

Agenda

Meeting: Finance Committee

Date: Wednesday 9 October 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](http://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 1 October 2019

**Agenda
Finance Committee
Wednesday 9 October 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 11 March 2019
(Pages 1 - 8)**

General Counsel

The Committee is asked to approve the minutes of the meeting of the Committee held on 11 March 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 - 20)

General Counsel

The Committee is asked to note the paper.

6 Finance Report (Pages 21 - 38)

Chief Finance Officer

The Committee is asked to note the report and supplementary information in Part 2 of the agenda.

7 Treasury Activities (Pages 39 - 78)

Chief Finance Officer

The Committee is asked to note the paper and supplementary information in Part 2 of the agenda.

8 Prudential Indicators Outturn (Pages 79 - 84)

Chief Finance Officer

The Committee is asked to note the paper.

9 Foreign Exchange Risk Management (Pages 85 - 90)

Chief Finance Officer

The Committee is asked to note the paper and supplementary information in Part 2 of the agenda.

10 2019/20 Scorecard Update (Pages 91 - 100)

Chief Finance Officer

The Committee is asked to note and approve the paper.

11 Strategic Risk Update - Financial Sustainability (SR7) (Pages 101 - 102)

Chief Finance Officer

The Committee is asked to note the paper and supplementary information in Part 2 of the agenda.

12 Pan-TfL Revenue Protection Programme (Pages 103 - 106)

Director Compliance, Policing and On-Street Services

The Committee is asked to note the paper and supplementary information in Part 2 of the agenda.

13 Member Suggestions for Future Agenda Discussions (Pages 107 - 112)

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.

14 Any Other Business the Chair Considers Urgent

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

15 Date of Next Meeting

Wednesday 11 December 2019 at 10.00am

16 Exclusion of the Press and Public

The Committee is recommended to agree 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), in order to consider the following items of business.

17 Finance Report (Pages 113 - 130)

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

18 Treasury Activities (Pages 131 - 144)

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

19 Foreign Exchange Risk Management (Pages 145 - 148)

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

20 Strategic Risk Update - Financial Sustainability (SR7) (Pages 149 - 158)

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

21 Pan-TfL Revenue Protection Programme (Pages 159 - 174)

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

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Transport for London

Minutes of the Finance Committee

**Conference Rooms 1 and 2, Ground Floor, Palestra,
197 Blackfriars Road, London, SE1 8NJ
10.00am, Monday 11 March 2019**

Members

Ron Kalifa OBE (Chair)
Ben Story (Vice-Chair)
Heidi Alexander
Dr Nina Skorupska CBE

Executive Committee

Mike Brown MVO	Commissioner (from 10.45am)
Howard Carter	General Counsel
Graeme Craig	Director of Commercial Development
Simon Kilonback	Chief Finance Officer
Andrew Pollins	Transformation Director (for minute 13/03/19)
Shashi Verma	Director of Strategy & Chief Technology Officer

Staff

Sarah Bradley	Group Financial Controller
Claudina Castelli	Senior Risk Manager
Emanuela Cernoia-Russo	Corporate Finance Director (Interim)
Tanya Coff	Finance Director, London Underground
Patrick Doig	Finance Director, Surface Transport
Paul Doyle	Head of Projects & Accommodation, Commercial Development (for minute 12/03/19)
Oana Ford-McNicol	Head of Financial Planning & Analysis, Finance Estates Management Director, Commercial Development (for minute 12/03/19)
Lisa-Jane Risk	
Jamie Mordue	Secretariat

01/03/19 Apologies for Absence and Chair's Announcements

Apologies for absence were received from Prof Greg Clark CBE and Anne McMeel. Mike Brown would be in attendance after 10.30am as he was attending a speaking engagement.

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

02/03/19 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.

03/03/19 Minutes of the Meetings of the Committee held on 3 December and 13 December 2018

The minutes of the meetings held on 3 December and 13 December 2018 were approved as a correct record and signed by the Chair.

04/03/19 Matters Arising and Actions List

Heidi Alexander asked, in relation to minute 78/12/18, when the Mayor's opinion had been sought. Simon Kilonback stated that the Mayor would have been informed when discussing the Business Plan. Howard Carter told Members that a note could be provided to explain the technical process. **[Action: Howard Carter]**

The Committee noted the Actions List.

05/03/19 Use of Delegated Authority

Howard Carter introduced the paper. The Committee noted that, since the meeting of the Committee on 13 December 2018, there had been no uses of delegated authority by TfL staff.

There had been two uses of Chair's Action since the meeting of the Committee on 13 December 2018, relating to Finchley Central and High Barnet Property Development and on the Actuarial Valuation of the TfL Pension Fund.

The Committee noted the report.

06/03/19 Finance Report – Period 11, 2018/19

Simon Kilonback introduced the paper, which set out TfL's financial results for Period 11 2018/19 – the year-to-date period ending 2 February 2019.

There had been a strong year-to-date performance, despite a subdued economy and delays to the opening of the Elizabeth line. Passenger income was 1 per cent ahead of Budget and 2 per cent better than the previous year. Operating costs were lower than Budget, which had been driven down by management of like for like costs and timing differences. The full year net operating surplus was expected to be over £300m better than Budget and broadly in line with last year, despite the loss of a day-to-day operating grant.

The Committee noted the report.

07/03/19 Treasury Management Strategy 2019/20

Emanuela Cernoia-Russo introduced the paper and related supplemental information on Part 2 of the agenda, which set out the Treasury Management Strategy (TMS) 2019/20.

The Committee noted that the TMS for 2019/20 was broadly in line with the TMS for 2018/19; the primary change was an updated borrowing requirement, which was set at £691m.

There was uncertainty about how Brexit could impact TfL's Treasury Management. An adverse effect on TfL's credit rating could occur, by virtue of it being linked to the Sovereign Credit Rating. There were risks related to the interest rates and foreign exchange rates but TfL was looking at ways to mitigate these risks. Members asked for a discussion, at a later date, about best practice in procurement, specifically in relation to foreign exchange. **[Action: Simon Kilonback]**

The Committee:

- 1 noted the paper and the supplementary information on Part 2 of the agenda;**
- 2 recommended that the Board approves the Treasury Management Strategy (TMS) for 2019/20, including the Investment Strategy, the Borrowing Strategy, the Liquidity Strategy, the Risk Management Strategy and the Counterparty Exposure Limits;**
- 3 recommended that the Board authorises the Committee to approve any changes to the TMS 2019/20 during the course of the year;**
- 4 noted that the proposals to the Committee for derivative investments set out in Recommendation 2.1(e) have been approved by the Chief Finance Officer, as required under the TfL Group Policy Relating to the Use of Derivative Investments (the 'Derivatives Policy'); and**
- 5 subject to the Board approving the TMS 2019/20 and the Derivatives Policy, approved, pursuant to Section 49 of the Transport for London Act 2008 (as amended by the Transport for London Act 2016, together the Act, and in accordance with the Derivatives Policy) for 2018/19 (or 2019/20 as may be applicable at such time), Transport for London Finance Limited (as a qualifying TfL subsidiary for the purposes of the Act) entering into derivative investment(s) in relation to:**
 - (a) mitigating exchange rate risk related to specific currency exposures arising from the procurement of goods or services by any member of the TfL Group or grants or revenues payable in currencies other than Sterling to any member of the TfL Group in the ordinary course of business as soon as practicable once the quantum of exchange rate risk to any member of the TfL Group is established;**
 - (b) mitigating exchange rate risk arising from any TfL Group investments in foreign currencies in accordance with the TMS 2018/19 (or 2019/20 as may be applicable at such time);**
 - (c) mitigating commodity rate and/or price risk related to specific commodity (including fuel and electricity) exposures arising from the procurement of goods or services by any member of the TfL Group in the ordinary course of business as soon as practicable once the quantum of commodity risk to any member of the TfL Group is established;**

- (d) mitigating interest rate risk and if applicable currency risk related to any existing, imminent and future TfL Group borrowing (including any leases), once the borrowing has become certain and authorised in accordance with the TMS 2018/19 (or 2019/20 as may be applicable at such time);
 - (e) mitigating inflation risk related to specific exposures arising from the procurement of goods or services by any member of the TfL Group once the quantum of inflation risk to any member of the TfL Group is established; and
 - (f) mitigating risk related to any index reflecting any of the above matters referred to in paragraphs (a) to (e).
- 6 The following Officers and Subsidiaries shall have delegated authority:
- (a) TfL Officers: the Commissioner, 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, the Managing Director (Chief Finance Officer), General Counsel and Corporate Finance and Strategy Director; and
 - (b) Subsidiaries: Subsidiaries of TfL including Transport Trading Limited and any other subsidiary (whether existing presently or to be formed) of Transport Trading Limited and any of the directors of the relevant company shall be authorised to act for and on behalf of that company.

08/03/19 Treasury Management Policies and Derivative Investments Policies

Emanuela Cernoia-Russo introduced the paper and related supplemental information on Part 2 of the agenda, which set out the Treasury Management Policies and Derivative Investment Policies.

The Committee noted that the Treasury Management Policies were the same as the Policies for 2018/19, with the addition of a paragraph that related to the compliance and disclosure procedures set out in the TfL Prudential Borrowing Process for Ensuring Compliance.

Members asked how TfL helped staff to keep their knowledge of markets up to date. The Committee was told that TfL engaged significantly with financial institutions and legal experts. Staff in the team were encouraged to take the professional qualifications offered by the Association of Corporate Treasurers and further training was provided in collaboration with financial institutions.

The Committee noted the paper and recommended that the Board approves:

- 1 the proposed Treasury Management Policies; and
- 2 the proposed TfL Group Policy Relating to the Use of Derivative Investments.

09/03/19 Treasury Activities

Emanuela Cernoia-Russo introduced the paper and related supplemental information on Part 2 of the agenda, which provided an update on the treasury activities for the period from 26 November 2018 to 21 February 2019.

Borrowing for the Financial Year was now complete. In December 2018, following the agreement of a long-term financing arrangement between the government, TfL and the GLA, Standard & Poor affirmed TfL's credit rating as AA- with a negative outlook. On February 2019, Fitch placed the UK government on Rating Watch Negative, owing to uncertainty around Brexit and the impact on the economy. On 25 February Fitch placed TfL on Rating Watch Negative, as a result of TfL's link to the UK government.

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

10/03/19 Strategic Risk 9: Ability to Meet Changing Demand

Shashi Verma introduced the paper, which set out the methodology used to understand how and why demand for TfL services could change.

TfL analysis established a clear link between macroeconomic factors and demand for TfL services. Whereas the biggest driver of Tube demand was central London employment, the biggest driver of bus demand was total London population; both Tube and bus demand were impacted by consumption and leisure spending.

There were risks in using the method of revenue forecasting, namely: TfL relied on external forecasts of the economy; changes to some underlying factors may mean that the econometric estimates are no longer valid; and large changes to fares policy could have unpredictable behavioural responses. TfL recognised that these risks required constant review of external economic parameters, a periodic review of its forecasting process and provision for unpredictable responses.

There was, and continued to be, intense analysis into the impact of changes in behaviour, for example shopping online rather than the high street. New technology and shifts to walking or cycling could only explain around 20 per cent in the decline in trip rates. It was not clear, however, whether this could be attributed more to lifestyle changes or economic factors.

A major contributing factor in a decline in demand for TfL services was that those who had entered the job market since 2008 generally had lower starting wages, slower wage progression and lower rates of home ownership. Lower interest rates did not help this group economically. Each year this group became a larger proportion of TfL's customer base and, although there was a reasonably sophisticated understanding of this group, there was not a lot TfL could do.

The Committee noted the paper.

11/03/19 TfL Subsidiaries Rationalisation

Simon Kilonback introduced the paper and related supplemental information on Part 2 of the agenda, which set out the proposals to transfer the property, rights and liabilities of LUL Nominee SLL Limited, LUL Nominee BCV Limited and Tube Lines Limited to London Underground Limited.

- 1 The Committee noted the paper and the related supplemental information on Part 2 of the agenda and recommended that:**
 - (a) the Board approve the making of the Transport for London (London Underground Legal Entity Rationalisation) Transfer Schemes 2019, described in the paper, to transfer all property, rights and liabilities from LUL Nominee SSL Limited, LUL Nominee BCV Limited and Tube Lines Limited to London Underground Limited (save in relation to rights and obligations under (i) the public-private partnership contracts with London Underground Limited; and (ii) in respect of Tube Lines Limited only, the Northern Line Train Services Contract with Alstom NL Service Provision Limited);**
 - (b) the Board approve the submission of the transfer schemes to the Mayor for his approval; and**
 - (c) the Board authorise the TfL Officers and Subsidiaries described at paragraph 2 below:**
 - (i) to agree the form of the transfer schemes;**
 - (ii) to seek the Mayor's approval of the transfer schemes; and**
 - (iii) to do all such other things as they consider necessary or desirable to facilitate the making and implementation of the transfer schemes.**
- 2 The following Officers and Subsidiaries shall have delegated authority:**
 - (a) TfL Officers: the Commissioner, Chief Finance Officer, the Managing Director London Underground and General Counsel; and**
 - (b) Subsidiaries: Subsidiaries of TfL including Transport Trading Limited and any other subsidiary (whether existing presently or to be formed) of Transport Trading Limited and any of the directors of the relevant company shall be authorised to act for and on behalf of that company.**

12/03/19 Strategy for the Broadway Complex

Graeme Craig introduced the paper and related supplemental information on Part 2 of the agenda, which set out the proposal for TfL to dispose of its interest in 55 Broadway, 100 Petty France and Wing Over Station (the Complex) by the granting of a long leasehold for a capital receipt (the Transaction).

Occupation of the Broadway Complex no longer fit into TfL's accommodation strategy and there was now only a short-term occupancy requirement. The intention was to:

- (a) retain freehold interest of the Complex, in order to maintain control of the operational railway interfaces;**
- (b) grant, for capital receipt, a long leasehold in the Complex; and**

- (c) provide vacant possession at the point of sale or to take a short-term lease back of a maximum of 12 months.

The Committee asked whether the different parts of the Complex could be looked at individually. Paul Doyle told the Committee that Petty France was integral to the other two parts of the Complex, structurally and for entry. Whilst it was not impossible, it would likely add significant technical complexity and cost.

TfL would continue to develop and implement its strategy, consolidation and rationalisation of the office portfolio, and introduce initiatives such as Smart Working.

The Committee noted the paper and the supplemental information on Part 2 of the agenda and:

- 1 granted Land Authority for:**
 - (a) the sale of a long leasehold interest in 55 Broadway, 100 Petty France and Wing Over Station (the Complex) for the minimum consideration as set out in the paper on part 2 of the agenda;**
 - (b) the option to take a short-term leaseback of the Complex by TfL or any Subsidiary Company for a maximum term of 12 months as set out in the paper on part 2 of the agenda; and**
 - (c) the decommissioning works and other costs relating to the Transaction as set out in the paper on part 2 of the agenda; and**
- 2 noted that an update of the final terms of the Transaction will be provided to the Committee in due course.**

13/03/19 Transformation Programme Update

Andrew Pollins introduced the paper, which provided an updated on the Transformation Programme.

The Committee noted that, in 2018/19, net cost reductions across the business had delivered £277m in operating cost reductions.

TfL had reviewed its approach to managing change and was making improvements in the light of experience. The toolkit that captures the people priorities had been updated, in order to provide more support to staff through transformation. A new TfL Leadership Foundation was being developed to ensure that positive leadership behaviours became embedded.

Smart Working pilots had been carried out in City Planning, Surface Projects and Programmes, and Commercial Development, which had delivered a reduction in desk space by 30 per cent. Open plan accommodation had encouraged the efficient use of space and people were actively encouraged to work from home or dial in to meetings from other locations. The Committee noted that this applied equally throughout the pilot teams and noted that some directors did not have a fixed desk. A 'just enough' strategy was being used to target areas where technology could best be deployed to encourage smart working.

Members asked whether outsourcing of some functions should be considered. The Committee heard that TfL had made a public commitment not to outsource business

function operations but would continue to keep an open mind. It would seek to leverage technology and bring as much of the business services into one place as possible.

The Committee noted the paper.

14/03/19 Member Suggestions for Future Agenda Discussions

Howard Carter introduced the forward programme.

The Committee noted the forward programme.

15/03/19 Any Other Business the Chair Considers Urgent

There was no urgent business.

16/03/19 Date of Next Meeting

The next scheduled meeting of the Committee would be held on Monday 1 July 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 paragraph 3 of Schedule 12A to the Local Government Act 1972 (as amended), when it considered the exempt information in relation to the items on: Minutes of the Meeting of the Committee held on 3 December 2018; Treasury Management Strategy 2019/20; Treasury Activities; TfL Subsidiaries Rationalisation; and Strategy for the Broadway Complex.

17/03/19 Minutes of the Meeting of the Committee held on 3 December 2018

The exempt minutes of the meeting held on 3 December 2018 were approved as a correct record and signed by the Chair.

18/03/19 Close of Meeting

The meeting closed at 11.35pm.

Chair: _____

Date: _____

Finance Committee



Date: 9 October 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
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Finance Committee Action List (to be reported to the meeting on 9 October 2019)

Actions from the meeting of the Finance Committee held on 11 March 2019

Minute No.	Description	Action By	Target Date	Status note
04/03/19	<p>Matters Arising and Actions List: Elizabeth Line Rolling Stock Sale and Leaseback (78/12/18)</p> <p>In relation to whether the Mayor's opinion had been sought, Howard Carter would provide Members with a note to explain the technical process.</p>	Howard Carter	March 2019	Completed. A note in relation to obtaining the Mayor's opinion was circulated to Members on 15 March 2019.
07/03/19	<p>Treasury Management Strategy 2019/20: Procurement best practice</p> <p>Members asked for a discussion, at a later date, about best practice in procurement, specifically in relation to foreign exchange.</p>	Howard Carter / Simon Kilonback	October 2019	Completed. This is addressed in the paper on Foreign Exchange Risk Management on the agenda.

Actions from the Actions from previous meetings

Minute No.	Description	Action By	Target Date	Status note
75/12/18	<p>Finance Report - Period 8, 2018/19: Tube Ridership</p> <p>Analysis of like for like tube ridership over the last two years.</p>	Tanya Coff	July 2019	Completed. The Quarterly Performance Report now includes ridership data for the last three years.

Minute No.	Description	Action By	Target Date	Status note
76/12/18	<p>Business Plan Approval: Build to Rent</p> <p>(a) Commercial Development to provide information on the carbon neutrality, affordability and accessibility of the proposed build-to-rent homes;</p> <p>(b) Members will be offered a tour of the proposed locations of build-to-rent homes.</p>	Graeme Craig	<p>July 2019</p> <p>July 2019</p>	<p>(a) Completed. Information was provided in the Chair's Action paper on Build to Rent that was circulated to Members in July 2019.</p> <p>(b) Completed. Members were invited to tour the Limmo site at Greenwich.</p>
50/10/18	<p>Finance Report - Period 6, 2018/19: Bus Ridership</p> <p>Patrick Doig told the Committee that the decrease in bus ridership was predominantly in central London and there was a mixed picture in outer London. TfL had experienced a two per cent decrease in ridership and long standing models were able to explain a one percent decrease in ridership; TfL was looking to update the models and would share the results with the Committee.</p>	Patrick Doig	July 2019	Completed. Members received a briefing as part of the business planning discussions in July 2019.

Finance Committee



Date: 9 October 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 meeting of the Committee on 11 March 2019. The paper also provides information on Mayoral Directions to TfL within the Committee's remit.
- 1.2 Since the meeting of the Committee on 11 March 2019, there have been eight decisions taken under Chair's Action and three Mayoral Direction.
- 1.3 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 11 March 2019

- 3.1 There has been no use of authority delegated by the Board since the meeting on 11 March 2019.

4 Use of Chair's Action since 11 March 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 eight uses of Chair's Action since the meeting of the Committee on 11 March 2019. Three of these were matters discussed by available Members on 1 July 2019 but, as the meeting was not quorate, the decisions were taken by Chair's Action.

Consolidation of Commercial Property Assets

- 4.3 On 1 April 2019, the Chair (in consultation with members of the Committee) granted Land Authority for the consolidation of a number of TfL's commercial property assets from across the TfL group into TTL Properties Limited by the grant of a number of long leases, lease assignments, contract novations or other appropriate legal mechanism. Delegated Officers were granted authority to finalise the list of commercial property assets to be consolidated, the terms of leases and any other documentation related to the consolidation of the commercial property assets. A link to the paper seeking approval is provided under background papers.
- 4.4 The consolidation of property assets will create a new balance sheet that can be used to attract new streams of funding in the future and create focus for improved management and financial returns.
- 4.5 The use of Chair's Action was considered appropriate as a decision on this item was required so that the consolidation of TfL's commercial property assets into TTL Properties Limited could progress and revenues from TfL's commercial property assets could be attributed to TTL Properties Limited with effect from 1 April 2019, the start of the new Financial Year.

