

Board



Date: 19 July 2017

Item: Report of the meeting of the Finance Committee held on 5 July 2017

This paper will be considered in public

1 Summary

- 1.1 To report to the Board the items discussed by the available members of the Finance Committee on 5 July 2017.

2 Recommendation

- 2.1 **The Board is asked to note the report.**

3 Background

- 3.1 As the meeting was inquorate, the available members of the Committee discussed the items on the agenda listed below. Items marked with an asterisk appear elsewhere on the agenda for this meeting.

- (a) Finance Report – Period 2 2017/18*;
- (b) Review of 2016/17 Outturn and Accounts*;
- (c) Treasury Activity;
- (d) Update on Planning Obligations;
- (e) Commercial Development Quarterly Update Report; and
- (f) Multi-lateral Interchange Fees.

4 Issues Discussed

Finance Report – Period 2, 2017/18

- 4.1 Members discussed the report. They noted the work taking place to improve the reporting and monitoring of capital programme. The Committee would receive an update on the progress made on this, along with the timetable for the preparation and agreement of the new business plan, at its next meeting.
- 4.2 Members also discussed ways in which Board Members could be kept informed of the aspects of business planning around Crossrail via the committees and panels at the appropriate points as the transition from a construction programme to a train service progressed.

- 4.3 Those present discussed how the presentation of and monitoring which lay behind the performance indicators underpinning the scorecard reporting could best be shared with Members going forward. The discussion also covered the work which Finance was carrying out to examine the factors influencing top line figures in key areas. Revenue forecasting across the different businesses was an area which it was felt could benefit from this focus.
- 4.4 A paper on the Finance Report appears elsewhere on the agenda for this meeting.

Review of 2016/17 Outturn and Accounts

- 4.5 Members noted that a solid start had been made to the transformation and modernisation process. The businesses were congratulated on the month 11-12 figures and, in particular, employment costs relating to non-permanent labour that were noted to be under much better control.
- 4.6 A paper on the Review of 2016/17 Outturn and Accounts 2017/18 appears elsewhere on the agenda for this meeting.

Treasury Activities

- 4.7 Members noted the activities undertaken by the Treasury function (now part of the Corporate Finance team) since 1 April 2017 including:
- (a) a £250m 10-year loan with Export Development Canada (EDC) was signed on 17 May 2017;
 - (b) the continued active investment management of TfL's cash portfolio, £2.4bn including Crossrail as of 16 June 2017, resulted in a year-to-date weighted average return of 0.27 per cent versus the average benchmark seven-day London Interbank Bid Rate (LIBID) of 0.11 per cent;
 - (c) on 18 May 2017 £150m was drawn down under the £500m EDC Crossrail Rolling Stock and Depot loan. Further drawdowns from EDC and the European Investment Bank (EIB), for a total of £800m, will take place by 31 March 2018;
 - (d) Treasury has actively supported the wider TfL organisation in identifying and managing financial risks (foreign exchange risk, interest rate risk, counterparties' credit risk); and
 - (e) Treasury has actively managed relations with external financial investors, lenders and credit rating agencies.

Update on Planning Obligations

- 4.8 Members discussed the end of year update on the Mayor's Community Infrastructure Levy (MCIL), Borough CILs and section 106 funding that will contribute either to the funding of Crossrail or other transport infrastructure.
- 4.9 An update on the Step Free access programme would be brought to the next meeting to enable Members to see how boroughs were utilising the funding. This information would also be included in future updates.

- 4.10 Members noted that the intention was for MCIL to support the development of Crossrail 2. The variation in the levels of MCIL receipts collected across the London boroughs was noted.

Commercial Development Quarterly Update Report

- 4.11 Members discussed the update on Commercial Development activity. It was noted that, subsequent to the decision to grant authority to dispose of the property, a decision had been taken to delay the disposal of 55 Broadway in part due to market conditions. Members noted that TfL's preference was to retain property if it could be used to help drive revenue, particularly with different streams. It was noted that a properties steering group was being established across the business.
- 4.12 It was suggested that Board Members might wish to visit the TfL property portfolio. It was agreed that a visit would be arranged and offered to all Members.

Multi-lateral Interchange Fees

- 4.13 Members considered an update in relation to litigation commenced by TfL concerning the fees which we have previously been charged in respect of debit card and credit card transactions.

List of appendices to this report:

None

List of Background Papers:

Papers submitted to the Finance Committee on 5 July 2017.

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