenda.

Safety Camera Replacement Project

- 4.11 The Committee discussed the proposals and the most effective way to manage speed to reduce the number of people killed and seriously injured (KSIs). It approved the Project Authority required to enable the implementation of the Safety Camera Replacement Project, in line with the policies set out in the draft Road Safety Action Plan.
- 4.12 The authority was limited to replacing wet film cameras with red light cameras and spot speed digital cameras. Further use of average speed cameras was deferred until a further Committee discussion on the broader Safety Camera strategy, enforcement policy and evidence of the effectiveness of alternate technologies in reducing speed and KSIs, such as speed warning signs.
- 4.13 The Committee also requested that the local highway authority also be consulted where it was intended not to replace an existing camera.

Structures and Tunnels Investment Programme

- 4.14 The Committee noted the objectives of the Structures and Tunnels Investment Programme. It approved an increase in project authority to allow the Early Contractor Involvement phase to be undertaken and recommended that the Board approve the award of a Framework Agreement for Early Contractor Involvement and Construction with four suppliers for refurbishment or replacement of bridges, tunnels and other structures.
- 4.15 A paper on the Structures and Tunnels Investment Programme, including the views of the Committee, appears as a separate item elsewhere on the agenda.

Cycle Superhighways

- 4.16 The Committee noted the proposals to deliver a new Cycle Superhighway route 5 between New Cross Gate and Victoria and an extension to route 2 between Bow Roundabout and Stratford Town Centre in 2013. It recommended that the Board approve additional Project Authority of £15.73m to cover implementation of these routes.
- 4.17 A paper on the Cycle Superhighways, including the views of the Committee, appears as a separate item elsewhere on the agenda.

Transport for London Road Network Capital Renewals 2013/14

- 4.18 The Committee noted an overview of the 2013/14 capital renewals programme for the Transport for London Road Network. The Independent Investment Programme Advisory Group regarded this as a well managed mature business-as-usual programme.
- 4.19 The Committee approved Project Authority of £54.9m in the financial year 2013/14 to deliver the programme.

Crossrail 2

- 4.20 The Committee approved £2.6m of Financial and Project Authority to progress the response to the Department for Transport (DfT) on the current Safeguarding for the Chelsea Hackney Line (also known as Crossrail 2). The Committee recognised the clear need for additional capacity identified in the Mayor's Transport Strategy and London Plan and that TfL had undertaken an extensive exercise to determine the best alignment for Crossrail 2.
- 4.21 TfL would hold a public consultation on two shortlisted alignment options in April 2013, prior to recommending a safeguarded alignment to the DfT in 2014. London First had launched a report supporting the London Regional option (one of the two which will be consulted upon). The Committee was informed that it was important that powers for Crossrail 2 were in place at the same time as High Speed 2.

Northern Line Extension to Battersea Transport and Works Act Order

- 4.22 The Committee recommended that the Board approve TfL submitting an application for a Transport and Works Act Order (TWAO) to obtain powers to construct, operate and maintain the Northern Line Extension (NLE) to Battersea and the required Financial and Project Authority to progress the project through the TWAO process.
- 4.23 A paper on the Northern Line Extension to Battersea Transport and Works Act Order, including the views of the Committee, appears as a separate item elsewhere on the agenda.

Stations Stabilisation Programme

- 4.24 The Committee recommended that the Board approve budgeted Project Authority of £163.6m at outturn for the programme of station stabilisation works at London Underground stations on the Sub-Surface Railway and the Bakerloo, Central and Victoria lines.
- 4.25 A paper on the Stations Stabilisation Programme, including the views of the Committee, appears as a separate item elsewhere on the agenda.

Approved Investments List

- 4.26 The Committee noted the rationale for the proposed changes to and expansion of the Approved Investments List, pursuant to the Treasury Management Strategy. The Committee discussed TfL's investment options and how these were limited as TfL could only invest in sterling. Subject to three changes, the Committee approved the Approved Investments List

Foreign Exchange Risk Management

- 4.27 The Committee granted approvals for Transport for London Finance Limited in relation to the forward fixing of exchange rates to mitigate the specific exchange rate risk arising from the Tube Lines Limited signalling upgrade contract with Thales Rail Signalling Solutions Limited.

East London Line Main Works Contract

- 4.28 The Committee was updated on the outstanding issues on the contract. It recommended that the Board be asked to approve additional Project Authority and delegate to the Committee authority to agree the final authority required in relation to the contract.
- 4.29 A paper on the East London Line Contract appears as a separate item elsewhere on the agenda.

List of appendices to this report:

None

List of Background Papers:

Papers for the meeting of the Finance and Policy Committee held on 13 March 2013.

Contact Officer: Steve Allen, Managing Director, Finance
Number: 020 7126 4918
Email: StephenAllen@tfl.gov.uk