Statutory Chief Finance Officer

- 4.6 The Greater London Authority Act 1999 requires the appointment by TfL of an appropriately qualified person as statutory Chief Finance Officer (CFO). This role is required to ensure that TfL has made arrangements for the proper administration of its financial affairs. The appointment or removal of the CFO is a matter reserved to the Board. Where decisions are required ahead of meetings of the Board, these can be taken by the Chair of the Finance Committee, in consultation with members of the Committee.
- 4.7 As part of the ongoing organisational change programme in the Finance directorate, changes were proposed to the statutory CFO post (and related interim arrangements). To enable those changes to come into effect in a timely manner, Finance Committee Chair's Action was sought on two occasions (2 April and 14 July) ahead of the meetings of the Board on 22 May and 24 July 2019 (respectively). The meeting of the Board on 24 July 2019 was informed of the use of its authority.
- 4.8 On 2 April 2019, the Chair of the Committee:
- (a) agreed that Sarah Bradley would cease to be the statutory CFO from 31 July 2019 (when she left TfL);
 - (b) noted that approval will be sought in due course for the Group Finance Director to be appointed as the statutory CFO;
 - (c) confirmed the existing list of staff authorised to undertake the statutory CFO responsibilities when the statutory CFO was unavailable; and
 - (d) approved the addition of Tony King to that list.

- 4.9 On 14 July 2019, the Chair of the Committee:
- (a) agreed that Tony King would be appointed as interim statutory CFO with effect from 31 July 2019;
 - (b) noted that approval will be sought in due course for the Group Finance Director to be appointed as the statutory CFO;
 - (c) agreed that that any one of Andrew Pollins, Patrick Doig and Tanya Coff are authorised to undertake the statutory CFO responsibilities if Tony King is unavailable; and
 - (d) authorised any of the Commissioner, Chief People Officer and the General Counsel to take any steps necessary or consequential to implement the matters approved above.

4.10 The information contained in the papers seeking Chair's Action remains exempt from publication under paragraph 3 of Schedule 12A of the Local Government Act 1972 in that it contains information relating to the business affairs of TfL.

Docklands Light Railway Franchise

- 4.11 Members of the Committee considered this issue on 1 July 2019. As the meeting was not quorate, it was agreed that authority would be sought through Chair's Action as a decision was required before the next scheduled meeting of the Committee on 9 October 2019.
- 4.12 On 7 July 2019, the Chair (in consultation with members of the Committee) approved additional Procurement Authority for an extension to the current franchise agreement for the Docklands Light Railway and the maintenance of the Lewisham extension.
- 4.13 A link to the paper seeking approval is provided under background papers. Supplemental information provided to Members remains exempt from publication under paragraph 3 of Schedule 12A of the Local Government Act 1972 in that it contains information relating to the business affairs of TfL.

Build to Rent

- 4.14 Members of the Committee considered this issue on 1 July 2019. As the meeting was not quorate, it was agreed that authority would be sought through Chair's Action as a decision was required before the next scheduled meeting of the Committee on 9 October 2019.
- 4.15 On 7 July 2019, the Chair (in consultation with members of the Committee):
- (a) approved a maximum investment sum and Land Authority, which included an aggregate figure for land receipts across the initial portfolio (payable to TfL) and investment by Hold Co into the joint venture vehicle (JVCo);
 - (b) approved the formation of a subsidiary entity (Hold Co) as a wholly owned subsidiary of TTL Properties Limited for the purposes of entering into the joint venture agreement (JVA) with a Grainger entity;

- (c) delegated authority to the Chief Finance Officer to authorise the disposal of sites, and investment into the joint venture vehicle (JVCo) as required up to the maximum value of the investment sum, where the corresponding site-specific business plans satisfy;
 - (i) the agreed investment metrics set out in the exempt appendix; and
 - (ii) best value and State aid obligations;
- (d) delegated authority to the Chief Finance Officer to authorise any other matters relating to the disposal and development of the sites including the provision of associated guarantees and warranties provided such authority shall not exceed the maximum investment sum;
- (e) noted the proposal for the formation of wholly owned subsidiaries of JVCo for the purposes of developing, operating and/or owning sites on the basis set out in the paper; and
- (f) noted the proposal for a formation of a “For Profit” Registered Provider (FPRP) as a wholly owned subsidiary of the JVCo for the purposes of operating and owning affordable homes on the basis set out in the paper.

4.16 The use of Chair’s Action was considered appropriate as a decision on this item was required so that the consolidation of TfL’s commercial property assets into TTL Properties Limited could progress and revenues from TfL’s commercial property assets could be attributed to TTL Properties Limited with effect from 1 April 2019, the start of the new Financial Year.

4.17 A link to the paper seeking approval is provided under background papers. Supplemental information provided to Members remains exempt from publication under paragraph 3 of Schedule 12A of the Local Government Act 1972 in that it contains information relating to the business affairs of TfL.

Technical Facilities Management Services

4.18 Members of the Committee considered this issue on 1 July 2019. As the meeting was not quorate, it was agreed that authority would be sought through Chair’s Action as a decision was required before the next scheduled meeting of the Committee on 9 October 2019.

4.19 On 7 July 2019, the Chair (in consultation with members of the Committee) approved the award of a contract for an initial period of seven years and three months for the supply of maintenance and upgrade services for CCTV, access control and security systems to the winning bidder Bidder B and granted Procurement Authority.

4.20 A link to the paper seeking approval is provided under background papers. Supplemental information provided to Members remains exempt from publication under paragraph 3 of Schedule 12A of the Local Government Act 1972 in that it contains information relating to the business affairs of TfL.

RideLondon Cycling Event Delivery Partner Agreement

- 4.21 On 2 August 2019, the Chair (in consultation with members of the Committee) approved Procurement Authority and authority to enter into a Delivery Partner Agreement (DPA) with London Marathon Events (LME) Limited to deliver the annual RideLondon cycling event from 2021 to 2030.
- 4.22 The use of Chair's Action was considered appropriate as a press announcement on 2 August 2019 of a decision to enter into the DPA enabled LME to secure post 2020 financial commitments from sponsors at the RideLondon event taking place on 3 and 4 August 2019.
- 4.23 A link to the paper seeking approval is provided under background papers. Supplemental information provided to Members remains exempt from publication under paragraph 3 of Schedule 12A of the Local Government Act 1972 in that it contains information relating to the business affairs of TfL.

Deep Tube Rolling Stock

- 4.24 On 24 September 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.
- 4.25 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.

5 Procurement and Land Authority Approvals since 11 March 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 11 March 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>.

Mayoral Directions to TfL

- 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 have been three directions to TfL:
- (a) Directing TfL in relation to fares for up to two time limited research trials of demand responsive bus services in outer London. (MD2460 on 29 April 2019).
 - (b) Directing TfL to prepare, finance and implement the Ultra Low Emission Zone Support Scheme. (MD2489 on 9 July 2019)
 - (c) Directing TfL to pay the Mayor's legal costs of defending a legal challenge and any other costs arising as a consequence of the challenge including any appeals. The IWGB trade union, representing private hire vehicle drivers, brought a challenge by way of judicial review of the Mayor's decision to remove the private hire vehicle exemption from the Congestion Charge. The challenge was not upheld. (MD2484 on 9 July 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/fc-20191009-item05-use-of-chairs-action-since-last-meeting.pdf>

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

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Finance Committee

Date: 9 October 2019

Item: Finance Report – Quarter 2, 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 Quarter 2, 2019/20 - the year-to-date period ending 15 September 2019.
- 1.2 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 and legally privileged information. 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 Finance Report.**

3 Financial Reporting to the Committee

Finance Report – Quarter 2, 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 Budget, and against last year. This report also incorporates trends on passenger journeys.

Quarterly Performance Report

- 3.3 The Quarterly Performance Report for Quarter 2 (covering periods 1 to 6, 2019/20) will be presented at the next Board, on 20 November 2019.

List of appendices to this report:

Exempt supplemental information is contained in a paper on Part 2 of the agenda

Appendix 1: Finance Report – Quarter 2, 2019/20

List of Background Papers:

None

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TfL Finance Committee Finance report Quarter 2, 2019/20

9 October 2019



Section 1

Quarter 2 financial performance

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Quarter 2 financial performance	1
Business Unit Review	2



Continued strong performance on day-to-day operations

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Budget outperformance driven by operating costs and passenger income better than expected

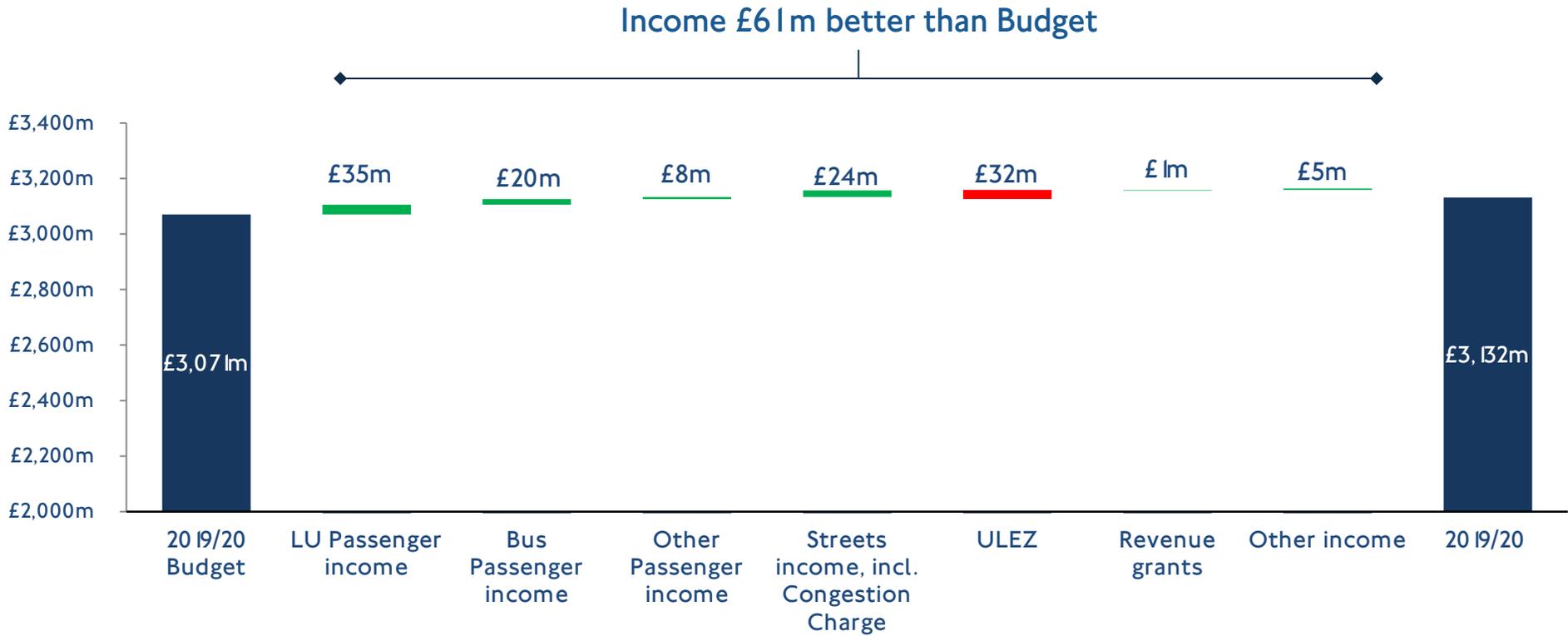
£m	2019/20 YTD				2018/19 YTD		
	Actuals	Budget	Variance to Budget	% variance to Budget	Last year actuals	Variance to last year	% variance to last year
Operating account							
Passenger income	2,220	2,157	63	3%	2,171	49	2%
Other operating income	453	456	(3)	-1%	372	81	22%
Total operating income	2,673	2,613	60	2%	2,543	130	5%
Business Rates Retention	420	420	-	0%	417	3	1%
Revenue grant	39	38	1	3%	29	10	34%
Total income	3,132	3,071	61	2%	2,989	143	5%
Operating costs	(2,868)	(3,010)	142	5%	(2,805)	(63)	-2%
Net operating surplus	264	61	203	333%	184	80	43%
Capital renewals	(170)	(220)	50	23%	(178)	8	5%
Net cost of operations before financing	94	(159)	253	159%	6	88	-1,466%
Net financing costs	(205)	(213)	8	4%	(205)	-	0%
Net cost of operations	(111)	(372)	261	70%	(199)	88	44%

Income growth driven by better than expected demand

Page 26

Overall passenger income is 2% up on last year; we expect income to outturn better than both Budget and last year

Total income



- Passenger income is outperforming Budget in both LU and Buses – our Budget assumptions were cautious given macroeconomic conditions and uncertainty on Brexit
- ULEZ compliance levels are higher than Budget, which was based on modelling from previous schemes. Impacts on wider travel patterns less than expected, with Congestion Charge volumes 18.5% higher

ULEZ performance	2019/20	2019/20 Budget	Variance	% variance
Income (£m)	64.6	96.8	(32.2)	-33%
Vehicles in zone (millions)	18.2	17.2	1.0	6%
Non-compliant vehicles (millions)	4.5	6.4	(1.9)	-30%
Compliance rates (%)	74.9	70.7	4.2	6%

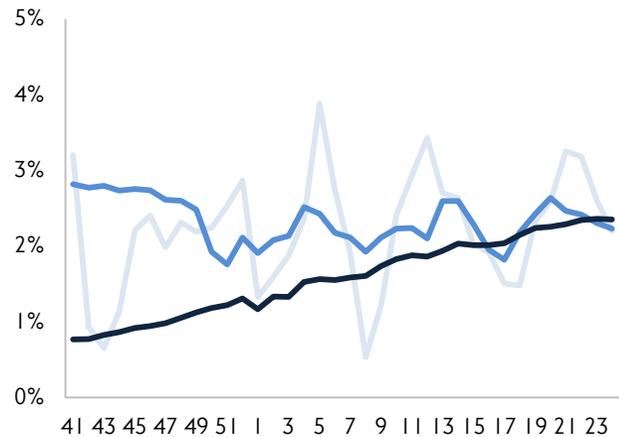


Passenger income growth driven by Underground journeys

Strong growth on the Underground, but bus and rail journeys remain subdued

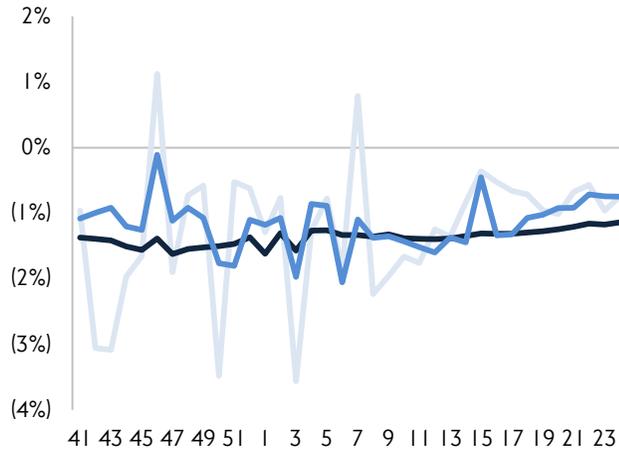
Passenger income

London Underground



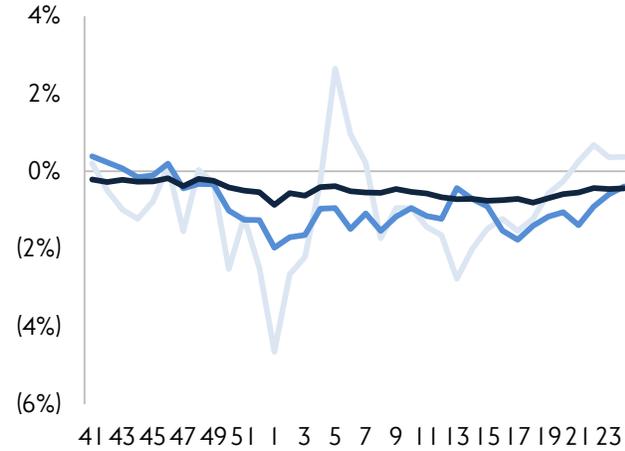
52 week	12 week	4 week
2.4%	2.2%	2.2%

Buses



52 week	12 week	4 week
(1.1%)	(0.7%)	(0.7%)

Rail



52 week	12 week	4 week
(0.4%)	(0.4%)	0.3%

- Journey demand growing at 2.4% over past 52 weeks
- Single biggest contributor to growth in LU demand has come from journeys involving terminus stations
- Journey growth out of Zone 1 is flat

- Journeys declined by 1.1% over past 52 weeks, less than anticipated, and slightly improved on last period, which saw a 1.2% year-on-year decline
- Bus trip rates have fallen significantly among younger and low income groups

- The 2018 Business Plan incorporated modest growth supported by the introduction of new trains on London Overground
- Rail demand is showing signs of strengthening; National Rail recently reported strong rebound on journeys, mainly from commuting
- Demand broadly in line with expectations

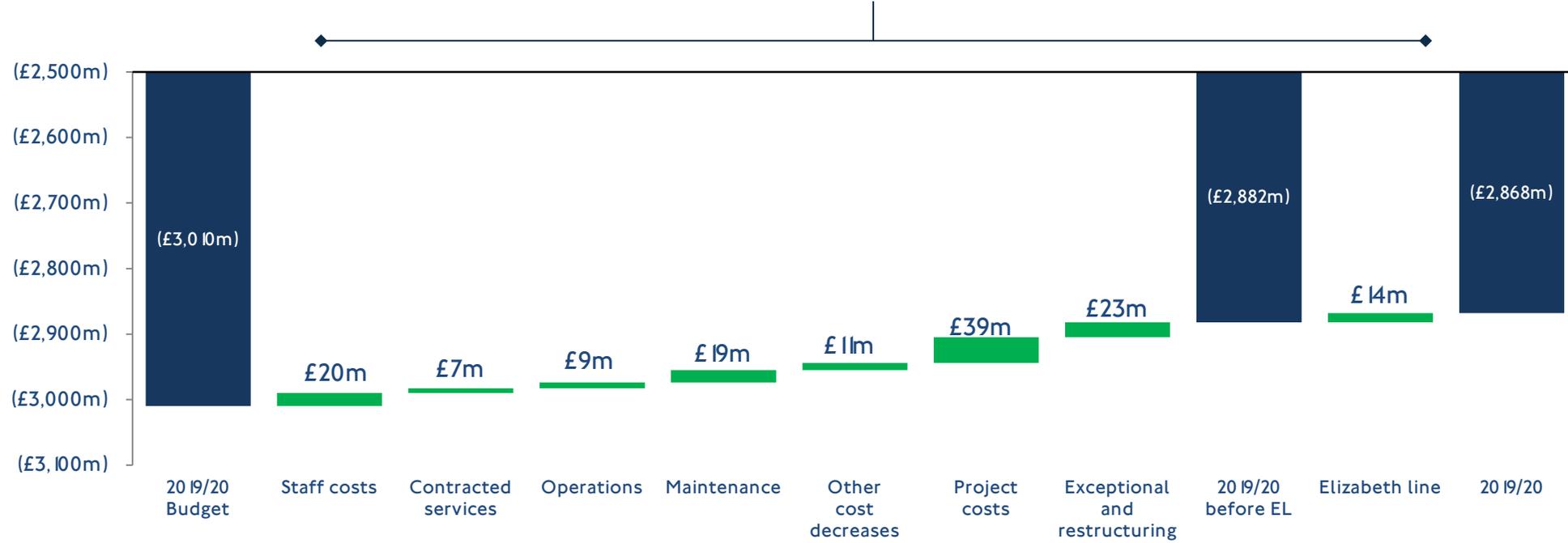
Note: includes London Overground, Trams and DLR

We continue to deliver ahead of Budget

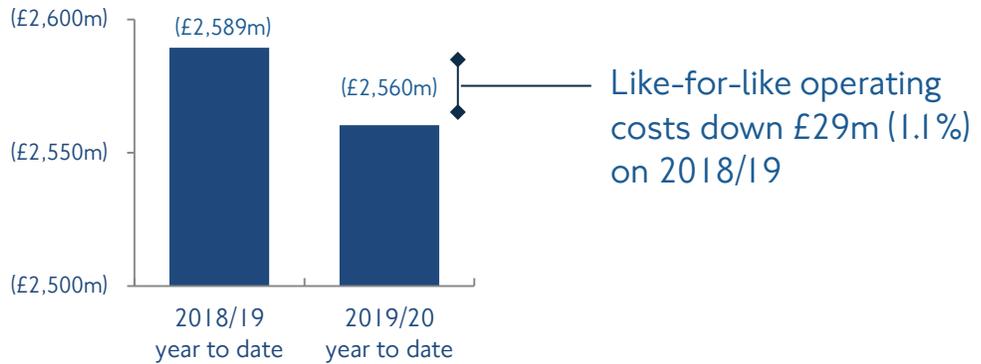
Operating costs are below Budget driven by underlying cost reductions and timing of project and transformation costs

Operating costs

Operating costs £142m better than Budget



Like-for-like operating costs



Like-for-like operating costs down £29m (1.1%) on 2018/19

50%
of upside to budget from underlying cost reductions

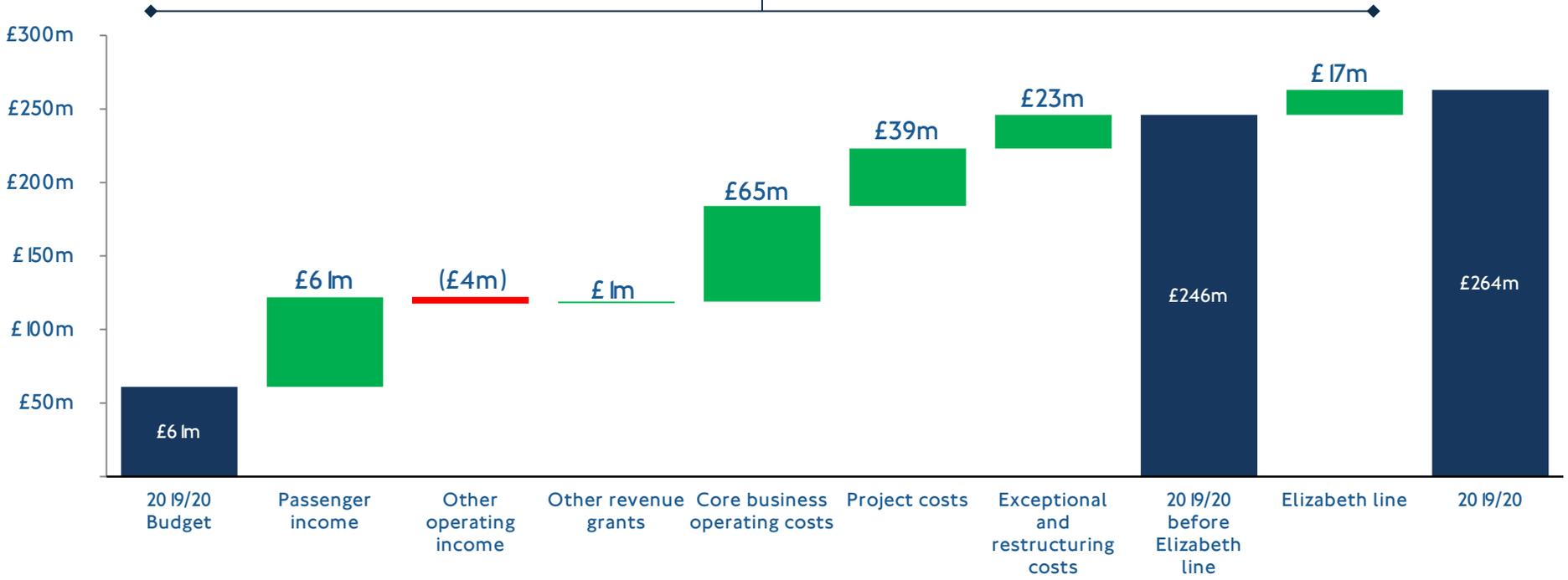
Like for like costs: operating costs adjusted for one offs, growth (including Elizabeth line, ULEZ and new London Overground services), and restructuring costs

Summary: net operating surplus significantly ahead of Budget

We are reviewing our budgetary assumptions and will report back to the Board



Net operating surplus £203m ahead of budget



Core business excluding the Elizabeth line



Net surplus (after adjusting for removing Elizabeth line costs and income) up £150m on last year

Operating surplus incl. Elizabeth line

- Elizabeth line operating deficit
- Total TfL operating surplus

65%

of upside to budget from higher income and underlying cost reductions

we are reviewing our budgetary assumptions post Q1 and will incorporate our revised view in the 2019 Business Plan

Capital spend continues to track below Budget

Page 30

We do not expect the final delivery dates to be impacted at this stage

£m	2019/20 YTD				2018/19 YTD		
	Actuals	Budget	Variance to Budget	% variance to Budget	Last year actuals	Variance to last year	% variance to last year
Capital account							
New capital investment	(466)	(673)	207	31%	(672)	206	31%
Crossrail	(488)	(615)	127	21%	(669)	181	27%
Total capital expenditure	(954)	(1,288)	334	26%	(1,341)	387	29%
<i>Financed by:</i>							
Investment grant	393	393	-	0%	429	(36)	-8%
Property and asset receipts	141	23	118	513%	4	137	3,425%
Borrowing	30	274	(244)	-89%	335	(305)	-91%
Crossrail funding sources	443	785	(342)	-44%	62	381	614%
Other capital grants	84	124	(40)	-32%	78	6	8%
Total	1,091	1,599	(508)	-32%	908	183	20%
Net capital account	137	311	(174)	-55%	(433)	570	132%
TfL capital expenditure							
Capital renewals	(170)	(220)	50	23%	(178)	8	5%
New capital investment	(466)	(673)	207	31%	(672)	206	31%
Total capital expenditure	(636)	(893)	257	29%	(850)	214	25%

Some costs pressures, but outweighed by opportunities in the long term

Key programme spend below Budget is from a combination of timing, rephasing, as well as some savings

£m

Capital account variance by key programme
Capital renewals and new capital investment

Major projects

Northern Line Extension

Barking Riverside

Major Stations *

Railway Systems Enhancements

Four Lines Modernisation

DLR Rolling Stock

Piccadilly line trains

Elizabeth line – infrastructure

Silvertown Tunnel **

Other programmes

Healthy Streets

LU capital

Surface - assets

Public Transport

Air quality schemes

Other Surface

Corporate programmes

Tech & Data projects

Growth engines – property

Other Corporate projects

Total capital expenditure

2019/20 YTD

Actuals Variance to Budget % variance to Budget

(75)	33	-31%
(18)	-	2%
(41)	9	-19%
(6)	10	-62%
(124)	22	-15%
(8)	1	-12%
(22)	9	-28%
(9)	10	-53%
(4)	23	-84%

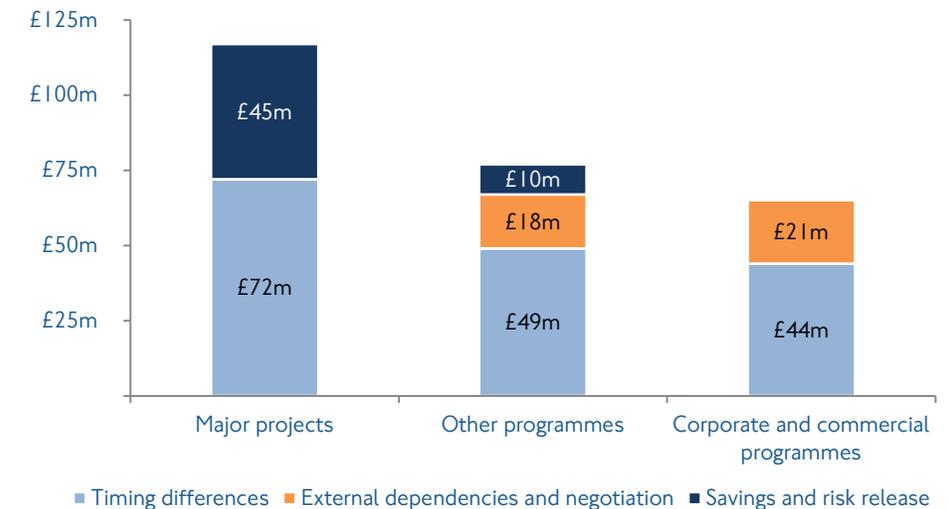
(42)	14	-25%
(143)	38	-21%
(13)	14	-52%
(40)	(1)	2%
(18)	3	-15%
(4)	8	-66%
(42)	15	-26%
(26)	43	-63%
(2)	7	-78%
(636)	257	-29%

Full programme costs

Total spend to date Costs to go Estimated final cost (EFC) EFC variance to 2018 Business Plan

(757)	(324)	(1,081)	92	-8%
(31)	(73)	(103)	11	-10%
(457)	(206)	(663)	(7)	1%
(117)	(78)	(195)	12	-6%
(4,793)	(565)	(5,358)	(78)	1%
(22)	(577)	(599)	30	-5%
(126)	(2,830)	(2,956)	135	-4%
(78)	(24)	(102)	-	0%

Variance to Budget by programme and cause



* Bank station estimated final cost

** Costs for 2019/20 include reimbursement of costs incurred in prior years EFC removed for commercial reasons

92% of the investment programme milestones are forecast to be achieved on time

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Budget milestones



Section 2

Business unit review

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Quarter 2 financial performance |
Business Unit Review | 2

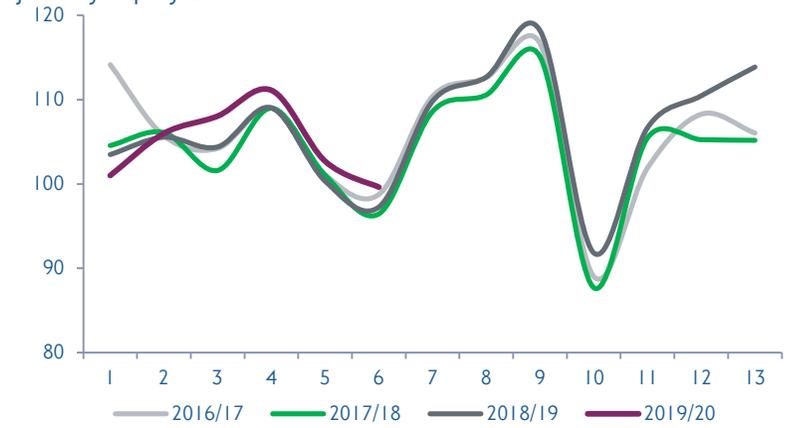


London Underground: good start to the year

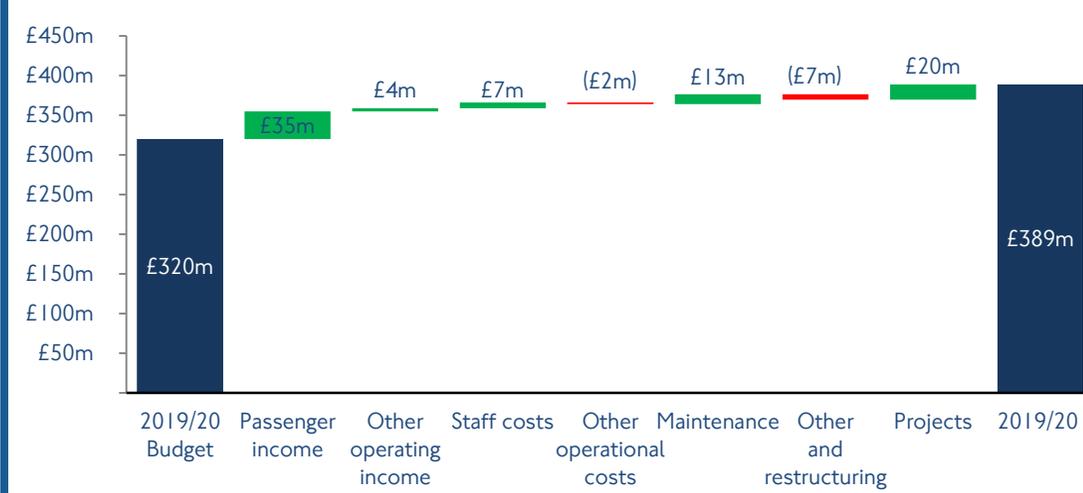
Passenger income ahead of budget and last year. Operating costs favourable from timing of project and maintenance costs

£m	2019/20 YTD				2018/19 YTD		
	Actuals	Budget	Variance to Budget	% variance to Budget	Last year actuals	Variance to last year	% variance to last year
Operating account							
Passenger income	1,281	1,246	35	3%	1,235	46	4%
Other operating income	19	15	4	27%	14	5	36%
Total operating income	1,300	1,261	39	3%	1,249	51	4%
Direct operating cost	(911)	(941)	30	3%	(936)	25	3%
Direct operating surplus	389	320	69	22%	313	76	24%
Indirect operating cost	(158)	(190)	32	17%	(158)	-	0%
Net operating surplus	231	130	101	78%	155	76	49%
Capital renewals	(119)	(149)	30	20%	(116)	(3)	-3%
New capital investment	(24)	(32)	8	25%	(17)	(7)	-41%
Total capital expenditure	(143)	(181)	38	21%	(133)	(10)	-8%

Passenger demand
LU passenger journeys are 16 million better than Budget and 9 million higher than last year. Demand remains strong, with year-on-year journeys up by 2.4%.



Direct operating surplus



Buses: ahead of budget driven by demand

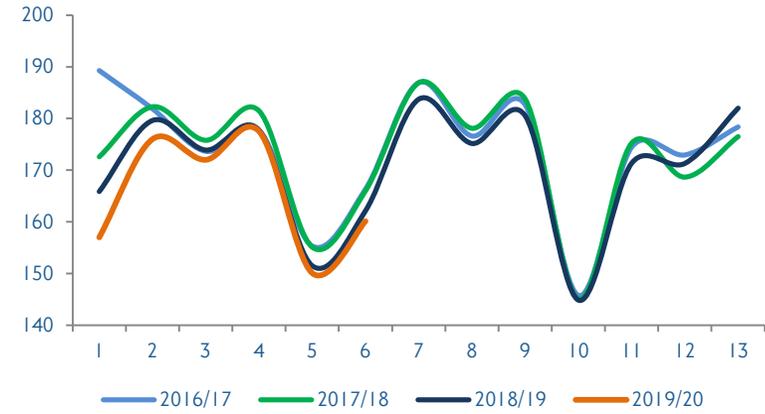
Underlying passenger journeys 1.1 % behind last year, but up against budget.

Direct operating costs up on last year, driven by bus operating contracts

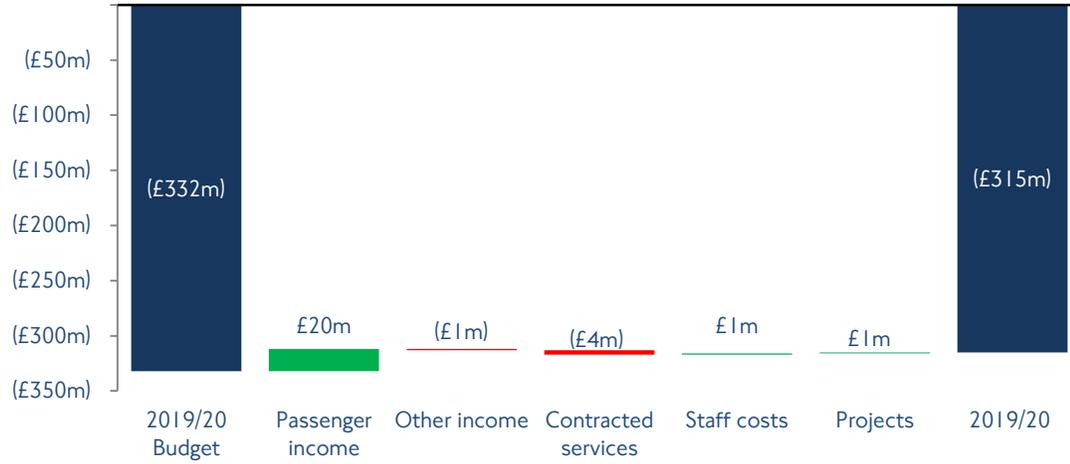
£m	2019/20 YTD				2018/19 YTD		
	Actuals	Budget	Variance to Budget	% variance to Budget	Last year actuals	Variance to last year	% variance to last year
Operating account							
Passenger income	667	647	20	3%	670	(3)	0%
Other operating income	4	5	(1)	-20%	6	(2)	-33%
Total operating income	671	652	19	3%	676	(5)	-1%
Direct operating cost	(986)	(984)	(2)	0%	(968)	(18)	-2%
Direct operating deficit	(315)	(332)	17	5%	(292)	(23)	-8%
Indirect operating cost	(11)	(12)	1	8%	(12)	1	8%
Net operating deficit	(326)	(344)	18	5%	(304)	(22)	-7%
Capital renewals	(1)	(3)	2	67%	(1)	-	0%
New capital investment	(6)	(11)	5	45%	(10)	3	30%
Total capital expenditure	(7)	(14)	7	50%	(11)	3	27%

Passenger demand

Bus journeys 19 million up on Budget, but 18 million lower than last year. Journeys are 1.1% lower year-on-year, but have seen slightly improving trend over the last quarter



Direct operating deficit

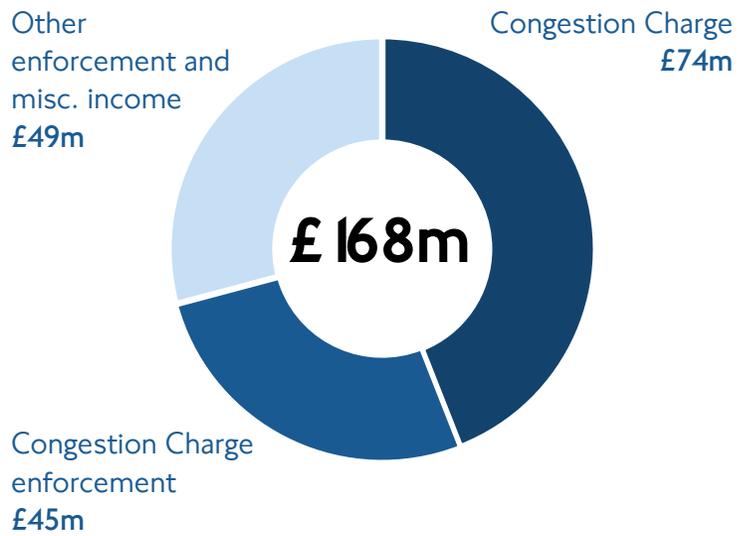


Streets: improved year- on-year performance but challenging fundamentals remain

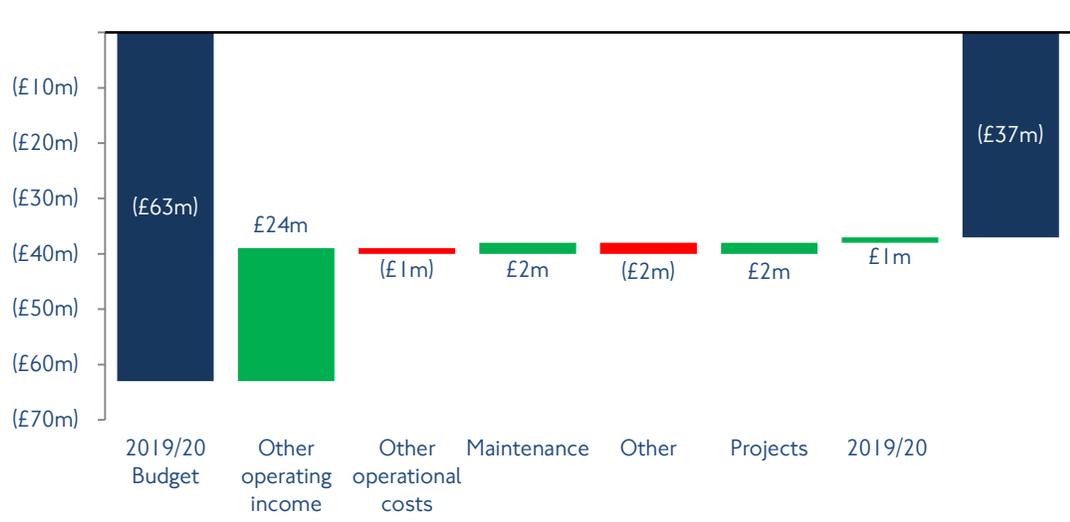
Income better than budget and last year.
Costs broadly in line with Budget

£m	2019/20 YTD				2018/19 YTD		
	Actuals	Budget	Variance to Budget	% variance to Budget	Last year actuals	Variance to last year	% variance to last year
Operating account							
Other operating income	168	144	24	17%	151	17	11%
Total operating income	168	144	24	17%	151	17	11%
Direct operating cost	(205)	(207)	2	1%	(204)	(1)	0%
Direct operating deficit	(37)	(63)	26	41%	(53)	16	30%
Indirect operating cost	(34)	(38)	4	11%	(35)	1	6%
Net operating deficit	(71)	(101)	30	30%	(88)	17	20%
Capital renewals	(11)	(18)	7	39%	(17)	6	41%
New capital investment	(48)	(66)	18	27%	(35)	(13)	-37%
Total capital expenditure	(59)	(84)	25	29%	(52)	(7)	-13%

Operating income



Direct operating deficit



Rail: ahead of budget driven by operating costs

Operating cost below budget as roll out of new trains on the Overground is slower than expected

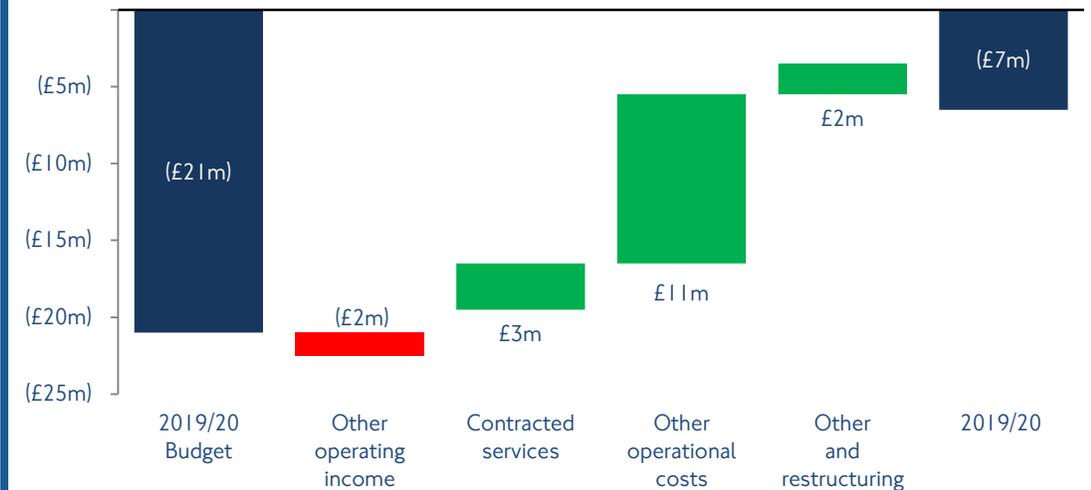
£m	2019/20 YTD				2018/19 YTD		
	Actuals	Budget	Variance to Budget	% variance to Budget	Last year actuals	Variance to last year	% variance to last year
Operating account							
Passenger income	193	193	-	0%	194	(1)	-1%
Other operating income	14	16	(2)	-13%	13	1	8%
Total operating income	207	209	(2)	-1%	207	-	0%
Direct operating cost	(214)	(230)	16	7%	(199)	(15)	-8%
Direct operating deficit	(7)	(21)	14	67%	8	(15)	-188%
Indirect operating cost	(9)	(10)	1	10%	(10)	1	10%
Net operating deficit	(16)	(31)	15	48%	(2)	(14)	-700%
Capital renewals	(18)	(17)	(1)	-6%	(11)	(7)	-64%
New capital investment	(21)	(21)	-	0%	(13)	(8)	-62%
Total capital expenditure	(39)	(38)	(1)	31%	(24)	(15)	-60%

Passenger journeys

Millions	2019/20	2019/20 Budget	Variance
London Overground	84	84	-
DLR	55	55	-
London Trams	12	13	(1)

Millions	2019/20	2018/19	Year-on-year variance
London Overground	84	86	(2)
DLR	55	56	(1)
London Trams	12	13	(1)

Direct operating deficit



Other operations: ULEZ introduced, high rates of compliance

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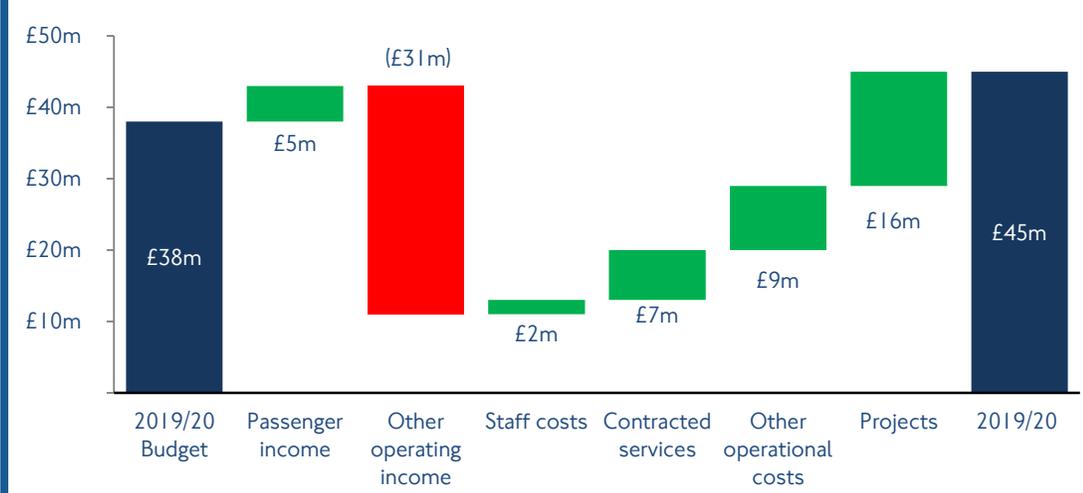
Income down on Budget, with higher rates of ULEZ compliance than expected. Costs down from lower bad debt exposure

£m	2019/20 YTD				2018/19 YTD		
	Actuals	Budget	Variance to Budget	% variance to Budget	Last year actuals	Variance to last year	% variance to last year
Operating account							
Passenger income	29	24	5	21%	28	1	4%
Other operating income	132	163	(31)	-19%	69	63	91%
Total operating income	161	187	(26)	-14%	97	64	66%
Direct operating cost	(116)	(149)	33	22%	(119)	3	3%
Direct operating surplus	45	38	7	18%	(22)	67	305%
Indirect operating cost	(23)	(27)	4	15%	(24)	1	4%
Net operating surplus	22	11	11	100%	(46)	68	148%
Capital renewals	(10)	(18)	8	44%	(22)	12	55%
New capital investment	(40)	(62)	22	35%	(37)	(3)	-8%
Total capital expenditure	(50)	(80)	30	38%	(59)	9	15%

ULEZ income and compliance

	2019/20	2019/20 Budget	Variance	% variance
Income (£m)	64.6	96.8	(32.2)	-33%
Vehicles in zone (millions)	18.2	17.2	1.0	6%
Non-compliant vehicles (millions)	4.5	6.4	(1.9)	-30%
Compliance rates	74.9	70.7	4.2	6%

Direct operating surplus



Finance Committee

Date: 9 October 2019

Item: Treasury Activities

This paper will be considered in public

1 Summary

- 1.1 This paper provides a brief update on our key treasury activities for the period from 21 February 2019 to 19 September 2019 (the Reporting Period).
- 1.2 During the Reporting Period, we have complied at all times with the Treasury Management Strategy, the Treasury Management Policies and the TfL Group Policy relating to the use of Derivative Investments approved by the Board on 27 March 2019, including the GLA Responsible Investment Policy.
- 1.3 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 and 5 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 and legally privileged information. 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 including the draft updated Disclosures Procedures Policy attached as Appendix 1 and the supplementary information on Part 2 of the agenda.**

3 Market Update

- 3.1 Following a postponement in March 2019, the UK may leave the European Union on 31 October 2019. Due to the increased possibility of a no-deal Brexit, GBPUSD and GBPEUR have been volatile over the Reporting Period and depreciated by up to 7.7 per cent and 6.4 per cent respectively.
- 3.2 Sterling is likely to remain volatile as talks continue between the UK and the European Union. Further movements in Sterling are highly contingent on the outcome of these talks and whether a deal is agreed. Under a leading bank's no-deal Brexit scenario, Sterling is forecast to depreciate a further 10 per cent whereas under a deal scenario forecast to appreciate by 7 per cent.
- 3.3 No interest rate increases by the Bank of England are expected in the remainder of 2019 or 2020, as reported in Bloomberg (which collates forecasts from a number of banks). The market traded Sterling Overnight Interbank Average Rate (SONIA) level currently shows a 70 per cent chance of a rate reduction occurring in December 2019. Bank of England interest rate decisions are also highly

dependent on the status and progression of the agreement of a deal by the UK and the European Union over Brexit.

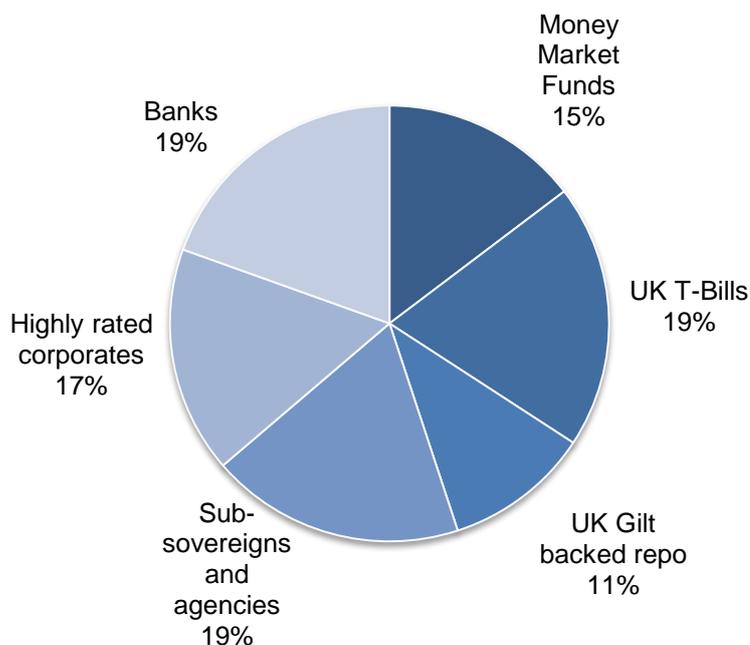
- 3.4 The increased possibility of a no-deal Brexit has also affected UK gilt rates, which have depreciated significantly over the reporting period and hit all-time lows at the beginning of September. While the impact of the no-deal Brexit on UK gilt rates cannot be easily predicted, it is widely expected that the rates would increase in the event of a deal.

4 Investment Update

Cash under management

- 4.1 As at 19 September 2019, we held £1.9bn of cash under management (which includes £123.2m cash under management for Crossrail). The cash balance ensures that sufficient cash and liquidity facilities are available to enable TfL to discharge its financial obligations in accordance with approved budgets. This is above the £540m minimum cash balance.
- 4.2 The cash balance increased by £0.7bn over the Reporting Period, primarily as a result of the proceeds from the sale and leaseback of the Elizabeth line trains being received in March 2019. The investment yield is 0.783 percent and the weighted average maturity of the portfolio is 38 days. Our investments are well diversified by sector, instrument and geography. The allocation of our cash is shown in chart 1 below.

Chart 1: Cash investment allocation as at 19 September 2019



Cash forecasting

- 4.3 We have been working with the Financial Planning and Analysis team to improve the quality of the short and long term cash flow forecasting. This includes improved communication channels and integrating the 12 month cash flow forecast model into the Treasury Management System. These process changes have improved the information available for investment dealing.

5 Borrowing Update

Current Borrowing

- 5.1 As at 19 September 2019, we had £11,204m outstanding borrowing with a weighted average maturity of 19 years and an average interest rate of 3.6 per cent. We have remained within the Authorised Limit for borrowing at all times during the Reporting Period.
- 5.2 During the Reporting Period we borrowed a total of £100m from the Public Works Loan Board (PWLB) across two tranches of £50m at fixed rates of 1.75 and 1.91 per cent with tenors of around 20 years. The timing of these transactions allowed us to take advantage of the historically low interest rates, which compared favourably to the equivalent capital market transactions and also secured savings on the transaction costs.
- 5.3 During the Reporting Period we also fixed £100m under the ATC Signalling (ATC) loan facility with Export Development Canada (EDC) and £100m under the Rolling Stock and Depot loan facility with EDC, for drawdown in February 2020 and June 2020 respectively. These were the final amounts available under facilities with the EDC.
- 5.4 The total borrowing requirement for 2019/20 is £691m. Year to date borrowing and the remaining borrowing for 2019/20 is detailed in the table below.

Table 1 – 2019/20 remaining borrowing requirement

Description	£m
2019/20 incremental borrowing per latest funding settlement	500
Refinancing of maturing debt	147
Borrowing up to the headroom created by amortisation of finance lease liabilities	44
Borrowing requirement for 2019/20	691
Borrowing drawn (year to date):	
PWLB	100
Borrowing fixed:	
EDC ATC facility (to be drawn in February 2020)	100
Total drawn or fixed for 2019/20	200
Remaining requirement for 2019/20	491

- 5.5 The total amount of incremental borrowing for the year will be reviewed in line with our actual and projected financial results and adjusted to reflect any changes in funding requirements as appropriate. The decision to defer any amounts to future years would be made in the context of balancing the availability of capital, interest rate risk and cost of carry.

TfL Bond Programme

- 5.6 The Medium Term Note Programme documentation update was completed in July 2019. The update now allows us to access the capital markets subject to market conditions.

Borrowing limits

- 5.7 As we only had a one year spending review we do not have any additional information around our borrowing limits beyond 2021.

6 Credit ratings

- 6.1 Our credit ratings as at September 2019 are shown in the table below, and have remained unchanged during the Reporting Period.

Table 2: TfL's credit ratings as at September 2019

	Standard & Poor's (S&P)	Moody's	Fitch
Long-term rating	AA-	Aa3	AA-
Outlook	Negative	Stable	Rating Watch Negative
Short-term rating	A-1+	P-1	F1+

- 6.2 Moody's published an update to the credit analysis of TfL in March 2019. This report highlighted our challenges such as the budgetary pressures stemming from the removal of the government operating grant, the delayed opening of the Elizabeth line and high, but predictable debt levels. The Moody's report also highlighted the importance of the Crossrail project on any future rating action. A further delay resulting in higher capital expenditure and pressure on our operating budget could lead to a downgrade, whereas the successful completion of the Crossrail project including achievement of Elizabeth line projections for ridership and revenue growth could lead to an upgrade.
- 6.3 In April 2019, Fitch affirmed our rating at AA- and the Rating Watch Negative. Fitch followed the rating affirmation with a full rating report in June 2019. The rating report covers the credit assessment and information following the delay to the Elizabeth line. The report highlighted that the financing package agreed for Crossrail between DfT, the GLA and TfL in December 2018, is evidence of further support from the UK government.

S&P proposed methodology changes

- 6.4 S&P requested comments on a proposed new Global Not-For-Profit Transportation Infrastructure Enterprises (TIE) methodology. We are currently rated under S&P's Mass Transit methodology, however S&P are proposing to discontinue this methodology and rate all mass transit entities, together with a range of other transport infrastructure organisations, under the new TIE methodology. We have no confirmation on the timing of any such change.
- 6.5 S&P expects that of the 19 entities currently rated under the mass transit methodology: 65 per cent of ratings will remain unchanged; 20 per cent will go up; and 15 per cent will go down. We have responded to their request for comments.

7 Disclosure Policy

Background

- 7.1 Since July 2012 we have issued more than £3bn of bonds under our £5bn Euro Medium Term Notes (EMTN) Programme. These bonds are admitted to the Official List of the UK Financial Conduct Authority (FCA) and trading on the Regulated Market of the London Stock Exchange. As a result, we are required to comply with certain continuing disclosure obligations that are aimed at maintaining an orderly market in debt securities and ensuring that all users of the market have simultaneous and consistent access to information. One key obligation is to announce inside information as soon as possible to the market regardless of whether it will have a positive or negative impact.
- 7.2 There has been a disclosures procedures policy in place since the inception of the EMTN Programme to enable us to meet our disclosure obligations at all times. Following the strengthening of the financial market abuse regime, including the EU Market Abuse Regulation replacing the EU Market Abuse Directive, we have decided to refresh our policy to ensure we are following current best practice.
- 7.3 This policy update aims to improve how we capture and monitor potential inside information and to increase the knowledge and provide a recap of our obligations across the organisation.

Updated Disclosure Procedures Policy

- 7.4 TfL Legal and TfL Corporate Finance have engaged with our legal advisors, Clifford Chance, to create an updated policy based on current best practice. The proposed policy is included in Appendix 1 of this paper.
- 7.5 The updated policy provides in depth detail and guidance, including a more defined list of roles and responsibilities. This includes the creation of a wider Disclosure Group, which has responsibility for the oversight and implementation of the policy. The ultimate responsibility for compliance with the policy rests with the managing Chief Finance Officer or, in his absence, the General Counsel.
- 7.6 The Disclosure Group will monitor, identify and disclose inside information. Officers and employees are under an obligation to report to the Disclosure Group information that may constitute inside information, for the Disclosure Group to make an assessment as to whether it is.

- 7.7 In practice, many day-to-day tasks will be carried out by a TfL Working Group or TfL Officers. The proposed members of the Disclosure Group are the managing Chief Finance Officer, the Director of Corporate Finance and Strategy, the Director of Legal, the General Counsel and the Managing Director Customers, Communication and Technology.

Knowledge and training

- 7.8 A number of training sessions on TfL's Disclosure Obligations were presented by Clifford Chance to senior members across the TfL Group, as well as teams likely to be exposed to potential inside information. To reinforce awareness of the disclosure requirements the policy will be uploaded to the internal TfL website for all employees to access and distributed directly to those TfL Group officers and employees that are more likely to be in a possession of inside information due to the nature of their role.

8 Risk Management Update

- 8.1 The Foreign Exchange (FX) risk associated with the procurement of 43 new trains for the DLR was mitigated through TfL's risk management programme. We are supporting commercial teams on major procurements included in the Business Plan exposed to FX risk. Additional information is provided in Part 2 of the agenda.
- 8.2 A total of £150m of interest rate swaps, used to fix the borrowing rate for the commercial paper programme, have matured over the reporting period. As at 19 September 2019, floating rate debt comprised 3.5 per cent of total borrowing outstanding, which is in line with the Board approved Prudential Indicator for the upper limit on variable rate borrowing of 25 per cent.

List of appendices to this report:

Exempt supplemental information is contained in a paper on Part 2 of the agenda

Appendix 1: Draft Disclosure Procedures Policy

List of background papers:

None

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TRANSPORT FOR LONDON

DISCLOSURE PROCEDURES POLICY

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DISCLOSURE PROCEDURES POLICY (the "policy")

This policy sets out the procedures, systems and controls of Transport for London ("TfL") for the identification, control and dissemination of inside information and is incorporated into the "*Transport for London- Prudential Borrowing Process For Ensuring Legal Compliance In Relation To The Medium Term Note Programme*" by forming a new Appendix thereto and replacing section 3.6 of such document. The provisions of this policy must be applied in determining whether information relating to TfL and its subsidiaries (the "**Group**") is inside information and, if it is, the procedures for disclosing such information to the market.

This policy applies to all written or oral communications of **inside information** to employees and third parties, including but not limited to the following:

- communications to or with the media, e.g. press conferences, press releases, radio and television interviews;
- oral communications, e.g. telephone calls speeches or announcements by Group officers and employees;
- communications with contacts, acquaintances, employees and bondholders;
- written statutory and regulatory communications, e.g. documents filed with the Financial Conduct Authority ("FCA") or TfL's annual report and statement of accounts; and
- information posted on the Group's website and other electronic communications.

Officers and employees of the Group who may come into contact with inside information must comply with this policy.

A copy of this Disclosure Procedures Policy is available on TfL's intranet site.

This policy was noted by the Finance Committee on [9 October] 2019 and approved by the Chief Finance Officer on [9 October] 2019.

Key concepts

<p>What is inside information?</p>	<p>Inside information is information:</p> <ul style="list-style-type: none"> • of a precise nature; • which has not been made public; • relating directly or indirectly to the Group or its financial instruments; and • which, if made public, would be likely to have a significant effect on the price of TfL's financial instruments or related derivative financial instruments. <p>Information would be likely to have a significant effect on price if it is information of a kind which a reasonable investor would be likely to use as part of the basis of his investment decisions. This could include any information relating directly or indirectly to the Group.</p> <p>In determining whether information would be likely to have a significant effect on the price of TfL's Bonds (as defined below). There is no figure (percentage change or otherwise) that can be set when determining what constitutes a significant effect on the price of its financial instruments. Broadly speaking, information having a non-trivial effect on price would meet this test.</p> <p>Schedule 3 of this policy sets out a non-exhaustive list of the types of information that may constitute inside information.</p>
<p>When is information of a precise nature?</p>	<p>Information is of a precise nature if:</p> <ul style="list-style-type: none"> • it indicates a set of circumstances which exists or which may reasonably be expected to come into existence, or • an event which has occurred or which may reasonably be expected to occur, <p>where it is specific enough to enable a conclusion to be drawn as to the possible effect of that set of circumstances or event on the price of TfL's Bonds. An event may be reasonably expected to occur or come into existence if the likelihood of its occurrence is more than fanciful.</p>
<p>Disclosure Group</p>	<p>TfL has established a Group consisting of the Chief Finance Officer, the Director of Corporate Finance and Strategy, the Director of Legal, the General Counsel, and the Managing Director Customers, Communication and Technology (the "Disclosure Group"). The Disclosure Group is responsible for monitoring the existence of</p>

	<p>inside information and its disclosure to the market. Contact details for the members of the Disclosure Group are contained in the Disclosure Group Contact details document (a template for which is attached at Schedule 1). A Disclosure Group member may (but is not required to) authorise an alternate TfL officer to be on the Group in his or her absence. The Disclosure Group is not required to have a minimum quorum when undertaking any of its responsibilities (particularly in the event of urgency) and so references to the Disclosure Group in this document means available members of such Group, though reasonable efforts will be made to involve as many members as are available at the time in relation to required decisions, particularly with regard to the approval of the form of any stock exchange notice.</p>
Control of inside information	<p>If information exists which may be inside information, TfL will need to make an assessment as to whether information is inside information and, if it is, control its dissemination, both internally and externally and it may be required to make a public announcement.</p>
Key obligation for employees	<p>If an employee of the Group becomes aware of information that he/she believes may be inside information, he/she must make a member of the Disclosure Group aware of the information as soon as possible.</p>
Confidentiality Register/insider lists	<p>TfL is required to maintain a list of persons (including officers and employees) with potential or actual access to inside information.</p> <p>(a) <i>Confidentiality register</i>: A register of people who, due to their role, responsibility or tasks performed, have access to or become aware of confidential information that may or may not turn into inside information in relation to TfL or the Group will be maintained (the "Confidentiality Register"). Every person on the Confidentiality Register will receive active, annual reminders of their and the Group's disclosure obligations.</p> <p>(b) <i>Insider List</i>: Where inside information is found to exist and the conditions for delay of inside information are satisfied (as set out in paragraph 4.8) on a specific matter/transaction, a list will be created of people who at any time work on such matter/transaction and may have access to the inside information, will be maintained (each list, an "insider list").</p> <p>Employees on the Confidentiality Register or on any insider list will be sent a copy of the memorandum/email briefing set out in Schedule 2 to this policy (parts 1 and 2, respectively) and must acknowledge their understanding of the obligations by responding</p>

	to the relevant sender from TfL Legal.
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DISCLOSURE PROCEDURES POLICY

1. DISCLOSURE OF INSIDE INFORMATION

As TfL has debt securities (the "**Bonds**") admitted to the Official List of the FCA and which are trading on the Regulated Market of the London Stock Exchange ("**LSE**"), TfL is required to ensure the timely and accurate disclosure of inside information in accordance with its legal and regulatory obligations, including, in particular, those pursuant to the Market Abuse Regulation ("**MAR**")¹, the FCA's Disclosure Guidance and Transparency Rules ("**DTRs**") and Listing Rules, and the LSE's Admission and Disclosure Standards in order to minimise the risk of market abuse. As a statutory corporation, TfL cannot issue equity securities. Although TfL, as a local authority of an EEA State, is exempt under s85(6) of the Financial Services and Markets Act 2000 ("**FSMA**") from the obligation to publish an approved prospectus in order to request the admission of non-equity transferable securities to trading on a regulated market situated or operating in the United Kingdom, TfL has, since its Medium Term Note ("**MTN**") Programme was established in 2004, voluntarily elected to publish a prospectus under s87 FSMA in order to provide greater disclosure to potential investors. TfL has chosen to issue the Bonds in minimum denominations of EUR100,000 (or equivalent) so the Bonds are sold to institutional investors in an exempt offer under s86(1)(c) of FSMA.

TfL must disclose inside information promptly via a regulatory information system ("**RIS**") regardless of whether it will have a "positive" or "negative" impact on the financial position or prospects of the Group. There are limited circumstances in which the disclosure of inside information may be delayed and there is an obligation to notify the Financial Conduct Authority ("**FCA**") in writing on announcement of any inside information where the announcement of such information has been delayed. The purpose of this policy is to enable TfL to meet its disclosure obligations at all times.

TfL has established a Disclosure Group consisting of the Chief Finance Officer, the Director of Corporate Finance and Strategy, the Director of Legal, the General Counsel, and the Managing Director Customers, Communication and Technology. The Disclosure Group is responsible for monitoring the existence of inside information and its disclosure to the market.

2. OBLIGATIONS OF OFFICERS AND EMPLOYEES TO REPORT TO THE DISCLOSURE GROUP

If information is inside information, TfL (and relevant members of the Group) will need to control its dissemination, both internally and externally and may be required to make a public announcement.

¹ On the UK's departure from the EU, MAR will be incorporated into UK law pursuant to section 3 European Union (Withdrawal) Act 2018 subject to the amendments set out in the Market Abuse (Amendment) (EU Exit) Regulations 2019.

Officers and employees of the Group (through prompt referral via their reporting lines as may be appropriate) must keep the Disclosure Group fully and promptly informed about information that **may** constitute inside information. Schedule 3 contains a non-exhaustive list of the types of information that may comprise inside information.

An officer or employee is not expected to make a judgment as to whether information is inside information. Rather, any project, event or change at business unit level should be reported to the Disclosure Group if the officer or employee believes it to be sufficiently material that an investor in Tfl's Bonds may want to know about it. If in any doubt, the officer or employee should tell the Disclosure Group.

As well as a general obligation on all officers and employees to report possible inside information, the Disclosure Group may require specified officers and employees of the Group who work in areas where inside information may arise to monitor the information in the area and have primary responsibility for reporting possible inside information to the Disclosure Group. This may include requiring the officer or employee to report material changes of its Bonds or related derivative financial instruments as soon as they are identified (and not waiting for the regular reporting point). However, an officer or employee should not assume that someone else will make a report to the Disclosure Group and should circumvent normal reporting lines and contact a member of the Disclosure Group directly if they have information that may constitute inside information and believe that the information may not be escalated sufficiently quickly to the Disclosure Group via normal reporting lines. Once the report has been made, the officer or employee should inform those that are aware of the information that the report has been made.

In some instances, a proposal to enter into an arrangement may comprise inside information. Therefore, any new projects, the agreement of which may require disclosure, should be reported to the Disclosure Group. Examples include proposed acquisitions, disposals, joint ventures, financings, major projects and significant commercial agreements.

The obligation to inform the Disclosure Group exists at all times, regardless of normal working hours. An officer or employee is only required to inform one member of the Disclosure Group, who has responsibility for contacting other available members when appropriate.

3. THE DISCLOSURE GROUP

3.1 Role of the Disclosure Group in determining whether information is inside information

Upon receipt of any information notified to it pursuant to paragraph 2 above or otherwise, the Disclosure Group, acting promptly, shall reach an informed decision as to whether the information is inside information and, if so, the means by which such information shall be disclosed.

The Disclosure Group shall also reach an informed decision as to whether TfL is entitled to delay announcement of the inside information. In forming such a decision, the Disclosure Group may seek advice from the Group's professional advisers as well as TfL's Corporate Finance team, Legal team, and/or internal communications team and shall have regard to information previously disclosed by TfL. Where a decision is taken to delay announcement of the inside information, detailed record keeping requirements apply and there is an obligation, on announcement of such information to the market, to make a notification to the FCA containing a set of prescribed information.

Overall responsibility for compliance with TfL's disclosure obligations rests with the Chief Finance Officer or, in his or her absence, the General Counsel. Oversight of the implementation of the Disclosure Policy rests with the Disclosure Group.

3.2 Key responsibilities of the Disclosure Group

The Disclosure Group shall undertake and/or arrange for the following tasks to be undertaken on its behalf by any TfL Officer and/or a working group set up in relation to disclosure ("**TfL Disclosure Working Group**") on an ongoing basis and/or as appropriate in relation to specific developments/ potential inside information²:

- 3.2.1 maintain insider lists if and when required, as described above and further in 4.2, in the form set out in Schedule 4 of this policy;
- 3.2.2 maintain a Confidentiality Register as described above, in the form set out in Schedule 5 of this policy. The purpose of such Confidentiality Register is to facilitate the process of identifying inside information and drawing up any required insider list in due course;
- 3.2.3 maintain a disclosures register if and when required, in the form set out in Schedule 6 of this policy of those matters determined to be inside information but for which there are legitimate grounds for delaying an announcement and monitor ongoing developments in, or changes to, such matters to determine whether the conditions permitting delayed announcement of such information continue to be satisfied and update the disclosures register accordingly (the "**Disclosures Register**");
- 3.2.4 in the event that an announcement is required to be made by TfL to the market, prepare and finalise the draft of such announcement, including the review and checking of the draft by relevant persons to avoid any false or misleading statements being made to the market and approve the final announcement;

² Clifford Chance listed suggested tasks, but there are no legal requirements for Disclosure Group's activities.

(save that any stock exchange announcements related to publication of documents, which are required to be uploaded to the National Storage Mechanism and which do not constitute inside information, can be performed by the authorised member of the TfL Corporate Finance team without further reference to the TfL Disclosure Group. Examples of such documents include the TfL annual report and statement of accounts, the MTN prospectus and final terms for debt securities);

- 3.2.5 in the event that an announcement is required to be made by TfL of inside information where TfL determined that it was legitimate to delay disclosure of such information, at the time of the public announcement of such information, send to the FCA a notification in the form set out on the FCA's website;
- 3.2.6 in the event that TfL receives a request from the FCA to provide a written explanation of the delayed announcement of any inside information, prepare and submit such written explanation (which shall include the information set out in Schedule 5) to the FCA;
- 3.2.7 prepare and monitor holding or leak announcements;
- 3.2.8 if other action is appropriate, for example, to seek a suspension from listing pending clarification of uncertainties, decide to take that action;
- 3.2.9 maintain appropriate records of any material meetings/discussions which have the potential for inside information and key decisions, the apportionment of responsibilities and of outside advice received; for the avoidance of doubt, the Disclosure Group shall not be required to maintain a verbatim record of any meetings and email records are included as an acceptable format for record keeping;
- 3.2.10 monitor ongoing developments in, or changes to, the business of the Group (including reviewing internal management information) to determine whether any disclosures need to be made or any disclosures previously made by TfL need to be updated (e.g. review the Group's performance for material differences from TfL's internal forecasts, for changes in TfL's internal forecasts and against previously published forward looking statements);
- 3.2.11 monitor ongoing developments in the transport and public infrastructure sector and the local authority funding regime which might affect the Group to determine whether any announcement is required;
- 3.2.12 monitor reports by relevant credit rating agencies or by any relevant media/press agencies relating to TfL's Bonds;
- 3.2.13 review market rumours and press speculation about the Group and decide whether any response or announcement is required;

- 3.2.14 maintain a central list of all current projects identified as potentially involving inside information;
- 3.2.15 prior to their publication, review any materials to be made publicly available by TfL, which have the potential to include inside information, e.g. the annual report and accounts, preliminary results announcements, interim trading statements;
- 3.2.16 review communications to employees, investors and other stakeholders, where there is a concern that they may contain inside information;
- 3.2.17 liaise with external advisers, in particular TfL's bankers, debt dealers and legal advisers where appropriate;
- 3.2.18 identify areas and sources from which inside information may arise and allocate responsibility for monitoring and reviewing these areas and sources;
- 3.2.19 monitor changes in law, regulation and guidance relating to TfL's disclosure obligations, including announcements and publications by the FCA and the LSE;
- 3.2.20 from time to time, report to the Finance Committee on the operations of the Disclosure Group;
- 3.2.21 from time to time, review this policy and propose any recommendations to the Chief Finance Officer for consideration;
- 3.2.22 review the arrangements for the control of inside information on an ongoing basis;
- 3.2.23 propose and review training for the Group's officers and employees regarding the treatment of inside information and, in particular, on this policy; and
- 3.2.24 carry out all such other actions as are considered by the Disclosure Group to be necessary and/or expedient in the discharge of TfL's disclosure obligations.

4. GROUP CONTROL AND MONITORING OF INSIDE INFORMATION

4.1 Access to inside information

TfL is obliged to establish effective arrangements to deny access to inside information to persons other than those who require it for the exercise of their function within the Group. Officers and employees with access to inside information shall ensure that such information is properly stored and managed (in accordance with Annex 1 to Schedule 3) to ensure that there is no unauthorised access to the inside information.

4.2 Insider Lists

Where inside information exists and the conditions for delay of inside information are satisfied (as set out in paragraph 4.8) on a specific matter/transaction, such that immediate disclosure of such inside information is not made, TfL must compile an insider list (as described above) for each transaction or other specific event, as the case may be. Each insider list must be maintained for five years.

The insider list must include details explaining why a person is on the list and it must be updated promptly whenever (a) there is a change in the explanation of why a person is on the list; or (b) any new person has access to inside information.

Attached at Schedule 4 is the ICMA template insider list that TfL substantially adopts as the format for any insider list when practicable.

In addition, a list must be kept of all individuals at TfL's advisers or other persons acting on behalf of TfL who are aware of any inside information relating to TfL³. The Disclosure Group has determined that TfL will require (at the appropriate times) that its advisers/persons acting on its behalf maintain their own insider lists. TfL's Disclosure Working Group is responsible for maintaining the insider list and monitoring which persons within the Group should be included on the insider list. Officers and employees must inform TfL's Disclosure Working Group immediately if inside information is disclosed to any person (whether internally or externally) whose name is not on the insider list so that the list can be updated accordingly.

Employees with access to inside information (whether on the Confidentiality Register or on any insider list) are required to acknowledge that they are aware of their legal and regulatory duties which follow from having access to inside information and are aware of the sanctions applicable to inside dealing and unlawful disclosure of such information.

TfL will circulate a memorandum substantially in the form attached at Schedule 2, part 1 to anyone on the Confidentiality Register (the "**Employee Insider Briefing Memorandum**") or in the case of urgency, as may be likely for insider lists, part 2 (the "**Employee Insider Briefing email**"), to all such people.

Everyone listed in the Confidentiality Register and/or listed on any insider list must sign a copy of the Employee Insider Briefing Memorandum and return it to the Director of Legal (or such other person within TfL Legal as may be indicated in the memorandum). Any and all personal data provided for the purposes of a Confidentiality Register and/or insider list will be kept secure in accordance with TfL's data protection policies and procedures.

³ Market practice is that advisers continue to maintain their own insider lists on behalf of issuers.

4.3 **Persons permitted to make disclosures**

Only the members of the Disclosure Group shall be permitted to authorise the disclosure of inside information to the market on behalf of TfL.

No other officer or employee of the Group is permitted to make disclosures on behalf of TfL to employees, bondholders, investors, the media or otherwise, save where they have received specific authorisation to do so from a member of the Disclosure Group. The members of the TfL Disclosure Working Group are generally authorised to make disclosures to the market on behalf of the Disclosure Group.

4.4 **Timing of disclosures**

Inside information must be disclosed by TfL to the market as soon as possible. In very limited circumstances, a short delay in disclosure may be acceptable if necessary to clarify the situation but, generally speaking, disclosure is required within a matter of hours rather than days. The Disclosure Group shall determine whether, in the circumstances, such delay is appropriate and, if so, whether a holding announcement is required to be issued until such time as the announcement is ready for release.

If TfL is in any doubt as to the timing of an announcement it should consult its advisers. It may also be necessary to consult the FCA.

4.5 **Review of market announcements**

All market announcements should be prepared to the highest standards and must be approved by available members of the Disclosure Group before their release. Misleading information or omissions in information released or referred to in a regulatory announcement may give rise to civil regulatory or criminal liability on the part of TfL and/or individual staff members and may lead to civil claims by investors in TfL's Bonds.

4.6 **Announcements outside of business hours**

In the unlikely event that it becomes necessary for TfL to make a disclosure to the market via a RIS at a time when the RIS is not open for business⁴, TfL shall, as soon as possible, issue a press statement to newswires, broadcast and print media in the UK simultaneously or use other methods of distributing information that comply with out of business hours reporting requirements. TfL shall also ensure that the announcement is released as an announcement via a RIS prior to the commencement of trading the following day.

⁴ The requirement to release an announcement to at least two newspapers and two newswires is set out in the Disclosure and Transparency Rules (DTR 1.3.6). The RNS UK Regulatory and Reach announcements used by TfL are released between 7.00am and 6.30pm Monday to Friday

4.7 **Publication of inside information on TfL website**

Each announcement must be posted to TfL's website as soon as reasonably possible after its announcement via a RIS. The announcement must not be put on the website prior to its announcement via a RIS but can be posted simultaneously with the public announcement. The Director of Corporate Finance and Strategy will ensure that announcements are posted to the website.

Access to TfL's website where announcements regarding inside information is contained must be non-discriminatory and free of charge: Chapter 6 of the DTRs requires equality of treatment amongst all holders of debt securities. The announcements regarding inside information must be easy to find and located in an easily identifiable section of the website (although such section need not contain "only" inside information). The disclosed information should clearly indicate the date and time of disclosure.

This information must be maintained on TfL's website for at least five years.

4.8 **Delaying disclosure of inside information**

TfL may delay disclosure of inside information in circumstances where:

- 4.8.1 immediate disclosure is likely to prejudice its legitimate interests (for example, where a transaction is under negotiation and its outcome would be jeopardised by immediate disclosure);
- 4.8.2 the delay of disclosure is not likely to mislead the public; and
- 4.8.3 TfL is able to ensure the confidentiality of that information.

The Disclosure Group will decide whether or not an immediate announcement is required, seeking advice from TfL's legal advisers. Where the conditions for delay are satisfied, TfL must ensure that it keeps a record of its assessment of those conditions and on-going monitoring of satisfaction of those conditions substantially in the form set out in Schedule 6.

Where the announcement of inside information has been delayed, on announcement of that information, TfL must notify the FCA in writing using the FCA's online form of its decision to delay the announcement of inside information. It is possible the FCA may request a written explanation of the delay and TfL's General Counsel and/or Director of Legal will be immediately informed of any such request.

4.9 **Selective disclosure**

The general rule is that inside information should not be selectively disclosed to investors, stakeholders or other third parties. However, as discussed above, TfL may be permitted to delay general disclosure of inside information in order to protect its legitimate interests in relation to matters under negotiation and other very limited circumstances, provided that non-disclosure would not be likely to

mislead the public and TfL is able to ensure the confidentiality of the information. In such situations, selective disclosure of inside information may be permitted subject to the limitations discussed below.

Persons to whom selective disclosure may be permitted include TfL's professional advisers, parties with whom TfL is negotiating, governmental or regulatory bodies, credit rating agencies and lenders. Upon the disclosure of inside information to them, such persons will become insiders.

There must be a genuine and justifiable reason for the selective disclosure of inside information to such persons in advance of its disclosure to the market. In addition, prior to the disclosure of inside information in such circumstances, TfL must ensure that:

- 4.9.1 the available members of the Disclosure Group have been consulted and agrees to such disclosure;
- 4.9.2 the proposed recipient enters into a confidentiality undertaking with TfL in relation to the inside information (where appropriate); and
- 4.9.3 the written consent of the recipient to such disclosure has been received.

In these circumstances, a "leak announcement" should be prepared in advance as a precaution and in the event of a leak of inside information, the leak announcement should be made immediately.

Please note that "market soundings" (communications of information, prior to an announcement, in order to gauge the interest of potential investors in a possible transaction and the conditions relating to it such as its potential size or price, to one or more investors, i.e. arranger's bookbuilding process) must be conducted in accordance with the provisions laid down by MAR and are subject to detailed record keeping requirements. Market soundings should generally be carried out by TfL's bankers or dealers, rather than TfL, in order to avoid TfL becoming subject to such requirements.

4.10 **Inadvertent disclosures**

In the event of an inadvertent disclosure of inside information, a member of the Disclosure Group should be contacted immediately. The Disclosure Group must then assess whether an announcement is required.

4.11 **Notification of PDMR dealings**

Persons discharging managerial responsibilities ("**PDMRs**")⁵ and persons closely associated with them are required to notify TfL and the FCA of any transactions

⁵ PDMRs includes board members and any senior executive who is not a board member who has regular access to inside information and the power to take managerial decisions affecting the future development and business prospects of TfL.

they conduct in its bonds, other financial instruments or derivatives or related financial instruments within three business days of the transaction occurring. TfL is required to notify the market of this information within the same timeframe.

4.12 Dealing with market rumours and press speculation

Available members of the Disclosure Group shall assess whether market rumours or press speculation give rise to a disclosure obligation. Where the rumour or speculation is largely accurate and the information underlying the rumour is inside information, then it is likely that there has been a breach of confidence and the immediate disclosure of the inside information to the market will be required.

Where market rumours or speculation are unfounded or where there has been no response by the market to such rumours or speculation, TfL can, in general, issue a "no comment" or pre-agreed statement to any enquiries.

Where appropriate, enquiries should always be met with a "no comment" response, pending a review of the situation by the Disclosure Group.

4.13 Communications with employees

Employees must not be selectively pre-briefed about inside information, unless disclosure of such information to them is necessary for the performance of their duties (in which case such employees should be placed on the insider list maintained by TfL and must acknowledge their duties and responsibilities as persons in receipt of inside information).

Prior to its release to the market, inside information must not be released to employees (whether by means of an employee update, internal briefing or other means), save in the circumstances referred to above.

5. COMMUNICATIONS WITH CREDIT RATING AGENCIES, BONDHOLDERS, THE MEDIA AND THE FCA

5.1 Meetings and information sharing with credit rating agencies

TfL may periodically arrange meetings with credit rating agencies' analysts in order to enable TfL to make presentations on the performance of the Group and engage with analysts in more in-depth discussions to support the rating process.

Inside information may not be disclosed to analysts at such meetings unless such inside information has been announced to the market via a RIS in advance of the meeting.

It is noted that credit rating agencies may potentially share draft reports with a defined list of individuals 24 to 48 hours before the report is published. The report may include a proposed rating action, which cannot be disclosed by TfL. Such information may constitute inside information and in the event that it does, TfL will need to follow the delayed disclosure procedure in paragraph 4.8 of this policy,

including disclosing the inside information once credit rating agencies publish it thus making it public.

5.2 Procedure for meetings and conference calls with third parties (such as bondholders and investors)

When TfL participates in meetings and conference calls with third parties (such as bondholders and investors) TfL shall ensure that if there is a potential for inside information to arise from such discussions, that an accurate record of all discussions is kept and the Disclosure Group notified of any such potential inside information as soon as possible following each meeting and conference call.

If inside information has already arisen prior to such meetings or conference calls, the appropriate TfL representatives will discuss with a member of the Disclosure Group (or a person authorised by the Disclosure Group) the extent and nature of (non- inside) information they can communicate.

5.3 Communications with the FCA

In the event that there are rumours in the media about TfL, it is possible that the FCA will contact TfL to require it to provide confirmation of the true position and to explain its course of action. In the event of an approach by the FCA, a member of the Disclosure Group (as well as the General Counsel and/or Director of Legal if not already aware) must be contacted immediately. The Disclosure Group shall notify the Board of any such approach.

Consistent with the FCA's Listing Principles, TfL must, when responding to the FCA in such circumstances, adopt a helpful stance and make full disclosure of the facts and the rationale for TfL's actions or inactions and determine any next steps required by the FCA.

5.4 Communications with the media

Statements to the media will only be provided after an announcement via a RIS. All media statements will be pre-agreed and in line with the RIS text.

SCHEDULE 1
Template Disclosure Group contact details

Disclosure Group member name	Role	Telephone number	Mobile number	Email address
	Chief Finance Officer			
	General Counsel			
	Director of Corporate Finance and Strategy			
	Director of Legal			
	Managing Director Customers, Communication and Technology			
	Other			

Note: If an officer or employee is unable to reach the first listed contact, they should try to speak to another of the contacts. An officer or employee should only leave a voicemail or message if they are unable to contact any of the members of the Disclosure Group directly and the voicemail or message should make clear that they want to report a possible disclosure obligation. Any emails should be limited to asking a member of the Disclosure Group to contact the relevant officer or employee in relation to a possible disclosure obligation.

Note 2: In the event that a member leaves the organisation, membership of the Group shall immediately pass to the replacement for that role (unless the Chief Finance Officer and General Counsel agree otherwise) and contact details will be updated in this schedule in due course.

SCHEDULE 2
MEMORANDUM/EMAIL

Part 1 – Employee Insider Briefing Memorandum

To: [Name of employee insider]

From: [Disclosure Group/Head of Legal]⁶

Date: [•]

Dear Employee

**Transport for London ("TfL")
Your responsibilities regarding inside information**

By virtue of your functions within TfL and/or its subsidiaries (the "**Group**"), you have access to information regarding the Group. Certain of that information may be information which is not generally available and which, if disclosed, could have a significant effect on the price of TfL's listed debt securities ("**Bonds**"). Such information may constitute "**inside information**" for the purposes of the EU Market Abuse Regulation.

TfL is required by law to ensure that you are aware of your responsibilities with regard to inside information and the sanctions that apply to insider dealing and the unlawful disclosure of such information. Accordingly, we require you to read and sign this memorandum and return it to [•]⁷ within [7]⁸ days of the date of this memorandum.

This memorandum summarises your duties in relation to inside information and the restrictions that apply to you and possible consequences of breaches of such restrictions.

1. What is inside information?

Inside information is information of a precise nature which has not been made public, relating directly or indirectly to TfL, and which, if made public, would be likely to have a significant effect on the price of TfL's Bonds. Information would be likely to have a significant effect on price if it is information of a kind which a reasonable investor would be likely to use as part of the basis of his investment decisions.

⁶ TfL to confirm.

⁷ TfL to confirm.

⁸ Tbc .

The inside information you have, or will have in the future, is strictly confidential and you should not disclose it other than to people who are on Tfl's "insider list" in respect of such information and/or appropriate advisers to the Group.

2. **What are the implications for you as an employee insider?**

By virtue of your role within the Group, you are considered a potential "employee insider" with potential access to inside information. As a result of this, as and when inside information exists to which you have access:

- your name and certain details, including your work and home address and phone numbers and date of birth will appear on the inside list maintained by Tfl. Tfl is required by law to maintain an insider list which contains details of those persons working for it with access to inside information;
- you are required to acknowledge that you are aware of your responsibilities with regard to any inside information and the sanctions that apply to insider dealing and the unlawful disclosure of such information; and
- you must maintain the confidentiality of any inside information.

In particular, you should:

- communicate any inside information only on a "need to know" basis. Incidental access to inside information needs to be eliminated so far as possible;
- inform [•]⁹ in advance where you propose to communicate inside information to any person for the first time so that they are added to the relevant insider list. It is important that you comply with the communication requirements below. If you are not sure whether you should make a particular communication, you should discuss the question with [•]¹⁰. If you are proposing to make a communication outside Tfl, you must not do so without the prior agreement of [•]¹¹;
- inform [•]¹² of the date and time you do communicate inside information to another person;
- inform [•]¹³ of (and in due course any changes to) the following personal details: full name, personal address, home phone or personal mobile number

⁹ To be completed at time of letter issuance.

¹⁰ To be completed at time of letter issuance.

¹¹ To be completed at time of letter issuance.

¹² To be completed at time of letter issuance.

¹³ To be completed at time of letter issuance.

or the office in which you are based, National Identification Number (if applicable for non-UK nationals only));

- when handling inside information, comply with the security measures described in Annex 1 of this note
- sign and return the enclosed copy of this memorandum to [•]¹⁴ within [7]¹⁵ days of the date of this memorandum.

3. Reporting of inside information

If information exists which may be inside information, TfL will need to make an assessment as to whether such information is inside information and, if it is, control its dissemination, both internally and externally and it may be required to make a public announcement.

Attached to this memorandum is a copy of TfL's Disclosure Procedures policy which you must adhere to at all times, together with the current Disclosure Group Contact details document.

In accordance with the policy, if you become aware of information that you believe may be inside information, and if you believe that this information is not known by any member of TfL's Disclosure Group, you must make a member of the Disclosure Group aware of the information as soon as possible. Details of the members of the Disclosure Group and their contact details are contained in the Disclosure Group Contact details document (an updated version of which will be maintained on the TfL Group intranet).

4. Consequences of misuse of inside information

You may commit the civil offence of market abuse if, amongst other things, you:

- deal or attempt to deal in an investment on the basis of inside information;
- disclose inside information to another person otherwise than in the normal exercise of your employment, profession or duties;
- disseminate false or misleading information or otherwise behave in a way which gives, or is likely to give, false or misleading signals as to the supply or demand for or price of an investment; or
- behave in a way that is likely to distort the market in a security.

The Financial Conduct Authority may impose unlimited financial penalties and impose a public censure on TfL and persons who commit market abuse.

¹⁴ Tbc

¹⁵ Tbc

Dealing or encouraging another to deal while you are in possession of inside information is also a criminal offence punishable by imprisonment of up to seven years or a fine or both under the Criminal Justice Act 1993.

If you have any queries in relation to this memorandum or the Disclosure Procedures Policy, please contact the Director of Legal *[or the Director of Corporate Finance and Strategy]*. Please sign a copy of the enclosed copy of this memorandum as soon as possible and return it to [•]¹⁶.

Please note any and all personal data provided for the purposes of a Confidentiality Register and/or insider list will be kept secure in accordance with TfL's data protection policies and procedures.

Declaration:

I have read the above memorandum and the attached Disclosure Procedures Policy.

I acknowledge my responsibilities with regard to any inside information and the sanctions that apply to insider dealing and the unlawful disclosure of such information.

I will provide all necessary details for inclusion on the insider list and consent to the inclusion of such details on the insider list.

I consent to the disclosure of the insider list to the Financial Conduct Authority upon its request.

.....
[Name of employee insider]

[Date]

¹⁶ To be completed at time of letter issuance.

Annex 1

Below is a list of security measures put in place by TfL an employee insider of the Group must adopt when handling inside information (in either manual or electronic form):

- Following TfL's clear desk policy of storing sensitive information in shelving/cabinets/drawers which are locked when not in use and not leaving such information on desks when unattended for long periods or overnight;
- Taking additional care when sending hard copy documents internally (e.g. use of sealed envelopes and/or delivery by hand);
- Using of password or code protected IT systems and electronic devices;
- Considering the use of code words for sensitive transactions; and
- Taking additional care when downloading or taking sensitive documents out of the office.

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Part 2 – Employee Insider Briefing Email

EMAIL TITLE: Your responsibilities regarding inside information and [name of specific transaction/event]

By virtue of your involvement in [name of specific transaction/event] and your functions within TfL and/or its subsidiaries (the "**Group**"), you have access to information regarding the Group. Certain of that information regarding [name of specific transaction/event] may be information which is not generally available and which, if disclosed, could have a significant effect on the price of TfL's listed debt securities ("**Bonds**"). Such information constitutes "**inside information**" for the purposes of the EU Market Abuse Regulation.

TfL is required by law to ensure that you are aware of your responsibilities with regard to inside information and the sanctions that apply to insider dealing and the unlawful disclosure of such information. Accordingly, we require you to **read the information below and acknowledge receipt of and understanding of the contents of this email as soon as possible.**

This email summarises your duties in relation to inside information and the restrictions that apply to you and possible consequences of breaches of such restrictions.

What is inside information?

Inside information is information of a precise nature which has not been made public, relating directly or indirectly to TfL, and which, if made public, would be likely to have a significant effect on the price of TfL's Bonds. Information would be likely to have a significant effect on price if it is information of a kind which a reasonable investor would be likely to use as part of the basis of his investment decisions.

The inside information you have, or will have in the future, is strictly confidential and you should not disclose it other than to people who are on TfL's "insider list" in respect of such information and/or appropriate advisers to the Group.

What are the implications for you as an employee insider?

By virtue of your role within the Group, you are considered an "employee insider" with access to inside information. As a result of this:

- your name and certain details, including your work and home address and phone numbers and date of birth will appear on the inside list maintained by TfL. TfL is required by law to maintain an insider list which contains details of those persons working for it with access to inside information;

- you are required to acknowledge that you are aware of your responsibilities with regard to inside information and the sanctions that apply to insider dealing and the unlawful disclosure of such information; and
- you must maintain the confidentiality of any inside information.

In particular, you should:

- communicate any inside information only on a "need to know" basis. Incidental access to inside information needs to be eliminated so far as possible;
- inform [•]¹⁷ in advance where you propose to communicate inside information to any person for the first time so that they are added to the insider list. It is important that you comply with the communication requirements below. **If you are not sure whether you should make a particular communication, you should discuss the question with [•]¹⁸. If you are proposing to make a communication outside TfL, you must not do so without the prior agreement of [•]¹⁹;**
- inform [•]²⁰ of the date and time you do communicate inside information to another person;
- provide [•]²¹ with (and in due course provide any changes to) the following personal details: full name (and provide details of any previous surnames held eg maiden name), personal address, home phone or personal mobile number or the office in which you are based, National Identification Number (if applicable for non-UK nationals only);
- when handling inside information, comply with the security measures described in 'security measures' below
- **acknowledge receipt of the contents of this email as soon as possible using the format provided below.**

Reporting of inside information

If information exists which may be inside information, TfL will need to make an assessment as to whether such information is inside information and, if it is, control its dissemination, both internally and externally and it may be required to make a public announcement.

¹⁷ To be completed at time of email issuance.

¹⁸ To be completed at time of email issuance.

¹⁹ To be completed at time of email issuance.

²⁰ To be completed at time of email issuance.

²¹ To be completed at time of email issuance.

Attached to this email is **[a copy of] [link to]** TfL's Disclosure Procedures policy which you must adhere to at all times.

In accordance with the policy, if you become aware of information that you believe may be inside information, and if you believe that this information is not known by any member of TfL's Disclosure Group, you must make a member of the Disclosure Group aware of the information as soon as possible. Details of the members of the Disclosure Group and their contact details are contained in Schedule 1 of the policy.

5. **Consequences of misuse of inside information**

You may commit the civil offence of market abuse if, amongst other things, you:

- deal or attempt to deal in an investment on the basis of inside information;
- disclose inside information to another person otherwise than in the normal exercise of your employment, profession or duties;
- disseminate false or misleading information or otherwise behave in a way which gives, or is likely to give, false or misleading signals as to the supply or demand for or price of an investment; or
- behave in a way that is likely to distort the market in a security.

The Financial Conduct Authority may impose unlimited financial penalties and impose a public censure on TfL and persons who commit market abuse.

Dealing or encouraging another to deal while you are in possession of inside information is also a criminal offence punishable by imprisonment of up to seven years or a fine or both under the Criminal Justice Act 1993.

SECURITY MEASURES

Below is a list of security measures put in place by TfL AND WHICH any employee insider of the Group must adopt when handling inside information (in either manual or electronic form):

- Following TfL's clear desk policy of storing sensitive information in shelving/cabinets/drawers which are locked when not in use and not leaving such information on desks when unattended for long periods or overnight;
- Taking additional care when sending hard copy documents internally (e.g. use of sealed envelopes and/or delivery by hand);
- Using of password or code protected IT systems and electronic devices;
- Considering the use of code words for sensitive transactions; and
- Taking additional care when downloading or taking sensitive documents out of the office.

If you have any queries in relation to this email or the Disclosure Procedures Policy, please contact the Director of Legal *[or the Director of Corporate Finance and strategy]*.

Please note any and all personal data provided for the purposes of a Confidentiality Register and/or insider list will be kept secure in accordance with TfL's data protection policies and procedures.

Please acknowledge receipt of and your understanding of the contents of this email by responding with the declaration wording below as soon as possible.

Declaration:

I have read your email below and the attached Disclosure Procedures Policy.

I acknowledge my responsibilities with regard to inside information and the sanctions that apply to insider dealing and the unlawful disclosure of such information.

I will provide all necessary details for inclusion on the insider list and consent to the inclusion of such details on the insider list.

I consent to the disclosure of the insider list to the Financial Conduct Authority upon its request.

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SCHEDULE 3
NON-EXHAUSTIVE LIST OF INFORMATION THAT MAY COMPRISE INSIDE
INFORMATION

In broad terms, inside information relating to TfL's Bonds is likely to be information which may be relevant to an investor's assessment of TfL's ability to make interest or principal payments in relation to TfL's Bonds.

The following is a non-exhaustive and purely indicative list of events of the type that **might** constitute inside information. The fact that an event does not appear on the list does not mean it cannot be inside information. Nor does the fact that an event is included on the list mean that it automatically will be inside information: the materiality of the event needs to be considered.

Information relating to:

1. changes in the assets and liabilities of TfL or the Group;
2. changes in the performance, or the expectation of the performance, of TfL's or the Group's business;
3. changes in the financial condition of TfL or the Group;
4. changes in the course of TfL's or the Group's business;
5. major new developments in the business of TfL or the Group;
6. changes in control of TfL or the Group and any control agreements entered into by the same;
7. changes in auditors or any other information related to auditors' activity;
8. purchase or disposal of equity interests or other major assets or branches of corporate activity;
9. restructurings or reorganisations that have an effect on TfL's or the Group's assets and liabilities, financial position or profits and losses;
10. decisions concerning buy-back programmes or transactions in listed financial instruments;
11. proposed changes in the rights of TfL Bonds;
12. legal disputes;
13. regulatory disputes;
14. revocation or cancellation of credit lines by one or more banks;
15. dissolution or verification of a cause of dissolution;

16. insolvency of debtors;
17. reduction of real properties' values;
18. physical destruction of uninsured goods;
19. changes in expected earnings or losses;
20. withdrawal from or entry into new core business areas;
21. information previously disclosed to the market;
22. the coming publication of credit rating agencies' reports;
23. the coming publication of research, recommendations or suggestions concerning the value of listed financial instruments; and
24. Non-public government decisions concerning industry regulation or debt management.

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**SCHEDULE 4
TEMPLATE INSIDER LIST**

Template 1

Insider list: section related to [NAME OF THE DEAL-SPECIFIC OR EVENT-BASED INSIDE INFORMATION]

Date and time (of creation of this section of the insider list, i.e. when this inside information was identified): [YYYY-MM-DD, HH:MM UTC (COORDINATED UNIVERSAL TIME)]

Date and time (last update): [YYYY-MM-DD, HH:MM UTC (COORDINATED UNIVERSAL TIME)]

Date of transmission to the competent authority: [YYYY-MM-DD]

First name(s) of the insider	Surname(s) of the insider	Birth surname(s) of the insider (if different)	Professional telephone number(s) (work direct telephone line and work mobile numbers)	Company name and address	Function and reason for being insider	Obtained (the date and time at which a person obtained access to inside information)	Ceased (the date and time at which a person ceased to have access to inside information)	Date of birth	National Identification Number (if applicable)	Personal telephone numbers (home and personal mobile telephone numbers)	Personal full home address (street name; street number; city; post/zip code; country)
[FIRST NAME(S) OF INSIDER]	[SURNAME(S) OF INSIDER]	[BIRTH SURNAME OF INSIDER]	[NUMBERS (NO SPACE)]	[ADDRESS OF ISSUER OR THIRD PARTY OF INSIDER]	[DESCRIPTION OF ROLE, FUNCTION AND REASON]	[YYYY-MM-DD, HH:MM UTC]	[YYYY-MM-DD, HH:MM UTC]	[YYYY-MM-DD]	[NUMBER AND/OR TEXT]	[NUMBERS (NO SPACE)]	[DETAILED PERSONAL ADDRESS OF THE INSIDER]

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SCHEDULE 5
TRANSPORT FOR LONDON CONFIDENTIALITY REGISTER

[Note: this register is to be used for confidential information which may in due course develop into inside information and may adopt in part a format similar to that used for insider lists]

1. Brief explanation of whether (and when) confidential information may become inside information.
2. Central list of all current projects identified as potentially involving inside information to be maintained
3. Details of confidential information.
4. Date and time when:
 - (i) confidential information first existed; and
 - (ii) assessment of confidentiality is to be reassessed.
5. Names and office contact details of those people who have access to the confidential information (potentially using some of the details requested under the ICMA template provided at Schedule 4 to the TfL Group Disclosure Policy).

**SCHEDULE 6
TRANSPORT FOR LONDON DISCLOSURES REGISTER²²**

[Note: this register is to be used in the event that a decision is taken to delay the disclosure of inside information]

1.	Details of inside information:	
2.	Date and time when:	
	i. inside information first existed	
	ii. decision to delay disclose of inside information made	
	iii. TfL is likely to disclose inside information	
3.	Identity of persons within TfL²³ responsible for:	
	i. deciding about the start of the delay and its likely end	
	ii. ensuring the on-going monitoring of the conditions for delay	
	iii. providing the required information about the delay and the written explanation to the FCA	
4.	Details of legitimate interest being protected by delaying disclosure of inside information²⁴:	
5.	Details of assessment that delay of disclosure is not likely to mislead the	

²² A separate record should be maintained each time the announcement of inside information is to be delayed.

²³This would be expected to be one or more members of the Disclosure Group.

²⁴ DTR 2.5 and ESMA's guidelines on legitimate delay (October 2016) set out a non-exhaustive list of matters, disclosure of which would be likely to prejudice an issuer's legitimate interests.

	public:	
6.	Details of any relevant confidentiality arrangement in place with third parties:	
7.	Details of any information barriers in place to prevent access to information by employees and third parties:	
8.	Details of arrangements in place if confidentiality can no longer be maintained (e.g. has a leak announcement been prepared?):	
9.	Details of on-going monitoring of the conditions of the delay:	
10.	Other relevant information:	

DRAFT

To: Finance Committee

Date: 9 October 2019

**Item: Prudential Indicators – Outturn for the Year Ended 31
March 2019**

This paper will be considered in public

1 Summary

- 1.1 On 20 March 2018, the Board approved the prudential indicators and debt limits for TfL for the 2018/19 financial year as required and defined in the Chartered Institute of Public Finance and Accountancy Prudential Code (the Code). Under the Code, TfL is required to adopt prudential indicators which support decision making on planned capital expenditure, borrowing and treasury management activities. On 29 March 2018, the Mayor approved debt limits for TfL Corporation.
- 1.2 The purpose of this paper is to report on TfL's performance against the indicators for the Financial Year 2018/19.

2 Recommendation

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

3 Background

- 3.1 The Code plays a key role in capital finance for Local Authorities. The Code was developed as a professional code of practice to support Local Authorities in their decision making processes for capital expenditure and its financing.
- 3.2 Local Authorities are required by Regulation to have regard to the Code when carrying out their duties under Part 1 of the Local Government Act 2003.
- 3.3 The framework of prudential indicators established by the Code aims to ensure that an authority's capital investment plans are affordable, prudent and sustainable. As part of the strategic planning process, authorities are required, on a rolling basis, to calculate a range of indicators for the forthcoming budget year and two subsequent years. Authorities are also required to monitor performance against indicators within the year as well as preparing indicators based on the Statement of Accounts at each year end. Indicators relate to capital expenditure, external debt and treasury management. The 2018/19 Statement of Accounts has been used to calculate the outturn against the Board approved indicators (see Appendix 1).
- 3.4 The Code was developed for local authorities in general, the vast majority of which do not have significant subsidiary companies. Until 2017/18 therefore the required Prudential Indicators have been based solely on the figures of the Corporation.

- 3.5 A revision to the Code in 2017 required issuance of Group indicators which, for TfL, encompasses the Corporation and its subsidiaries. Group indicators can provide a better indication of overall performance for TfL as they are not affected by some intercompany transactions that can distort the outturn for the Corporation

Outturn

- 3.6 The key prudential indicator is the Authorised Limit for External Debt (Authorised Limit), which sets the total limit for direct and indirect (e.g. long term creditors, provisions) debt for the organisation. There are no penalties applied to a local authority for breaching individual indicators, with the exception of the Authorised Limit for External Debt (the Authorised Limit). Both the Corporation and the Group were within the total Authorised Limits for the year ended 31 March 2019.
- 3.7 Within the overall Authorisation Limit, the Corporation and the Group each exceeded their planned total for indirect debt. In both cases the excess was more than offset by actuals being below the set indicator for direct borrowings. The Code stipulates that, provided the total Authorised Limit and Operational Boundary for External Debt (Operational Boundary) for a year are adhered to, unchanged, movement may be made between the separately identified figures within the prudential indicators for borrowing and other long-term liabilities without penalty. This debt reclassification therefore is not considered to be a matter for concern and is described further below.
- 3.8 As is shown in Appendix 1, for 2018/19 the overall Operational Boundary for the Group was set at £11,879.8m and total debt at 31 March 2019 was below this limit at £11,820.1m. The Group was also within the limit for direct borrowings with a total at 31 March 2019 of £11,175.3m compared to the Operational Boundary of £11,341.6m. However, the Group's outturn for other long term liabilities of £644.8m exceeded the indicator set by £106.6m primarily due a portion of the incremental borrowings planned for 2018/19 being replaced with the recognition of another form of long term financing. Total external debt is unaffected.
- 3.9 As is shown in Appendix 1, for 2018/19 the overall Authorised Limit for the Corporation was set at £12,582.4m and total debt at 31 March 2019 was below this limit at £11,396.5m. The Corporation was also within the limit for direct borrowings with a total at 31 March 2019 of £11,175.3m compared to the Authorised Limit of £12,382.1m. However, the Corporation's outturn for other long term liabilities of £221.2m exceeded the indicator set by £20.9m due to a change from the expected settlement profile of long term Crossrail property claim provisions. This is purely a phasing issue and is not expected to impact the long-term debt forecasts in any way.
- 3.10 For the Group, total external debt at £11,820.1m was within the Authorised Limit of £12,620.5m. However, within this overall position, and in line with previous years, the Group outturn for long term liabilities of £644.8m was significantly over the indicator of £267.2m. The borrowing element of the Authorised Limit is calculated and set to allow TfL to refinance certain Private Finance Initiative (PFI) transactions (namely Lewisham DLR extension and Northern line trains), as and when it is commercially advantageous to do so, without the need to revise the indicator. The long term liabilities element of the Authorised Limit is adjusted down

by the same amount to ensure that there is no overall increase in the total authorised limit. The higher outturn long term liabilities are offset by lower direct borrowing, reflecting the fact that no such refinancing took place during the year.

- 3.11 As shown in Appendix 1, capital expenditure for the Corporation and the Group was higher than the estimate at the time of setting the 2018/19 indicators. This breach was anticipated following the announcements made in relation to the Crossrail project. In a Ministerial Statement issued in July 2018, it was first announced that additional funding was to be provided to Crossrail Limited and Network Rail in respect of the Crossrail project. In August 2018, Crossrail Limited announced that the opening date for the central section of the railway would not be met and, in October 2018, additional funding to the project of £300m was provided by the Sponsors (the Department of Transport and TfL). In December 2018, the Mayor of London and the Government agreed a financial package to cover the remaining funding required to complete the project. In April 2019, Crossrail Limited announced that services are planned to be introduced, excluding Bond Street station, which is still significantly delayed, on the central section of the railway at some point between October 2020 and March 2021. If it was not for the Crossrail project, outturn would have been within the boundary of the estimate set.
- 3.12 The Code acknowledges the ratio of financing cost to net revenue stream indicator set is an estimate. As shown in Appendix 1, the outturn ratio of financing cost to net revenue stream for the Corporation exceeded the indicator set of 12.4 per cent by 3.0 per cent. This is primarily due to a variance in the proportion of interest eligible for capitalisation into the cost of fixed assets under construction, rather than to any change in the underlying interest charge. The outturn ratio of financing cost to net revenue stream for the Group is 4.9 per cent, 3.8 per cent lower than the estimate set. Notably, this variance is due to extraordinary one off transactions (for example, the sale and leaseback of rolling stock for the Elizabeth line), rather than to any change in the underlying interest charge, restating on a like for like basis; the outturn ratio of financing cost to net revenue stream for the Group is 8.6 per cent (approved estimate set was 8.7 per cent).
- 3.13 Other Corporation and Group indicators were within target.

4 Conclusions

- 4.1 Under the Code, movement may be made between the separately identified figures within the prudential indicators for borrowing and other long-term liabilities without penalty, provided that the total Operational Boundary and Authorised Limit are adhered to. The debt reclassifications experienced between the composite elements of the limits set are not, therefore, a matter for concern.
- 4.2 The Code acknowledges the ratio of financing costs to net revenue stream indicator is an estimate and variations can occur in the ordinary course of business. The driver of the breach is understood and non-consequential.
- 4.3 Further, the Code acknowledges the Capital Expenditure indicator is an estimate and that temporary variations can occur from time to time. With that said, this breach reflects additional spend incurred in delivering the Crossrail project and ongoing spend is being monitored.

4.4 Prudential indicators for the current year 2019/20 were approved by the Board in March 2019. TfL continues to monitor prudential indicators for the current year on a quarterly basis. In the event that corrective action is required, or a statutory indicator requires a change, a paper will be brought back to the Committee.

List of appendices to this report:

Appendix 1: Outturn Prudential Indicators

List of Background Papers:

None

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Prudential Indicators for Capital Expenditure and External Debt		
2018/19		
<u>Operational Boundary for External Debt</u>		
	Actual £m	Approved Indicators £m
TfL Corporation		
Borrowing	11,175.3	11,339.9
Long term liabilities	221.2	200.3
Total Operational Boundary for External Debt in TfL Corporation	11,396.5	11,540.2
TfL Group		
Borrowing	11,175.3	11,341.6
Long term liabilities	644.8	538.2
Total Operational Boundary for External Debt in TfL Group	11,820.1	11,879.8
<u>Authorised Limit for External Debt*</u>		
	Actual £m	Approved Indicators £m
TfL Corporation		
Borrowing	11,175.3	12,382.1
Long term liabilities	221.2	200.3
Total Authorised Limit for External Debt in TfL Corporation	11,396.5	12,582.4
TfL Group		
Borrowing	11,175.3	12,353.3
Long term liabilities	644.8	267.2
Total Authorised Limit for External Debt in TfL Group	11,820.1	12,620.5
<u>Capital Expenditure (Annual)</u>		
	Actual £m	Approved Indicators £m
TfL Corporation	2,570.3	2,192.0
TfL Group	3,466.8	2,845.1

*Authorised Limit is TfL Corporation's legal limit for direct and indirect borrowings. Borrowing in excess of this would be ultra vires.

**Prudential Indicators for Prudence and Affordability
2018/19**

The ratio of financing costs to net revenue stream

TfL Corporation

TfL Group

Comprising:

On-balance sheet PFIs and leases

Direct borrowing/(Investment) and other financing*

Actual	Approved Indicators
15.4%	12.4%
4.9%	8.7%
0.4%	0.5%
2.4%	8.2%

Gross Debt and the Capital Financing Requirement*

Gross Debt including long term liabilities at 31 March 2019

- Corporation**

- Group**

Capital Financing Requirement at 31 March 2021

Approved Indicator - Corporation

Approved Indicator - Group

Actual £m	Approved Indicators £m
11,396.5	12,582.4
11,820.1	12,620.5
N/A	12,906.6
N/A	14,772.2

* The Code requires that Gross Debt at 31 March 2019 not exceed the Capital Financing Requirement at 31 March 2021.

**Gross Debt at 31 March 2019 includes all lease obligations and long term liabilities.

Finance Committee

Date: 9 October 2019

Item: Foreign Exchange Risk Management

This paper will be considered in public

1 Summary

- 1.1 This paper describes TfL's approach to managing foreign exchange (FX) risk management.
- 1.2 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 Recommendation

- 2.1 **The Committee is asked to note the paper and the supplementary information on Part 2 of the agenda.**

3 Foreign Exchange Risk

- 3.1 Foreign exchange risk is the risk of uncertainty to TfL's costs as a result of exchange rate fluctuations. The TfL Group is subject to FX risk from:
 - (a) the procurement of goods or services in foreign currencies; and
 - (b) grants or revenues received in foreign currencies.
- 3.2 The majority of TfL's FX risk arises from the procurement of goods and services from foreign suppliers or UK suppliers with supply chains in foreign currencies. As TfL's income is mostly in Sterling, there is no significant natural offset from currencies received and therefore TfL would be adversely impacted by the depreciation of Sterling relative to other currencies.
- 3.3 FX risk affects both the capital and operating accounts in the Business Plan. Capital investment, including renewals, is on average £2bn a year over the Business Plan horizon, a material portion of which will be exposed to FX risk. Examples of projects with FX risk in recent years include the procurement of new trains for the Piccadilly line and Docklands Light Railway, signalling upgrades as part of the Four Lines Modernisation programme and the commissioning of the new software and traction systems for the Central line. Foreign currency exposures include Euro, Swedish Krona, Swiss Franc, Chinese Renminbi and Canadian Dollars.

- 3.4 Operating expenditure in the Business Plan is on average £7bn per year. Although the vast majority of costs will be denominated in Sterling, a small portion is likely to be exposed to foreign exchange. For example, subscriptions to IT software are often denominated in US Dollars.

4 Foreign Exchange Risk Management

- 4.1 Once a foreign exchange risk has been identified it can be partially or fully eliminated either by entering into derivatives, a process known as "hedging", or by agreeing a fixed Sterling price with a supplier. The extent to which the risk can be mitigated depends on the level of certainty of the foreign currency cash flows. This often corresponds to how close the project (or activity) is to the contract signing or commencement.
- 4.2 If foreign currency cash flows are known with certainty, FX risk can be entirely eliminated by entering into FX forwards. FX forward is a firm commitment to buy currency at an agreed exchange rate on a specific date in the future. If the FX risk does not materialise, the FX forward will need to be closed out and this will result in a cash gain or loss dependent on prevailing foreign exchange rates. Therefore this derivative instrument should only be used when there is maximum certainty that the FX risk will materialise, which normally occurs shortly before or at contract award.
- 4.3 If foreign currency cash flows are not known with certainty, the FX risk can be reduced by purchasing FX options. An FX option provides the buyer the right but not the obligation to purchase currency in the future at a predetermined exchange rate. Unlike FX forwards, FX options have a cost (also known as premium), which is normally paid up front. This cost is dependent on a number of variables, including the currency, protected exchange rate, market volatility and protection period. An FX option would be suitable in a scenario where there is a material risk that a contract will not be signed, but the equivalent Sterling cost of the contract has to be protected in advance of contract signing.
- 4.4 Alternatively, FX risk can be eliminated by agreeing a fixed Sterling price with a seller. Suppliers with the ability to manage FX risk internally can provide a fixed Sterling price by either accepting the risk and possibly offsetting it internally or hedging it with financial instruments. The fixed Sterling price will include the supplier's cost of hedging and/or an FX risk contingency amount to protect from adverse exchange rate movements over the life of the contract. Contracts that are denominated in Sterling but indexed to foreign currency exchange rates do not eliminate FX risk.
- 4.5 When the supplier submits a price bid there remains a significant likelihood that the contract might be awarded to a competitor or not awarded at all. Some procurement processes could last over 12 months and the FX risk over such period can be very significant. Combined with the possibility of the contract not being awarded, it is generally not viable for a supplier to provide a fixed Sterling price prior to the contract award. There have been occasions where the suppliers have offered a fixed Sterling price during the tender but were not able to honour the price at contract award. If the supplier is willing to hedge the potential FX risk in advance of the contract award, any costs associated with entering into FX forwards or purchasing an FX option would be included in the bid price and passed on to TfL.

4.6 FX risk not eliminated through the use of derivatives or from a fixed Sterling contract price is retained until foreign currency payments are made.

5 **TfL's Approach to Managing FX Risk**

5.1 TfL's approach to FX risk management is described in the Treasury Management Strategy 2019/20 and the TfL Group Derivatives Policy Related to the Use of Derivative Investments approved by the Board on 27 March 2019. The primary objective is to reduce volatility and increase certainty in the Business Plan and achieve greater value for money by reducing costs and protecting revenues.

5.2 FX risk is assessed and managed on a project by project basis. The treasury team works with commercial managers, project sponsors and finance business partners to understand and evaluate project specific FX risk. FX risk resides with the project from Business Case development until contract award when either the contract is fixed in Sterling or the FX risk is mitigated through hedging.

5.3 The time period between Business Case development and contract award can be months or years and the FX risk can be significant. During Business Case development broad assumptions are made on the procurement such as potential currencies, payment schedules, certainty of payment dates, contract duration and the timing of contract award. Where potential FX risk exists, it is assessed and quantified to reflect potential adverse movements in exchange rates until contract award. A standard market methodology is used to calculate FX risk which uses both historic and implied market volatility to a 75 per cent and 95 per cent confidence interval.

5.4 As the procurement progresses, FX risk assumptions are refined using the commercial knowledge of the contract and supplier base, historic procurements and market sounding questionnaires. Procurements with immaterial FX risk or FX risk that cannot be effectively mitigated through hedging are tendered in Sterling. Projects where significant FX risk is identified and that can be managed effectively through hedging are tendered to allow TfL the choice of either agreeing a contract price in Sterling or foreign currency. Bidders are required to disclose their cost of hedging if the contract is agreed in Sterling.

5.5 The submitted bids are reviewed to determine whether there are cost benefits in hedging internally versus agreeing a fixed Sterling price. As a result of having a strong credit rating, TfL's hedging costs are often lower than those of suppliers. This is not always the case, supplier hedging costs vary and are dependent on their risk management approach, banking relationships and offsetting exposures.

5.6 While the cost benefit is one key consideration, when deciding whether to fix the price of the contract in Sterling, it is not the only one. Other factors include lower certainty of cash flows (depending on whether TfL or the supplier has more influence on the cost profile), additional administration costs, size and tenor of the exposure. There could also be contract specific factors, such as a possibility of the payments being restructured or assets delivered under the contract being leased.

5.7 Most of the risk is mitigated either through hedging or agreeing a fixed Sterling price; however a minority of low value contracts are denominated in foreign currency or in Sterling, but indexed to an exchange rate and not hedged. There are instances when this is unavoidable such as framework agreements where cash flows are not known with certainty and suppliers cannot commit to a fixed Sterling price.

6 TfL Hedging Programme

6.1 Where an FX risk has been identified and there are benefits in hedging internally, treasury develops a risk mitigation strategy specific for the project. For example, FX risk related to fixed milestone payments can be fully mitigated using FX forwards. Target cost contracts and framework agreements are more complex given there is uncertainty over both the payment amounts and timings of these. The cash flow forecast provides a best estimate that can be hedged and project holds a residual FX risk until the project is complete. FX options or structured options solutions are considered and recommended in certain cases if appropriate. Treasury have strong relationships with a number of leading UK and non-UK banks that provide advice and share their expertise in hedging solutions.

6.2 Treasury provides its recommendation to the managing Chief Finance Officer and statutory Chief Finance Officer, whose consent is required prior to entering into derivatives under the TfL Group Policy relating to the use of Derivative Investments. The overall authority to approve entering into a programme of derivatives is reserved to the Finance Committee and is routinely sought at the beginning of each financial year.

6.3 Derivatives are executed with banks from the approved derivative counterparty list and within counterparty exposure limits approved by the Board in the Treasury Management Strategy. Hedging costs are minimised through competitive bank pricing while diversifying exposure across multiple derivative counterparties.

6.4 TfL elects to apply hedge accounting treatment to its hedging programmes, which allows the payments to be recorded at the sterling hedged cost. Another key advantage of this approach is that there is no impact on the Income and Expenditure Statement from the periodic revaluation (or mark to market) of derivatives outstanding, from the date of execution until the date of the supplier payment. Hedge accounting aligns accounting treatment to the risk management strategy. The hedging programme is managed over the life of the project, with any changes to the payment profile reflected and any resulting gain or loss from adjusting derivatives embedded into the overall sterling hedged cost that is charged to the project. While TfL aims to continue to apply hedge accounting to all its derivatives, this approach could be revised in the future if there are clear benefits of not doing so.

6.5 There are currently ten hedging programmes outstanding, protecting foreign currency payments from adverse exchange rate movements. A number of upcoming projects where FX risk has been identified are also being supported, including a new iBus system which provides real time bus passenger information, Thales signalling contract for the DLR, additional trains for the DLR from Housing Infrastructure Funding and the procurement of the Power

Supervisory Control and Data Acquisition system. Additional information is provided in Part 2 of the agenda.

7 Summary

- 7.1 The Risk Management Strategy delivers on its objectives of reducing volatility and increasing cost certainty to the Business Plan and achieving value for money by reducing costs. Foreign exchange risk in large procurements will continue to be managed with the consistent approach where the risk is held by TfL until the point where it can efficiently mitigated either by agreeing Sterling contract price with suppliers or through hedging internally. The decision on accept or transfer FX risk will be made on a case by case basis, taking into account a range of relevant factors.
- 7.2 With the establishment of TfL Consultancy business, there are currently a small number of contracts where TfL receives revenues received from overseas clients. This FX risk is currently relatively minor but will continue to be monitored. TfL Treasury is also exploring benefits of aggregating foreign exchange risk for small projects.

List of appendices to this report:

Exempt supplemental information is contained in a paper on Part 2 of the agenda

List of background papers:

None

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TfL Finance Committee

Date: 9 October 2019

Item: 2019/20 TfL Scorecard Update



This paper will be considered in public

1 Summary

- 1.1 The TfL scorecard for 2019/20 was approved by the Board on 27 March 2019.
- 1.2 This paper seeks to update some of the approved 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 in certain areas where the actual result differs significantly from the forecast, it is necessary to revise the targets for this year.

2 Recommendation

- 2.1 **The Committee is asked to note the paper and:**
 - (a) **in accordance with authority delegated by the Board on 27 March 2019, approve the 2019/20 Elizabeth line milestone and target;**
 - (b) **note the revised 2019/20 TfL Scorecard targets set out in this paper and recommend to the Board for approval;**
 - (c) **note the 2019 target is a stretch target, in light of the final 2018 outturn for the reduction in people killed and seriously injured on roads measure;**
 - (d) **note the change in presentation for this measure and the reduction in people killed and seriously injured on roads in incidents involving buses, to state the year on year change in numbers rather than the percentage change against the 2005-09 baseline; and**
 - (e) **note the ongoing work on the ‘reduction in customer and workforce killed and seriously injured measure’.**

3 Elizabeth line measure for the 2019/20 Scorecard

- 3.1 At the Board meeting on 27 March 2019, delegated authority was granted to the Chair of the Finance Committee to approve the inclusion of a milestone and target date relating to the Elizabeth line, once the delivery programme had been approved. The revised delivery programme was approved at Crossrail Board in August 2019, and at Board on the 18 September 2019. As was reflected in the Commissioner’s report that was issued at the 18 September 2019 Board meeting, the new proposed scorecard measure is:

‘Start of TfL Rail/Elizabeth line services between Paddington and Reading’ – December 2019.

- 3.2 This delivers an extension to the existing TfL Rail services, by extending services that currently terminate at Hayes & Harlington to serve all stations to Reading. This is a clear, public facing milestone and one that will allow the Board to track the progress of the project in 2019/20.

4 Revised targets for the 2019/20 Scorecard

Revised Target – Customer Care metric

- 4.1 From Q1 2019/20, we transitioned our reputation tracking (including Care) to a new, more robust methodology with a new supplier as part of a wider consolidation of customer perceptions monitoring. The new methodology means that fieldwork now runs continuously throughout the quarter among a sample of 3,000+ Londoners each quarter (previously 1,000 over one week per quarter). This significantly improves the robustness of the data, as it should even out the impact of short-term events, which can be disproportionate when they coincide with a short fieldwork period. In addition, Care and our key customer metrics have moved to the start of the survey – giving a cleaner read in line with evolving best practice
- 4.2 Following the methodology change, Care scores are several points higher on the new survey. Parallel runs of the old and new surveys indicate this is a result of the transition. Analysis shows the uplift is largely driven by the questionnaire improvements – respondents are less ‘primed’ by earlier questions.
- 4.3 The rationale for the current targets still stands, but an uplift is needed to maintain the same level of challenge with the new methodology. Our recommendation is conservative since the methodology is new and we have limited data for forecasting.

	TfL Care
New target	53% agree
New floor target	50% agree
Previous target	50% agree
Previous floor target	48% agree

Revised Floor Target – Healthy Street Check for Designers

- 4.4 The original Board paper set a floor target for this measure, which was to be no worse than the 2018/19 year end position. We performed better than target in 2018/19 and achieved a score of 11 percentage points uplift.
- 4.5 In response to a desire to see more checks included, we have broadened the criteria for the Check for 2019/20. This means we should see more checks reported in 2019/20, which is a positive move to demonstrate our commitment to embedding the Healthy Streets Approach within TfL. However, this also means that the 2018/19 and 2019/20 datasets are not explicitly comparable and thus neither are the targets/actuals.

- 4.6 Widening the baseline programme for 2019/20 will mean that we are now including smaller value schemes which are likely to produce a smaller uplift (the value related to the scope of improvement on the street environment). This will impact the overall average uplift (the figure reported on the scorecard), making it difficult to achieve as high a score as we did in 2018/19. Therefore, the 10 percentage point target and 9 percentage point floor target are still appropriate.

Revised floor target – Average kilometres cycled per day (thousands)

- 4.7 This is a new measure on the TfL Scorecard, therefore, at the point the targets were set, we did not have an actual historical comparator. The floor target was set at 5 per cent less than the approved target of 540,000km, which is at 513,000km. The final result for 2018/19 was 529,000km. This puts the floor lower than the actual results for last year. Therefore, we recommend a reset of the floor target to 529,000km in 2019/20, so it is set to be no worse than the 2018/19 actual.

Revised Targets – Net operating surplus and Investment programme

- 4.8 The Board approved the 2019/20 budget as the target for the two financial measures in the scorecard: net operating surplus and investment programme. We have significantly outperformed our Budget in the first six periods of this financial year. In view of the scale of these variances we kicked off an exercise to review the budgetary assumptions. This is ongoing and a further paper will be submitted to the Board on 20 November 2019 to approve changes to our financial targets for this financial year.
- 4.9 Table 1 shows the TfL scorecard for 2019/20. The revisions outlined above are shown in red text.

5 Reduction in people killed and seriously injured

Reduction in people killed and seriously injured on roads

- 5.1 At the March Board meeting, it was agreed that we revise the target for this measure and the measure ‘reduction in people killed and seriously injured on roads for incidents involving buses’, to show the targeted reduction in the number of people killed and seriously injured, rather than expressing this as a percentage change against the 2005-09 baseline, as was used in previous scorecards.
- 5.2 Subsequent to approval of the scorecard, the 2018/19 end of year position has been confirmed. The final results show that we did not meet our 2018/19 target for the first of these measures. In 2018, the total number of people killed or seriously injured was 4,065. This equates to a 36.5 per cent reduction against the 2005-09 baseline, which was below the 2018 target of 45.4 per cent, and off the trajectory to achieve a 65 per cent reduction by 2022. In 2018, there were 112 fatalities, which was 19 fewer than 2017 and the lowest level on record. This is a 46.9 per cent reduction on the baseline. However, the number of serious injuries did increase, which resulted in the 2018 position being below target. The increase was partly due to changes in how the data is recorded as well as an increase in overall numbers. In total, there was a 5.4 per cent increase in the number of serious injuries during 2018 against 2017.

- 5.3 The 2019 target was set before the final 2018 results were available and was based on provisional estimates. The target approved by Board, of a 42.3 per cent reduction against the 2005-09 baseline, equates to 3,694 people and is 371 fewer than last year's total, a 9.1 per cent year on year reduction.
- 5.4 We recommend maintaining the 2019 target for the reduction in people killed and seriously injured on roads, recognising it is a stretch target. This stretch target, and the trajectory over the next three years, will help put us back on track to achieve the Mayor's road safety target by 2022, We plan to achieve this through a series of targeted interventions, as set out in the Vision Zero action plan, published in July 2018, which are designed to deliver further reductions in road danger in line with the agreement from the Committee, the target will be presented as shown below. It is important to note that this data is collected on a monthly rather than periodic basis, and by calendar year, so it covers the year of 2019. Due to the time taken to review and cleanse the records, it is reported one month in arrears.
- 5.5 Given the challenges discussed above of developing a scorecard target for KSIs before the full-year position is known, it is recommended to the Committee that the scorecard target for 2020/21 be initially set provisionally and then revised or confirmed prior to Q1 of next financial year, once the 2019 calendar year of KSI data is available and analysed.

Full year target Current presentation	Full year target Proposed presentation
<p>42.3% reduction against 2005-09 baseline (371 fewer people than 2018)</p> <p>Additional note: Reduction from 4,065 to 3,694.</p>	<p>371 fewer people than 2018 (9.1% reduction against 2018)</p> <p>Additional note: Reduction from 4,065 to 3,694. An overall 42.3% reduction against the 2005-09 baseline</p>

Reduction in people killed and seriously injured on roads for incidents involving buses

- 5.6 In line with the agreement from the Committee, the target will be presented as shown below. It is important to note that this data is collected on a monthly rather than periodic basis, and by calendar year, so it covers the year of 2019. Due to the time taken to review and cleanse the records, it is reported one month in arrears.

Full year target Current presentation	Full year target Proposed presentation
<p>58.7% reduction against 2005-09 baseline (No more people than 2018)</p> <p>Additional note: No more than 239 people</p>	<p>No more than 239 people</p> <p>Additional note: No more than 239 people. An overall 58.7% reduction against the 2005-09 baseline</p>

Reduction in Customer and workforce killed and seriously injured

- 5.7 Work is underway to rebaseline and 'clean' customer and workforce data. The approach and any proposed change to the current year's target will be considered by the Safety, Sustainability and Human Resources Panel on 13 November 2019. A further paper will be submitted to the Committee on 11 December 2019, if required to approve any change in target.

Table 1: 2019/20 TfL Scorecard

Long-term objectives		2019/20 Scorecard Measures			
Theme	Outcome	Measure	2019/20 Target	2018/19 year end actual	Category (weighting)
Healthy streets and healthy people	London's streets will be clean and green	The number of London buses which are Euro VI compliant or better; which measures the number of buses in our fleet that meet the latest emissions regulations	8,350	6,950	Safety & Operations (25%)
	London's streets will be used more efficiently and have less traffic on them	Traffic signal changes to support Healthy Streets; which measures the time saved for pedestrians, cyclists and bus users as a result of changes to traffic signal timings	15,000 person hours per day	16,985 person hours per day	
	London's streets will be healthy and more Londoners will travel actively	Healthy Streets Check for Designers; which measures through ten Healthy Streets indicators how proposed changes to street layouts and use will deliver improvements and create street conditions that engender active travel	Average 10 percentage point uplift Floor target: average 9 percentage point uplift	Average 11 percentage point uplift	
	London's streets will be safe and secure	Reduction in people killed and seriously injured on roads, against 2018; which measures our progress to achieving the Vision Zero aim of all deaths and serious injuries eliminated from London's transport network by 2041	371 fewer people killed or seriously injured (9.1% reduction)¹	36.5% reduction against 2005-09 baseline	
Reduction in people killed and seriously injured on roads, against 2018 (incidents involving buses); which measures our progress to achieving the Vision Zero aim of no one killed in or by a London bus by 2030		No more killed or seriously injured than in 2018²	58.9% reduction against 2005-09 baseline		

¹ The 2019 target equates to a 42.3% reduction against 2005-09 baseline, and a reduction from 4,065 people killed or seriously injured in 2018 to 3,694 in 2019.

² The 2019 target equates to a 58.7% reduction against 2005-09 baseline, and no more people killed on seriously injured than the total of 239 in 2018.

Table 1: 2019/20 TfL Scorecard (continued)

Long-term objectives		2019/20 Scorecard Measures			
Theme	Outcome	Measure	2019/20 Target	2018/19 year end actual	Category (weighting)
Mayor's Transport Strategy (MTS) Page 97 A good public transport experience	Public transport will be safe, affordable and accessible to all	Reduction in customers and workforce killed and seriously injured; which measures our progress to achieving the Vision Zero aim of all deaths and serious injuries eliminated from London's transport network by 2041	56 fewer people killed or seriously injured (2.5% reduction)	New measure	Safety & Operations (25%)
		Additional time to make step-free journeys; which measures our progress to halving by 2041 the additional journey time for people using the step free network.	8.3 minutes	9.1 minutes	
	Journeys by public transport will be pleasant, fast and reliable	Tube excess journey time; which measures performance of the Tube and the level of delay to our customers	2018/19 year end actual³	4.49 minutes	
		Weighted bus customer journey time; which measures bus performance and the journey experience of our bus customers	33.5 minutes	32.5 minutes	Customers (25%)
	Public transport will be safe, affordable and accessible to all	Reduction in customers and workforce killed and seriously injured; which measures our progress to achieving the Vision Zero aim of all deaths and serious injuries eliminated from London's transport network by 2041 ⁴	56 fewer people killed or seriously injured (2.5% reduction)	New measure	
	Journeys by public transport will be pleasant, fast and reliable	Percentage of Londoners who agree we care about our customers; which measures how well we are meeting customer expectations during every interaction with us, not just their last journey experience	53% Floor target: 50%	49%	
	The public transport network will meet the needs of a growing London	Deliver key investment milestones; which measures how well we are progressing with our key delivery programmes	90%	81%	
	Key Elizabeth line milestone - Start of TfL Rail/Elizabeth line services between Paddington and Reading; which measures our progress in delivering the Elizabeth line	December 2019	New measure		

³ Performance to be no worse than 2018/19 year end actual, for which the year end result is 4.49 minutes

⁴ We are currently reviewing our approach and will recommend changes to SSHR Panel and Board once an improved approach has been developed and tested.

Table 1: 2019/20 TfL Scorecard (continued)

Long-term objectives		2019/20 Scorecard Measures				
Theme	Outcome	Measure	2019/20 Target	2018/19 year end actual	Category (weighting)	
(MTS)	New homes and jobs	Transport investment will unlock the delivery of new homes and jobs	The cumulative percentage of affordable homes on TfL land with planning applications submitted (post May 2016); which measures our progress in delivering affordable homes on TfL land	50%	New measure	Customers (continued)
	Mode Share	80% of trips will be made by active, efficient and sustainable modes by 2041	Public transport trips (millions) Average kilometres cycled per day (thousands) ⁵ measures how we are increasing the use of sustainable modes of travel	3,967 540 Floor target: 529	4,022 529	
Corporate	People	A capable and engaged workforce representative of London	Workforce representativeness – all staff	1.0% ⁶	69.9%	People (25%)
			Workforce representativeness – director / band 5	0.5% ⁴	37.8%	
			Inclusion index; which measures how staff feel about working at TfL	46%	43%	
	Total engagement; which measures how well our staff are engaged with working life at TfL	57%	56%			
Financial	We cover our costs and we are prudent	Net operating surplus / (deficit); which measures our progress in delivering a net surplus of operations by 2022/23	Budget	£358m	Financial (25%)	
		Investment programme; which measures the delivery of our investment programme to budget ⁷	Budget	22% under budget		

⁵ Cycling trips in central London

⁶ Percentage point improvement over 2018/19 end of year position

⁷ A paper will be submitted to Board on 20 November 2019 to approve changes to our financial targets for this financial year.

List of appendices to this report:

None

List of Background Papers:

2019/20 TfL Scorecard
22 May Commissioner's Report on 18/19 Scorecard
27 March 2019 Board paper on 2019/20 Scorecard
Mayor's Transport Strategy
TfL Business Plan 2018
2019/20 Budget

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Finance Committee



Date: 9 October 2019

Item: Strategic Risk Update – Financial Sustainability (SR7)

This paper will be considered in public

1 Summary

- 1.1 This paper gives an update on the risks to our financial sustainability, the causes and controls relating to this risk and any mitigating actions to reduce the risk likelihood or impact.
- 1.2 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 and legally privileged information. 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.**

3 Background and current status

- 3.1 SR7 describes significant events or financial challenges that would lead to TfL not being financially sustainable, thus no longer able to deliver its core transport services, nor invest affordably in the Business Plan period. This is in the context of no long term funding arrangements agreed with Government.
- 3.2 TfL is operating in an unprecedented climate. The extent of the macroeconomic risks, faced by all businesses across London and globally, are challenging to mitigate. Whilst TfL is taking prudent steps to improve its internal controls environment and forecasting process, certain influences are beyond TfL's control and where this is the case consequences and impact reduction measures have been considered.
- 3.3 The paper reflects recent discussions on risk which have informed the emerging Business Plan, including scenario testing. The Business Plan, when published in December 2019, will have an additional section on financial risks.
- 3.4 Risk to financial sustainability falls in two broad categories: risk on income or cash coming into TfL, including passenger revenue, receipt of grants, borrowing and other sources of funding, and risk associated with cost or cash leaving TfL, including understanding of operating cost base, project or programme cost (including escalation or over commitment), and significant supply chain risk including failure of key suppliers.

4 Causes, consequences, controls and actions

- 4.1 Part 2 of the paper sets out in detail the matrix of causes which could increase the risk of a lack of financial sustainability, controls and mitigating actions, and post-event consequences of a significant change in financial sustainability, controls and actions.

5 Interdependencies

- 5.1 SR7 has numerous interdependencies and is impacted by, or impacts on, almost all other strategic risks. Significant interdependencies include loss of stakeholder trust; where we lose credibility if we are unable to forecast and financially plan accurately, opening of the Elizabeth line which impacts our revenue forecasts, and ability to operate safely and reliably, which requires a base level of renewal spend.

6 Next steps

- 6.1 The risk owner and responsible manager, together with the CFO leadership team will continue to work with the Risk and Assurance team to develop the maturity of the key risks and their interdependencies with other strategic risks. Actions will be tracked and closed out, and works to further improve the controls, particularly where they are listed as partially effective will be undertaken.
- 6.2 An annual update on SR7 – Financial Sustainability will be provided to the Committee.

List of appendices to this report:

Exempt supplemental information is contained in a paper on Part 2 of the agenda

List of background papers:

None

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Finance Committee



Date: 9 October 2019

Item: Pan-TfL Revenue Protection Programme

This paper will be considered in public

1 Summary

- 1.1 This paper provides an overview of our new programme of activity to reduce the amount of revenue lost to fare evasion and ticket fraud, and covers information requested at the Board meeting on 24 July 2019.
- 1.2 A paper is included on Part 2 of the agenda which contains exempt supplemental information and documentation. Subject to the decision of the Committee, this paper is exempt and is therefore not for publication to the public or press by virtue of paragraph 7 of Schedule 12A of the Local Government Act 1972 in that it contains information relating to action which might be taken in relation to prevention, investigation or prosecution of a crime.

2 Recommendation

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

3 Background

- 3.1 The vast majority of our customers are fare paying (around 97 per cent) and our fare evasion rates compare favourably with other world cities. However, we have a responsibility to ensure fairness to all our customers by taking a robust approach to tackling fare evasion and ticket fraud to maintain customer trust and confidence.
- 3.2 A comprehensive review in December 2018 provided us with a clear understanding of the financial impact of fare evasion to TfL – estimating net revenue loss to be around £116m per annum. This is money that could and should be reinvested in services for our customers.
- 3.3 This is the first time we have produced an estimate using a consistent method to determine the scale of loss across all public transport modes. The estimated total loss is substantially higher than previously reported due to an improved methodology which integrates data from multiple sources and uses enhanced modelling of network usage to provide a more accurate picture of fare evasion.
- 3.4 Failure to tackle fare evasion is a frustration for all fare paying passengers and our staff. Visible prevention will help reassure that we are doing all that we can to maintain a safe and secure transport environment.

4 Existing Controls

- 4.1 Our network and its ticketing systems are designed to maximise the ease with which our customers can use our services. Our ticketing system and technology allows customers to benefit from the cheapest fares for which they are eligible while minimising the risk of individuals deliberately avoiding payment.
- 4.2 Frontline staff play a vital role in ensuring our customers pay the correct fares for their journeys. This includes drivers on our bus and tram networks and station staff across London Underground and other rail services.
- 4.3 We also have dedicated Revenue Control/Protection teams deployed across each of our public transport modes working both highly visible and in plain clothes on daily operations to deter and detect fare evaders. They have the power to issue Penalty Fare Notices and, in cases where an individual is suspected of deliberately evading their fare, they may report them for prosecution.
- 4.4 Tackling fare evasion and challenging fare evaders strongly correlates with our people experiencing violence and aggression at work. Those engaged in fare evasion are often involved in other criminality. Our approach includes working collaboratively with the British Transport Police and Metropolitan Police Service using technology and analytics to focus and optimise our combined resources.
- 4.5 Comprehensive ticketing information to help our customers ensure they purchase the correct ticket for their journey is provided on our website. We also publish our enforcement policies online which set out our approach to taking action against those who fare evade.

List of appendices to this paper:

Exempt supplemental information is contained in a paper on Part 2 of the agenda

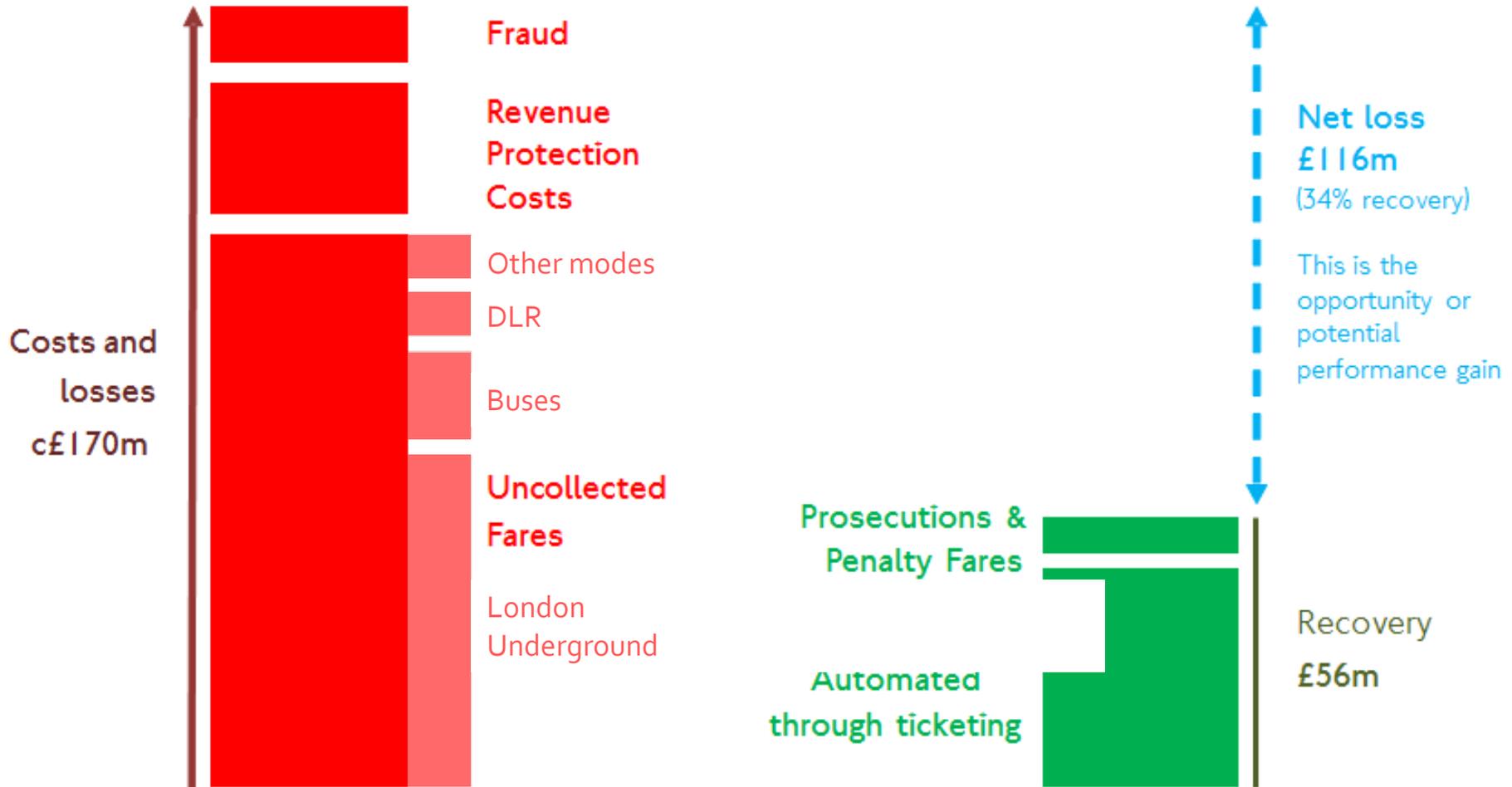
List of Background Papers:

None

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Appendix 1 – Scale of loss

A comprehensive review estimates uncollected fares and fraud cost TfL over £116m every year (£172m gross).



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Finance Committee



Date: 9 October 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

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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), D (Director), Comm Dev (Commercial Development), CPOS (Compliance, Policing and On-Street Services)

09 October 2019		
Use of Delegated Authority	General Counsel	To note.
Finance Report	CFO	To note.
Treasury Activities	CFO	To note.
Prudential Indicators Outturn	CFO	To note.
Foreign Exchange Risk Management	CFO	To note.
2019/20 Scorecard Update	CFO	To note.
Strategic Risk Update - Financial Sustainability (SR7)	CFO	To note.
Pan-TfL Revenue Protection Programme	D CPOS	To note.
Taxi Fares	General Counsel	To approve.

Finance Committee Forward Planner 2019/20

11 December 2019		
Use of Delegated Authority	General Counsel	To note.
Finance Report	CFO	To note.
Scorecard Update	CFO	To note.
Scorecard Update - KSI	CFO	To note.
Business Plan	CFO	To approve under authority delegated by the Board.
Applied Solutions	D Comm Dev	To approve.
Facilities Strategy	D Comm Dev	To approve.

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.

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

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